ESTABLISHED Network
Diverse KNOWLEDGE

Annual Report **2022**

Your Partner Bank

Al Baraka Headquarters, Bahrain Bay

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OVER
3.2
MILLION CUSTOMERS

Our customers are our prime partners in our journey through the digital age as we traverse through new frontiers and remain faithful to our ethical standards and beliefs.

As custodians of wealth and resources, we are obliged to our solemn commitment to uphold the ideals of Islamic banking.

BANKING INTO THE FUTURE:
To impact the world around us

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

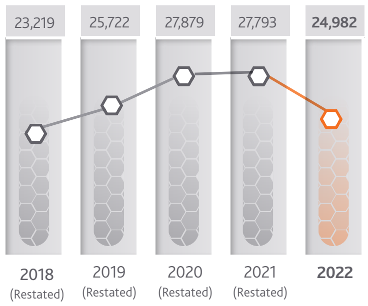
MISSION
To fulfill the financial needs of communities across the globe by conducting business through an ethical customer-centric approach tailored for the digital age, based on our core beliefs and aimed at sharing the mutual rewards with our partners in business success: our customers, our employees,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

Financial Highlights

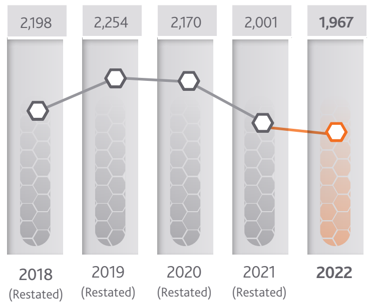
	2022	2021 (Restated)	2020 (Restated)	2019 (Restated)	2018 (Restated)
EARNINGS (US$ MILLIONS)					
Total Operating Income	1,139	993	1,087	937	970
Net Operating Income	617	524	534	379	436
Net Income	239	157	148	169	209
Net Income Attributable to Equity Holders of the Parent	143	94	67	106	129
Basic and Diluted Earnings per Share - US Cents*	9.06	5.17	2.90	6.01	7.91
FINANCIAL POSITION (US$ MILLIONS)					
Total Assets	24,982	27,793	27,879	25,722	23,219
Total Financing and Investments	19,403	20,983	21,483	19,172	17,165
Total Customer Accounts	21,555	24,391	24,107	22,082	19,166
Total Owners' Equity	1,967	2,001	2,170	2,254	2,198
Equity attributable to Parent's Shareholders and sukuk holders	1,263	1,358	1,424	1,467	1,546
CAPITAL (US$ MILLIONS)					
Authorised	2,500	2,500	2,500	2,500	2,500
Subscribed and Fully Paid-up	1,227.9	1,227.2	1,225.4	1,234.6	1,242.9
PROFITABILITY RATIOS					
Return on Average Owners' Equity	12%	8%	7%	8%	9%
Return on Average Parent's Equity	11%	7%	5%	7%	8%
Return on Average Assets	0.9%	0.6%	0.5%	0.7%	0.9%
Operating Expenses to Operating Income	46%	53%	51%	60%	55%
FINANCIAL POSITION RATIOS					
Owners' Equity to Total Assets	8%	7%	8%	9%	9%
Total Financing and Investments as a Multiple of Equity (times)	9.9	10.5	9.9	8.5	7.8
Liquid Assets to Total Assets	21%	27%	26%	25%	7%
Net Book Value per Share (US$)*	0.70	0.80	0.84	0.86	0.93
OTHER INFORMATION					
Total Number of Employees	10,663	11,088	11,719	12,359	12,654
Total Number of Branches	650	673	684	688	684

* Adjusted for treasury and bonus shares.

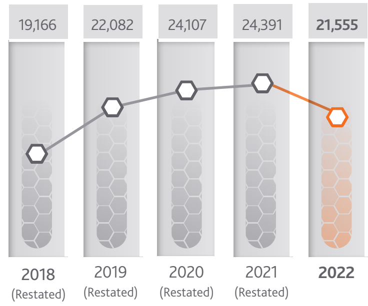
TOTAL ASSETS
(US$ Millions)
24,982



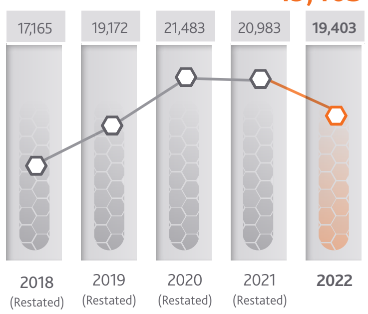
TOTAL OWNERS' EQUITY
(US$ Millions)
1,967



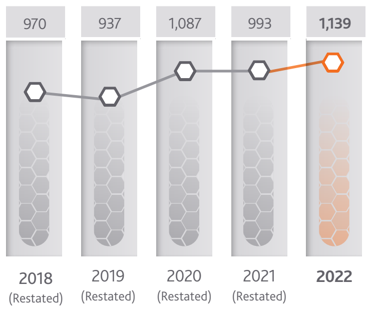
TOTAL CUSTOMER ACCOUNTS
(US$ Millions)
21,555



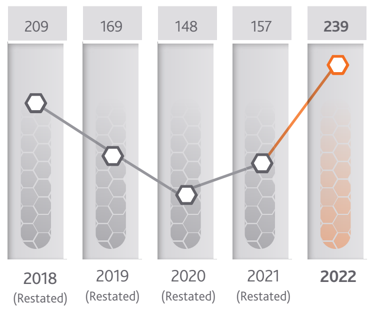
TOTAL FINANCING & INVESTMENTS
(US$ Millions)
19,403



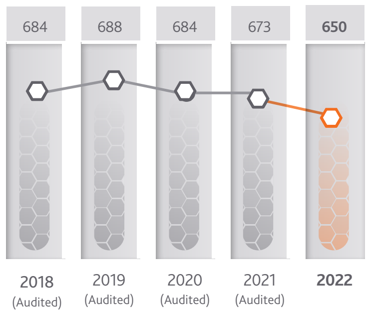
TOTAL OPERATING INCOME
(US$ Millions)
1,139



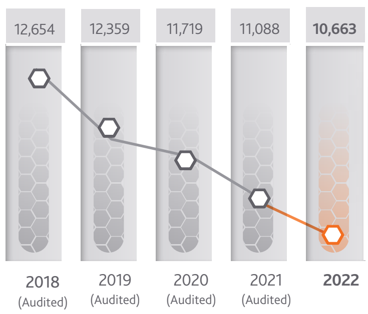
NET INCOME
(US$ Millions)
239



TOTAL NUMBER OF BRANCHES
650



TOTAL NUMBER OF EMPLOYEES
10,663



Net Income
US$ 239
million

Board of Directors & Unified Shari'a Supervisory Board

BOARD OF DIRECTORS

Shaikh Abdullah Saleh Kamel ▲
Chairman - Non-Executive Director

Mr. Mohamed Ebrahim Alshroogi ■ ●
Vice Chairman

Mr. Tawfig Shaker Mufti ●
Board Member - Non-Executive Director

Dr. Jehad El-Nakla ■ ▲ ● ●
Board Member

Mr. Houssem Ben Haj Amor ●
Board Member and 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 - Executive Director

Mr. Fahad Abdullah Al Rajhi ● ●
Board Member - Non-Executive Director

Dr. Mohamed Moncef Chiekh-Rouhou ■ ● ●
Board Member

Mr. Naser Mohamed Al Nuwais ■ ▲ ●
Board Member

Mr. Abdulmalek Mezher
Secretary to the Board

UNIFIED SHARI'A SUPERVISORY BOARD

Shaikh Abdulla Bin Sulieman Al Mannea
Chairman

Shaikh Dr. Abdullatif Al Mahmood
Vice Chairman

Shaikh Dr. Al Ayachi Al Saddig Fiddad
Member

Shaikh Dr. Saad Bin Nasser Al Shithry
Member

Mr. Yousif Hassan Khalawi ●
Member

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

NOTES:

- *Mr. Mazin Khairy Manna stepped down from his position as Group CEO and Executive Board Member on June 30th, 2022.*
- *Mr. Houssem Ben Haj Amor was appointed Board Member effective October 24th, 2022.*

COMMITTEE NAME	CHAIRMAN OF THE COMMITTEE	MEMBER OF THE COMMITTEE
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		■

Executive Management

Mr. Houssem Ben Haj Amor
Group Chief Executive, and Board Member

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

Dr. Mohamed Mustapha Khemira
Senior Vice President, Head of Strategy, Investments and Investor Relations

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

Mr. Ali asgar Mandasorwala
First Vice President – Head of Finance

Mr. Mohammed Abdullatif Al Mahmood
First Vice President, Head of Internal Sharia Audit

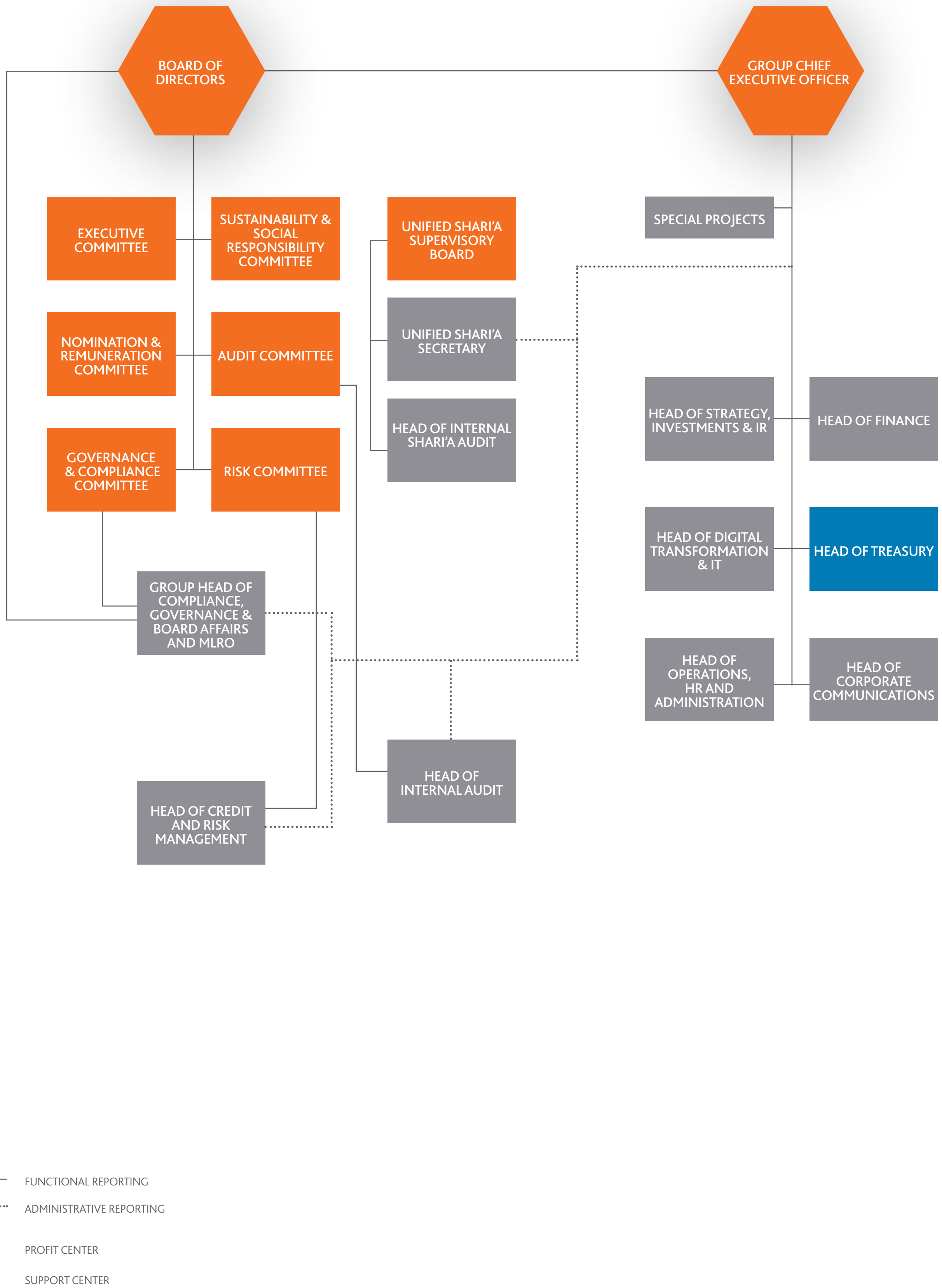
Mr. Fouad Janahi
First Vice President - Head of Operations, HR and Administration

Dr. Eltigani El Tayeb Mohammed
Vice President Sharia Officer, Secretary of the Unified Sharia Board

Good Governance

"Ethics in business helps us forge deeper customer relationships"

Head Office Organisation Chart



Directors' Report

The Al Baraka Group, with its strong business model, adroitly weathered the economic headwinds to produce a very good outcome from its operations during the year.

Abdullah Saleh Kamel
Chairman

The Group's primary focus has been on streamlining its overall strategic direction and that of its subsidiaries in an effort to take advantage of the business opportunities that may arise as the world recovers from the economic effects of the Pandemic.

Economic Outlook

The advent of 2022 had brought with it hope and aspirations for a world slowly emerging from the two-year disruption of the Coronavirus pandemic (the "Pandemic") that had wrought considerable economic and personal challenges. However, the aftermath of the Pandemic, the ripple effects of the Ukraine conflict, the remnants of the supply chain woes and the rising commodity prices and inflation have all resulted in a slow-down of the global economic growth. Taking the cue from the Federal Reserve in the US to aggressively raise interest rates to rein in inflation, many Central Banks in the world followed suit. Moreover, Trade equations amongst most countries have been redefined in the context of changing economic priorities, brought on by new geo-political equilibriums.

The Middle East and North Africa ("MENA") region, especially the oil-exporting countries, have largely been beneficiaries of the global rise in oil prices and increased demand, as buyers have sought alternatives to Russia's hydrocarbons exports. Therefore, economic growth in the Gulf Cooperation Council ("GCC") and the oil-exporting countries of the MENA region is expected to strengthen over the medium term in line with elevated oil prices. However, the pattern of growth in the oil-importing countries of the region varies, owing to differing economic structures, trade priorities and varying degrees of impact from the inflationary pressures and the crisis in Ukraine.

Strategy

In the context of the challenging global and regional environments, Al Baraka Group ("ABG", "ABG Group" or the "Group") has adroitly weathered the economic headwinds to produce a very good outcome from its operations during the year, owing to its strong business model and flexibility in adapting to the changing conditions. The Group's primary focus has been on streamlining its overall strategic direction and that of its subsidiaries (the "Units") in anticipation of the world recovering from the economic effects of the Pandemic, in order to position itself for taking full advantage of new business developments. In addition, a conscious effort has been made to control our operational costs at our Head Office as well as at the Units despite the inflationary pressures. We have also continued to strengthen our governance structure through strong representation on the Units' boards of directors as a main shareholder; this has helped strengthen control, build efficiencies and improve oversight, which had a bigger impact on effectively melding the overall strategy of the Group.

During the year 2022, we completed the conversion of ABG's wholesale banking license to that of a Category 1 Investment Business Firm (Islamic Principles), we have made further progress in refocusing our business on markets and customer segments that provide us with greater potential for revenue enhancement and profitability. Accordingly, ABG has agreed to sell its 43.65% stake in Bank Al-Tamweel Wa Al-Inma S.A in Morocco ("BTI") to Bank of Africa, the Group's local strategic partner and the Bank's majority shareholder. The transaction, which is subject to regulatory approvals in Morocco, has received approval from the Central Bank of Bahrain ("CBB"). The Group has also completed the sale of its 83.07% stake in Itqan Capital, which is based in the Kingdom of Saudi Arabia, to a private buyer investor in Saudi Arabia, with the regulatory approvals for this transaction already received from both the Saudi Capital Market Authority and the General Authority for Competition as well as the CBB. Furthermore, we have completed the closure of our Representative Office in Indonesia, and we have delisted our shares from Nasdaq Dubai. These actions have helped streamline our operations further and enhance efficiencies.

Meanwhile, our digitalization initiatives have continued and will continue unabated with the revamp and acceleration of the digital transformation strategies of all our key Units, which we believe will help the Group capture significant financial value and build the capabilities needed to remain competitive. Our

TOTAL OPERATING INCOME
US$ 1.04 Billion

NET OPERATING INCOME
US$ 512 Million
(All figures in US Dollars unless stated otherwise)

"Digitalization" vision is for our Units to become leaders in digital participation banking globally and to lead beyond traditional banking; our objective is to provide our customers with best-in-class mobile and omnichannel experience supported by a best-in-class modern IT architecture harmonized across the Group.

Looking ahead, our Group's strategic priorities will be on boosting our revenue generation - especially income from transaction fees and other non-financing activities, efficiently managing costs across our Units, including the operational cost, the cost of capital and the cost of risk, and deploying our assets with due cognizance of risk metrics with the aim of improving asset quality and managing our capital more efficiently. We believe the returns to our shareholders and stakeholders to be our primary aim, as are customer and staff satisfaction, all accruing from conducting our business in a sustainable and socially responsible manner.

Financial performance

ABG achieved a total operating income of US$ 1,139 million for 2022, compared to US$ 993 million in 2021, an increase of 15%. The net income for the year was US$ 239 million, up by 52% from last year. The net income attributable to the equity holders of the parent increased by 52% to US$ 143 million, compared to US$ 94 million in 2021. The Basic and Diluted Earnings per Share was US Cents 9.06 compared to US Cents 5.17 in 2021. The year witnessed a rise in profit margins in some subsidiaries and the major contributors to our net income were our subsidiaries in Turkey, Jordan and Egypt. Despite adverse foreign currency movements, the Group performed well, which is evidence of the efficient management of the resources and business.

The total assets were US$ 25.0 billion as of the end of 2022, compared to US$ 27.8 billion as of the end of 2021. The equity attributable to the parent's shareholders and Sukuk holders amounted to US$ 1.3 billion (US$ 1.4 billion in 2021). Total equity as of the end of the year was flat at US$ 2.0 billion when compared to the end of the last year.

The Board of Directors remuneration and other entitlements in addition to the top management remuneration are attached (hereto as per the requirements of Article (188) of the Companies Commercial Law of Bahrain)*.

As of December 31, 2022, the ownership of the shares of ABG by the Board is immaterial and no trading of such shares took place during the year. Details of the shares held by the directors and executive management are provided in the notes to the consolidated financial statements.

We thank all our stakeholders and customers for their loyalty and trust to enable us to achieve yet another very good performance and to further the strategic objectives of the Group. We would also like to place on record our gratitude to the management and staff of ABG and its subsidiaries for their unstinting dedication and commitment to achieving the Group's objectives. Finally, we would like to thank the Unified Shari'a Supervisory Board for their advice and counsel, and the Central Bank of Bahrain, The Ministry of Industry & Commerce, the Bahrain Bourse and all our subsidiaries' regulatory authorities for their continued support and cooperation.

May Peace, Mercy and Blessings of Allah be upon you.

On behalf of the Board of Directors,

Abdullah Saleh Kamel
Chairman

**The detailed Board of Directors and top management remuneration is on page 51 of the Annual Report.*

Group Chief Executive Officer's Report

We have been successful in enhancing the returns of our subsidiaries, in the face of the strong headwinds caused by the adverse geopolitical and economic environments, posting excellent results.

Mr. Houssem Ben Haj Amor
Group Chief Executive

While the geo-political conditions in the world have presented enormous challenges to businesses during the year 2022, we at Al Baraka Group have successfully manoeuvred our strategy in awareness of the changing environment. The strength of our Group was amply evidenced by many factors that are to our advantage – most of our Units have strong business models and fiscal fundamentals, but of paramount importance is the Group's natural risk mitigant, consisting of its diversified presence in many countries of the Middle East and North Africa ("MENA") region, in addition to Turkey, South Africa and Pakistan.

Post-pandemic, as the world started to open up, we took the opportunity to review our strategic and business approach with the aim of enhancing our core strengths, especially in the subsidiaries ("Units") that present the best potential for us in terms of revenue generation and profitability. We are also looking to channel more of our resources towards activities and businesses that present greater revenue potential. Expense rationalization has been a priority during the year, as we have sought to enhance operational efficiencies and contain the negative impact of inflation, currency movements and rising funding costs. Having a widely diversified presence across many geographies, we have been both judicious in our allocation of capital resources and efficient in managing cost of capital with due care to foreign exchange movements and risk/return rewards, and to growing our assets cautiously with strong risk-weighted parameters. We have therefore been successful in enhancing the returns of our Units, in the face of the strong headwinds caused by the adverse geopolitical and economic environments, with some of our larger Units posting excellent results. As a testament to our Units' success, the Islamic Finance News has recently awarded six of these Units with awards of excellence at the Islamic Finance News Awards 2022.

The completion of the conversion of ABG's license to that of a Category 1 Investment Firm (Islamic Principle) has enabled us to make more efficient use of our capital resources in addition to rationalizing the Head Office structure and making it more efficient to control and manage our Units. Reporting from the Units has also been enhanced to help streamline information flow, resulting in faster Group-level decision making. We have thus been proactive in ensuring that our operational and management infrastructure is strong and ready to take on the challenges of the future.

The strength of our Group is evidenced by our strong, diversified business model and presence across many countries which also serves as a natural risk mitigant.

TOTAL ASSETS
US$ 24.98 Billion

NET INCOME FOR THE YEAR
US$ 239 Million
(All figures in US Dollars unless stated otherwise)

During the year 2022, we have achieved more milestones in streamlining our businesses and pruning our portfolio after the conversion of ABG's license to that of a Category 1 Investment Business Firm. Among the strategic actions taken along these lines, ABG has agreed to sell its 43.65% stake in Bank Al-Tamweel Wa Al-Inma S.A in Morocco ("BTI") to Bank of Africa, the Group's local partner and the Bank's majority shareholder. The transaction, which is subject to local regulatory approvals, has received approval from the Central Bank of Bahrain. The Group has also completed the sale of its 83.07% stake in Itqan Capital to a private buyer investor in Saudi Arabia, with the approvals for this transaction already received from both the Saudi Capital Market Authority and the General Authority for Competition as well as the CBB. Furthermore, we have completed the closure of our Representative Office in Indonesia, and we have delisted our shares from Nasdaq Dubai. These actions have helped streamline operations further and enhance efficiencies.

We have positioned ourselves well in terms of strengthening our internal processes and procedures, and have reinforced our business strategy and market positioning, duly aided with our rapid progress in technology and digitalization aimed at better serving the needs of our customers across all our markets.

I am pleased to report that the ABG Group ended the year successfully, despite the strengthening of the US Dollar against most of our Units' currencies. We achieved a total operating income of US$ 1.14 Billion, up 15% from US$ 992.8 million in 2021, and a net operating income of US$ 616.7 million, an increase of 32% over US$ 468.9 million in 2021. The net income was US$ 239.5 million compared to US$ 157.1 million in 2021 – a substantial increase of 52%. The efficiency ratio (total operating expenses / total operating income) was 46% in 2022 compared to 53% in 2021, which evidences the success of our initiative to control costs in the Group. The net income attributable to the equity holders of the ABG parent amounted to US$ 143.1 million versus US$ 94.1 million for 2021 – an increase of 52%. The Basic and Diluted Earnings per Share for the year 2022 was US Cents 9.06 compared to US Cents 2.90 in 2021. The total assets stood at US$ 25.0 billion compared to US$ 27.8 billion in end 2021, the reduction caused by translating the Unit currencies - which weakened, into US Dollars. The Return on Equity for the year was 12% (2021: 8%) and the return on assets was 1.0% (2021: 0.6%) The year's results are therefore a reflection of the dynamism of our businesses, and of our flexibility in adjusting to the challenging economic environments.

We look to the future with optimism, as we are well-positioned to take advantage of the developments in the world and of more challenges to come in our wake, particularly in the markets where we operate. We have a committed management team at each Unit that carries with it the experience of many decades of successful operations, surmounting economic and geo-political adversities to achieve a consistent and successful performance. I am grateful to the Board of Directors and the Unified Sharia Board for their wise guidance and direction, and to the subsidiaries' management team and all employees of Al Baraka Group for their support and diligent execution of the Group's strategy.

Houssem Ben Haj Amor
Group Chief Executive Officer

A Review of the Al Baraka Group Subsidiaries

The ABG Group currently comprises of 12 subsidiaries ("Units") and one associate, spanning the Middle East, North Africa, South Africa, Turkey and Pakistan. Earlier in the year, a decision was taken to de-consolidate the financials of Al Baraka Bank Syria as the Group does not have the unanimous ability to direct it's financial and operating policies.

The following section is a review of the performance of each unit in 2022. Except where local currency sums are explicitly mentioned, all figures are stated in the United States dollar ("US$") equivalents of the audited local currency-based balance sheets and income statements, prepared in accordance with the Islamic Accounting Standards issued by the Accounting and Auditing Organisation of Islamic Financial Institutions ("AAOIFI") (and International Financial Reporting Standards ("IFRS") where AAOIFI is silent), and without any Group-level adjustments.

Turkey

Al Baraka Türk Participation Bank

ESTABLISHED
1985

225
NUMBER OF BRANCHES

Unit Head **Title**	Malek Khodr Temsah General Manager and Board Member
Address	Saray 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

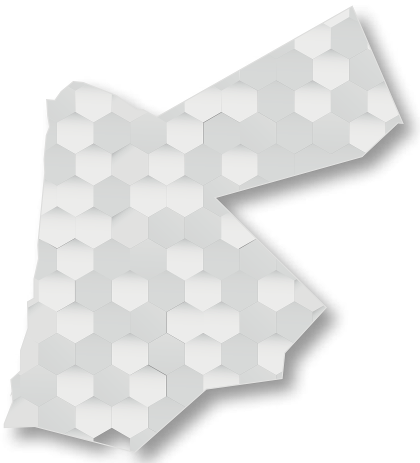
The Republic of Turkey has traditionally been resilient to the various crises that embattled the world and the region, and every time it recovered admirably. However, the economic effects of recent developments in the world brought on by the Pandemic and thereafter the war in Ukraine have impacted the country substantially. Economic growth was robust in 2021, largely driven by export demand and a credit-fuelled expansion in private consumption. Although real GDP remained firm in the first half of this year based on domestic demand, the global crisis and domestic purchasing power could undermine this growth, causing it to moderate. It is expected that the government will continue to support the economy and is of the opinion that the low rates will encourage the use of credit by industry, stimulating investment and production, while a weak Lira would increase export-competitiveness and deter imports, thereby narrowing the current account deficit. Dependence on imported oil and gas have however shrunk the foreign currency reserves of the country and the Lira continues to be under pressure. Turkey is a leading producer of agricultural goods, textiles, vehicles, and construction materials – upon a resurgence of these, it will help rebuild growth and rejuvenate the inherent strength of the economy.

2022 was an excellent year for the bank. In spite of the Turkish Lira (“TRY”) weakening significantly and the numerous economic challenges, income surged with the major revenues emanating from Murabaha and government securities, in addition to growth in other operating income comprising of increased revenues from real estate investments. The total operating income was TRY 8.9 billion, compared with TRY 2.2 billion, a substantial increase of 298%. The net operating income for the year was TRY 6.4 billion compared to TRY 828 million in 2021. The net income for the year was TRY 3.1 billion (US$ 194 million) compared to TRY 389 million (US$ 44.9 million) last year. The bank took the opportunity of the good results to make additional provisions as a cautionary measure. Total assets in TRY terms grew by 35%, from TRY 107.7 billion in 2021 to TRY 145.3billion at the end of the year, owing to the growth of business in held-to-maturity government securities and Murabaha assets. As the currency weakened during the year, in US Dollars the total assets shrunk by 4% from US$ 8.1 billion to US$ 7.8 billion. Liquidity at the end of the year continued to be robust with cash and balances with banks and financial institutions comprising 22% of the total assets. Although the customer accounts in local currency increased by 29% to TRY 124.4 billion from TRY 96.4 billion, in US Dollar terms the decrease was 8% from US$ 7.3 billion in end 2021 to US$ 6.7 billion at the year end. Financing and investments grew by 46% from TRY 73.2 billion to TRY 106.9 billion – in US$ terms the growth being 4% from US$ 5.5 billion to US$ 5.7 billion. In TRY terms, the bank was thus able to successfully deploy the increase in its customer accounts towards growing its operating assets.

In view of the changing business and economic environment, the bank took swift action to further diversify its asset mix and increase its concentration on corporate and retail business in TRY, especially in cognisance of the robust domestic demand for financing. Decreasing the cost of risk in tandem with asset growth is a continuing priority for the bank that has resulted in good asset quality. The bank’s digitalization initiative has been successful over the years, facilitating cross selling of products across various platforms. Its retail products did well during the year – points of sales, credit cards including the Eflatun and Trend credit cards, direct debit systems and automatic bill payment facilities etc. Many new products were introduced, among others the pre-approved financing in dealerships, the Practical Financing Card that enables retail customers to purchase products through an automated system under the Murabaha principles, a product to enable exporters to provide a guarantee for their short term receivables insured by Eximbank, a currency-protected participation account, a participation account that can be created in exchange for gold, and a participation account to enable non-residents to convert their foreign currency savings into TRY with greater yields. Customer acquisition has therefore been one of the bank’s successful business strategies. Internally, the bank’s digital objectives is to continually streamline its operational workflow and during the year International Organization for Standardization (“ISO”) renewed its ISO 9001 certificate, thus endorsing the bank’s good process quality.

Jordan

Jordan Islamic Bank



ESTABLISHED
1978

111
NUMBER OF BRANCHES

Unit Head **Title**	Dr. Hussein Said Mohammad Ammar Saifan CEO - General Manager
Address	P.O. Box 926225, Amman 11190, Jordan
Tel	+96 26 567 7377
Fax	+96 26 566 6326
Website	jordanislamicbank.com

Jordan is a large exporter of fertilizers, natural phosphates, inorganic chemicals, salt, sulphur, stone, cement, among others. The country is also dependent upon external financial support, tourism and remittances from Jordanian nationals abroad, all of which are expected to increase over the medium term. As with many countries in the world, Jordan was affected by the aftermath of the Pandemic and the war in Ukraine. GDP growth is forecast to dip slightly in 2022, with a recovery expected next year and an averaging down over the medium term. Given the abundance of solar potential and the lack of hydrocarbon resources, a rapid growth of the solar energy sector is expected. Inflation has risen, caused by the surge in global commodity prices and foreign exchange reserves fell amid rising import costs but are expected to remain at a comfortable level owing to the strong backing from the IMF, the US and the Gulf states: earlier this year, the IMF commended Jordan for making progress in addressing some tax reforms. The Jordanian Dinar ("JD") is pegged to the US Dollar, and so the interest rate rises have followed that of the US.

Jordan Islamic Bank had yet another successful year, despite the challenging business and economic conditions. The total operating income was US$ 252.5 million which which was largely flat when compared to US$ 256 million in 2021, the growth in business being dampened by the increased cost of funding. The net operating income, i.e., the total operating income after expenses, showed a decrease of 7% from US$ 146.1 million in 2021 to US$ 136.1 million. The asset quality continued to be sound and there was hardly any need for additional provisioning during the year, and the net income for the year was US$ 86.2 million, resulting in an increase of 3% when compared with US$ 83.3 million in 2021. Total assets at year end were US$ 7.7 billion compared to US$ 7.5 billion at the end of 2021. Liquidity continued to be strong and cash and balances with banks and financial institutions comprising 13.8% (2021: 17.7%) of total assets. Customer accounts showed a marginal increase of 4% from US$ 6.5 billion as of end 2021 to US$ 6.8 billion as of the end of the year, showing the consistency of support from the depositors. Financing and investments increased by 9% from US$ 5.8 billion in end 2021 to US$ 6.4 billion in end 2022.

The bank is a leader in the Islamic banking sector of the country, with 48% of total assets. It was an early recogniser of the need for alternative energy sources, i.e., solar power, and took steps to promote industries that were in that space. During the year it signed a cooperation agreement with the Ministry of Energy and Mineral Resources to finance the purchase of solar cells. It also continued to finance the renewal and modification of hybrid and electric cars. Amongst other initiatives were the renewal of the agreement with the Ministry Trust Fund to grant finance to military retirees and an agreement signed with the Jordanian community around the world to grant financing to Jordan expatriates. The bank also continued to enhance its digitalization initiatives to help its customers reduce the dependence on cash transactions and increase the use of electronic channels, in addition to improving its internal processes and workflow. The bank received many awards of excellence during the year.

Egypt

Al Baraka Bank Egypt

ESTABLISHED
1980

32
NUMBER OF BRANCHES

Unit Head **Title**	Mr. Hazem Hegazy 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

Egypt has strength in terms of its diversified economy, with the mining, manufacturing, liquified natural gas (LNG), tourism and agriculture as it major sectors. Tourism declined sharply following the reduction of visitors from Russia, and the high hydrocarbon imports and the commodity prices caused the current account deficit to widen, perhaps the largest in the past few years. Real exports are nevertheless expected to rise, supported by the devaluation of the currency earlier this year and LNG sales to Europe. Medium term fixed investment is expected to be supported in part by special Central Bank of Egypt ("CBE") facilities, the development of a new administrative city east of the capital Cairo, and in the longer term, privatization. Following a good real GDP growth last year, it is expected that the growth rate may slow down in the current year. Late in the year, the country reached a staff-level agreement with the IMF on comprehensive economic policies and reforms to be supported by a US$ 3 billion Extended Fund Facility. The CBE raised interest rates during the year to rein in inflation, the effects of which may become evident in the coming months. If monetary easing comes by in the short term accompanied by lower inflation and the coming on stream of new gas fields, the economy may grow more rapidly. The future therefore looks positive for the country, especially if the Ukraine war hostilities abate in the short term.

The bank showed its ability to conduct its business well in the face of adverse conditions that included a currency devaluation during the year. Income from Murabha assets and government securities were the major contributors to the revenues. The total operating income for the year increased by 22% at Egyptian Pounds ("EGP") 3.8 billion versus EGP 3.1 billion in 2021, the US Dollar equivalents being US$ 201.2 million and US$ 199.1 million respectively. The net operating income for 2022 was EGP 2.8 billion (US$ 145.7 million) compared with EGP 2.1 billion (US$ 134.8 million in 2021. The total net income for 2022 was EGP 1.6 billion (US$ 84.4 million), increasing from EGP 948 million (US$ 60.4 million) in 2021. The increase in EGP terms was 69% but in US Dollars the increase was lower at 40%. Total assets reflected a growth of 6% in terms of EGP – EGP 87.4 billion at the end of the year and EGP 82.2 billion at the end of 2021. In US Dollars, there was a decrease of 33%, in view of the weakening of the EGP during the year. Similarly, customer accounts showed an increase of 4% and operating assets (financing and investments) grew by 2% in EGP terms. In US Dollar terms, it was a decrease of around 34%. The financial fundamentals of the bank are strong, as are its loyal customer base and it has effectively navigated through many crises, which speaks of its resilience.

To cater to the diversified nature of the country's economy, the bank aims to grow its financing assets across all sectors with a special focus on retail, wealth management and Small and Medium Enterprise ("SME") clients. Digitalization is also a top priority, and its Information Technology ("IT") infrastructure in the process of being upgraded to enhance internet banking and launch mobile banking. On a strategic level the bank aims to improve its market positioning, branding and market share over the coming years. The bank also plans to improve its geographical distribution and coverage by opening new branches, with special SME business centres. In its efforts to support sustainable development, the bank reached an agreement to invest EGP 1 billion in an SME Impact Fund that seeks to generate a positive, measurable social and environmental impact.

(All figures in US Dollars unless stated otherwise)

Algeria

Banque Al Baraka D'Algerie S.P.A

ESTABLISHED
1991

31
NUMBER OF BRANCHES

Unit Head **Title**	Mr. Mohammed Seddik Hafid Board Member & General Manager
Address	Hai Bouteldja Houidef, Villa No. 1, Rocade Sud, Ben Aknoun, Algiers, Algeria
Tel	+213 23 38 12 71
Fax	+213 23 38 12 76/77
Website	albaraka-bank.com

The Algerian economy benefitted enormously from the surge in hydrocarbon prices during the year, resulting in a significant growth in its export earnings, a widening of its current account surplus and an improvement in the foreign exchange reserves. Inflation has however risen, caused by the rise in commodity prices that were amplified by food shortages and the Ukraine crisis. In recent months the government has used the soaring hydrocarbon revenue to step up fiscal and monetary support measures that included food subsidies, a new monthly unemployment allowance to more than one million Algerians, cuts to the import duties of consumer goods, an increase in public-sector workers' wages and a cut to the income tax. In the medium term it is expected that the country's hydrocarbon sector will increase gradually as Europe seeks to increase energy supplies from non-Russian sources. This could involve partnership with European energy companies, such as recent deals with an Italian energy firm Eni, to increase exports to Italy via the Trans-Mediterranean pipeline and develop Algerian gas fields. Earlier this year a US$ 490 million production-sharing agreement was signed with Sinopec, a Chinese petroleum company, to further develop the Zaraitine oil field which per estimates, will allow the recovery of almost 95 million barrels of oil. In addition, recently legislated economic and regulatory reforms such as the new investment code and the 2019 Hydrocarbons Law, will support hydrocarbons output growth over the short term. The currency has weakened, due to the strength of the US Dollar and over the medium term may further depreciate if the oil prices were to stabilize at lower levels.

Banque Al Baraka D'Algerie has been operating successfully in Algeria for over 30 years and has been a beacon for Islamic banking in the country. During the year the bank re-balanced its asset mix to increase salam exposures by 20% owing to the better yields, but the additional revenues were in part mitigated by the increased cost of funding. At year end, its total assets in US$ terms were mostly flat at US$ 2.0 billion when compared to end 2021. Customer accounts witnessed a decrease – of 4% from US$ 1.7 billion in end 2021 to US$ 1.6 billion in end 2022 mainly due to a decrease in the collaterals for trade finance transactions that declined. Liquidity continued to be high, the cash and balances with banks and financial institutions comprising 46.8% of total assets (2021: 47.1%). The operating assets decreased by 4% from US$ 0.993 billion to US$ 0.952 billion. The total operating income for the year was US$ 61.8 million, down 7% from US$ 66.5 million in 2021. The net operating income was US$ 27.8 million, compared with US$ 31 million in 2021. The net income was US$ 30.3 million, compared to US$ 37.7 million in 2021, a decrease of 20%.

The bank continued to support its customers who are just emerging from the effects of the pandemic and rebuild their businesses by offering them to reschedule their debt and excusing some penalties. The results of these initiatives are already being seen as customers have been able to continue their businesses unabated and position themselves well for taking advantage of the growth opportunities expected in the short to medium term as the world recovers from the geo-economic challenges. The bank also enhanced its e-banking platforms and introduced prepaid, gold and platinum international Visa cards for its customers. Digitalization initiatives were continued to help improve the experience for retail and corporate customers. Internally, it has taken steps to further strengthen its processes and procedures for all workflows and also upgrade its business continuity plans.

(All figures in US Dollars unless stated otherwise)

Bahrain

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

ESTABLISHED
1984

5
NUMBER OF BRANCHES

Unit Head **Title**	Mr. Hamad Al Oqab Chief Executive Officer
Address	Al Baraka Headquarters - Bahrain Bay, P.O.Box 1882, Manama, Kingdom of Bahrain
Tel	+973 17 535 300
Fax	+973 17 533 993
Website	albaraka.bh

The high hydrocarbon prices during the year surged, and so did the oil-refining revenues for Bahrain which accelerated the real GDP growth. Economy policy is expected to focus on infrastructure projects and encouraging investment in key sectors such as oil, manufacturing, tourism logistics, communications technology and finance which account for 20% of the non-oil GDP. The surging oil prices should allow the government to exceed the target and post a fiscal surplus this year. Greater emphasis may be placed on the growth-and-employment-generating aspects of a five-pillar Economic Recovery Plan announced in the fourth quarter of last year to create jobs, increase business activity by simplifying licence approvals and launching online portals for government services. The plan also emphasizes an increase in foreign investment and supports a fiscal consolidation by reducing spending on manpower and government projects. The current account surplus is also expected to increase, bolstered by the rising aluminium and iron ore exports. Owing to the recovery in domestic demand, the rising food prices, and the government having raised the Value Added Tax rate from 5% to 10% in January this year, inflation increased. The tourism sector witnessed growth after the restrictions on travel were lifted and due to the fact that the country has some of the highest vaccination rates in the world. Foreign investment is expected to gradually increase as investors are attracted by Bahrain's offshore oil reserves and a growing digital economy.

The bank's total assets grew 4% from US$ 1.7 billion in end 2021 to US$ 1.8 billion in end 2022, comprising mainly of growth in Murabaha and Ijara Muntahia Bittamleek assets but with a reduction in Mudaraba and Available-for-Sale assets. Customer accounts also showed growth, increasing from US$ 1.4 billion in end 2021 to US$ 1.5 billion at the end of the year. Operating assets increased from US$ 1.5 billion in end 2021 to US$ 1.6 billion in end 2022. Total operating income for the year was US$ 45.5 million, down 10% from last year when it was US$ 50.3 million. Net operating income showed an a decrease of 19% at US$ 9.3 million from US$ 11.4 million in 2021. The bank however ended the year with a total net income of US$ 8 million, compared to US$ 6.5 million in 2021, an increase of 24% mainly due to lesser provisions during the year.

Post-Pandemic, Al Baraka Islamic Bank successfully launched a live streaming promotional campaign to attract new investors and increase its market share, using digital channels to make customer experience easier and more convenient. Among the new products introduced during the year were the Accelerated Investment Wakala which provides the customer with an accelerated expected profit rate every six months with an eligibility to pledge up to 90% of the deposit amount for any credit facility, and the Medical Ijara Finance product which offers patients financing facilities for the purchase of medical supplies with low profit rates and with a 3-year repayment tenor. A number of digitalization projects were completed. Amongst these were the Customer Information Portal, GCC ("Gulf Cooperation Council") Real Time Gross Settlement – a funds transfer system that allows for instantaneous transfer of money, and other applications for the enhancement of account administration and reconciliation.

(All figures in US Dollars unless stated otherwise)

Pakistan

Al Baraka Bank (Pakistan) Limited

ESTABLISHED
2010
(IN OPERATION AS BRANCHES OF AL BARAKA ISLAMIC BANK, BAHRAIN SINCE 1993)

170
NUMBER OF BRANCHES

Unit Head **Title**	Mr. Muhammad Atif Hanif* Board Member & CEO
Address	Al Baraka House, 162 Bangalore Town, Main Shahrah-e-Faisal, Karachi, Pakistan
Tel	+92 21 3430 7000
Fax	+92 21 3453 0981
Website	albaraka.com.pk

In mid-2022 Pakistan experienced the worst flooding in its history, which prompted the government to act swiftly to rehabilitate the affected population and step-up imports to assuage the paucity in food supplies, medicines and continue to support the cotton industry and thereby textile exports - a major export revenue earner. It is expected that the government will gradually rebuild the infrastructure damaged by the floods, including the roads and bridges so vital for freight transport. The government is also expected to focus on the austerity measures required under the US$ 6.5 billion facility extended by the IMF, including fiscal consolidation through taxation measures, curtailment of expenditure, reforms in the power sector through a reduction of subsidies, easing inflation to the medium-term objective of 5-7% and strengthening governance. Inflation has been high, caused in part by damages to crops from the floods. The State Bank of Pakistan, the central bank, raised interest rates during the year and is expected to continue to do so. Given the increased need for import requirements resulting from the floods, current and capital account restrictions are expected to be put in place by the central bank in order to conserve foreign exchange. The real GDP is nevertheless expected to grow, although down from earlier estimates, and the current account deficit is expected to widen if left unchecked. A projected weaker inflationary pressure and a gradual recovery in export growth over the medium term are expected to improve consumer and business sentiment.

The total assets of the bank witnessed a growth of 6% at the end of the year at Pakistan Rupee ("PKR") 230.9 billion, compared to PKR 217.5 billion in end 2021. The growth came from held-to-maturity assets that comprised mainly of government-backed securities which enabled the bank to improve its revenues. Owing to the weakened PKR however, the total assets were 17% down at US$ 1.02 billion, compared to US$ 1.2 billion in end 2021. Despite the challenging conditions for much of the year, the bank managed to increase its deposits, including those short-term in tenor, from banks and financial institutions by 45% from PKR 9.1 billion in end 2021 to PKR 13.1 billion in end 2022. This is an endorsement of the goodwill that the bank enjoys with its widening customer base. In US Dollar terms, the growth was lesser at 14% from US$ 51 million in end 2021 to US$ 57.9 million at the end of the year. The total operating income for the year was PKR 10.2 billion (US$ 49.4 million), up 19% in PKR and down 5% in US Dollars. The net operating income was 25% higher at PKR 3.8 billion from PKR 3 billion in 2021. In US Dollars it was a decrease of 1% from US$ 18.5 million in 2021 to US$ 18.4 million in 2022. The net income for the year was PKR 1.8 billion, 83% than PKR 1 billion in 2021. In US Dollars the increase was 46% at US$ 8.9 million compared to US$ 6.1 million in 2021.

The bank continued its support of customers affected by the fallout from the Pandemic by offering extensions, deferments and restructuring for their financings as part of the Debt Relief Scheme announced by the State Bank of Pakistan. The initiative is expected to auger well in the medium term as it will retain a loyal customer base. One of the strategic initiatives of the bank was to increase its consumer finance business during the year which placed the bank among the leading players in this space. It also tied up with a couple of prominent remittance partners to facilitate money transfers, and in order to further increase fee-based income, the bank expanded its import and export trade finance business. Following the digitalization and financial inclusion push by the State Bank of Pakistan, the bank successfully continued to offer the instant payment system "Raast" for reliable person-to-person payment services based on the International Bank Account Number ("IBAN") or a special Raast identification. During the year, the bank also enhanced its customer digital on-boarding process that aims to provide a comprehensive digital experience for the customer. In addition, the bank took the opportunity to upgrade many parts of its core banking system and processes.

(All figures in US Dollars unless stated otherwise)

** Mr. Ahmed Shuja Kidwai stepped down from his position as CEO and Board Member on June 3, 2022. Mr. Muhammad Atif Hanif was appointed Board Member & CEO effective 15 November, 2022.*

Tunisia

Al Baraka Bank Tunisia

ESTABLISHED
1983

37
NUMBER OF BRANCHES

Unit Head **Title**	Mr. Mohamed El Moncer General Manager
Address	88, Avenue Hedi Chaker 1002, Tunis, Tunisia
Tel	+216 71 186 500
Fax	+216 71 780 235
Website	albaraka.com.tn

Tunisia's economy is fairly diversified and has long standing trade ties with Europe, it being the country's largest trading partner. The pandemic left its impression on Tunisia – although it recovered from it, albeit with a slowed real GDP growth, the war in Ukraine contributed to the deceleration. There were sharp increases in the food prices and energy costs which brought on inflation and prompted the central bank to raise interest rates under a tighter monetary policy. Tunisia has nevertheless been able to take advantage of the higher prices and demand for some of its exports such as food, fertilizers and textiles, and to raise phosphate production. As part of the IMF program, the government's focus will be on arresting the rise in public debt, cutting the budget deficit, trimming the public-sector wage bill, reforming food and energy subsidies, and restructuring state-owned enterprises. The benefits of improved macro-stability from the IMF program are expected to support a recovery in donor inflows, confidence and investment. Tourists are also expected to return in greater numbers over the medium term and goods export volumes are slated to pick up with the recovery of Europe. By resorting to these measures in addition to some monetization, and financial support from Arab backers, the fiscal deficit is expected to gradually shrink. The currency also weakened during the year, caused by the strong US Dollar.

The total assets decreased 6% from US$ 650 million in end 2021 to US$ 611 million, and customer accounts showed a decline of 6% from US$ 533 million in end 2021 to US$ 500 million. In terms of Tunisian Dinars ("TND"), the total assets and the customer accounts showed an increase of 1%. Operating assets showed an increase of 2% (financing and investments) showed a decline from US$ 563 million in end 2021 to US$ 523 million in end 2022, the decrease being mainly in Murabaha and Mudaraba exposures. The total operating income for the year was US$ 43.2 million compared to US$ 50.3 million, down 14%, due to the reduction in operating assets. Operating expenses reflected a decrease of 7%, The net operating income declined – from US$ 25.4 million to US$ 20 million. The net income for the year was US$ 15.8 million, an increase of 26% over US$ 12.5 million in 2021 due to the better asset quality that enabled the write back of some provisions.

As has been the case since the onset of the Pandemic and it's waning recently, the bank continues to stand steadfast behind its corporate and retail customers to ensure the successes of their businesses and financial well-being. During the year, the bank grew its deposit base by increasing retail and corporate customers – that being one of the main strategies to increase its presence in the country. The bank progressed well on its digitalization initiatives, making product delivery and process easy and user-friendly. Expense control was also one the bank's priorities as was effective risk management, the latter resulting in lower-than-sector non-performing assets. Good asset quality has therefore been a strong factor for the bank. The bank has many products that cater to the different segments of its customer base, giving them the ease of maintaining essential and lifestyle choices.

South Africa

Al Baraka Bank Limited - South Africa

ESTABLISHED
1989

9
NUMBER OF BRANCHES

Unit Head **Title**	Mr. Shabir Chohan Board Member & CEO
Address	2 Kingsmead Boulevard, Kingsmead Office Park, Stalwart Simelane Street, P.O.Box 4395, Durban 4000, South Africa
Tel	+27 31 364 9000
Fax	+27 31 364 9001
Website	albaraka.co.za

South Africa is Sub-Saharan Africa's largest and most advanced economy, with a wealth of natural resources and a diversified industrial base. As with most countries of the world, the Pandemic and the war in Ukraine impacted South Africa. During the year consumer price inflation rose, driven by higher energy and food costs. The Reserve Bank of South Africa raised interest rates in response to the global monetary tightening and higher inflation. The budget for the fiscal year 2022-23 delivered earlier this year contains an upward revision to the nominal GDP and a consequent decline in the relative size of the budget deficit and public debt, besides a strong revenue boost from higher commodity prices. The revenue uplift, helped by restructuring at the South African Revenue Service, reduced the budget deficit despite the higher welfare payments and relief packages in response to the civil disorder of July 2021. The government's aim is to push ahead with more structural and pro-market reforms, including a greater role for the private sector. As part of a new energy action plan, efforts are on to add new capacity – mostly solar and wind – from independent power producers and scrapping the cap on self-generation of power without a license. Also, as a priority the government's objective is to increase the Covid-19 vaccination program – the current rate of vaccination is around 51% of the total population.

The bank had another consistent year. The net income in South African Rands ("ZAR") grew by 39% largely due its good asset quality that enabled the write back of some provisions. The total assets however remained more or less flat at ZAR 8.5 billion. When translated into US Dollars, there was a decrease of 7% in total assets from US$ 537.8 million at the end of 2021 to US$ 497.8 million as of year end, owing to the currency weakening during the year. Customer accounts decreased 2% from ZAR 7.6 billion to ZAR 7.5 billion and the operating assets decreased slightly by 3% from ZAR 7.8 billion in end 2021 to ZAR 7.6 billion. The decrease in both Customer accounts and financing and investments in US Dollars was more marked – at 8% and 9% respectively, the former reaching US$ 439.4 million at the end of the year, down from US$ 479 million in end 2021 and the latter from US$ 491 million to US$ 447.2 million. The total operating income for 2022 was ZAR 335.7 million compared to ZAR 296 million in 2021. In US Dollar terms the total operating income for 2022 was US$ 20.6 million, up 3% from US$ 19.9 million in 2021. The net operating income for the current year was ZAR 74 million versus ZAR 51.3 million in 2021, an increase of 44%. When translated to US Dollars, the net operating income grew 31%. The net income for the year was ZAR 52.1 million, an increase of 39% from 2021 when it was ZAR 37.4 million. In US Dollars, the net income for the year was US$ 3.2 million, compared to US$ 2.5 million in 2021, an increase of 27%.

Al Baraka Bank South Africa did well to support its customers during the Pandemic when it had offered deferred instalments for repayment of financings, which in turn enabled the businesses to function uninterrupted. Post-pandemic, the bank's strategy is to expand its retail and SME client base and cross sell many if its products. Asset growth is sought to be undertaken cautiously, with due cognisance of risk metrics so that asset quality is maintained. The non-Muslim segment of the market is also being targeted to offer Shari'a compliant low risk products that would be attractive, given the volatility being experienced in most markets. The bank is in the process of restructuring its retail and corporate branch network to include SMEs as well. In addition, partnerships have been established under the Al Baraka Loyalty Program with major brands for car, furniture and appliances, fashion and food financing. In August 2022, the bank raised ZAR 124 million (US$ 12.2 million) in Additional Tier 1 Sukuk, which was over-subscribed by 24% and has served to bolster its capital resources.

(All figures in US Dollars unless stated otherwise)

Sudan

Al Baraka Bank Sudan

ESTABLISHED
1984

30
NUMBER OF BRANCHES

Unit Head Title	Mr. Elrasheed Abdelrahman Ali General Manager
Address	Al Baraka Tower, P.O.Box 3583, Qasr Street, Khartoum, Sudan
Tel	+249 187 112 000
Fax	+249 183 788 585
Website	albaraka.com.sd

Sudan is a mid-sized economy by MENA standards and is largely dependent upon agriculture and refining of oil produced by South Sudan. As with much of the world, Sudan has also felt the effects of the economic downturn besetting the world. The real GDP is expected to contract to less than a percentage point of the GDP owing to multiple factors including the global oil and food prices and the suspended financial assistance from the IMF. A mitigating factor to an extent is the revenues from refining the oil produced by South Sudan. Inflation is expected to remain high but could be tempered a bit due to a growth in the money supply as the central bank continues to monetize fiscal deficits. Gold and mineral production have been the traditional drivers of growth, and agriculture is expected to get a boost from increased foreign investment, mainly from the Gulf. The Sudanese Pound ("SDG") weakened during the year. The government's policy is expected to focus on economic recovery and implementation of broad-based economic and financial reforms. If a civilian transitional government is established, it will prompt the IMF to resume assistance.

Al Baraka Bank Sudan has strong fundamentals and its niche in the Sudanese market. It performed reasonably well in 2022. The operating income rose 35% during the year to SDG 15.9 billion compared to SDG 11.8 billion in 2021 due to growth in income from Murabaha, and non-trading assets. Despite the strife in the economy, the bank managed to provide its good services, honoring its faithful customers. The net operating income increased by 4% from SDG 7.4 billion in 2021 to SDG 7.7 billion in 2022, as did additional expenses that dampened in part the operating income. The net income for the year was SDG 5.5 billion as against SDG 5.4 billion in 2021, an increase of 3%. The total assets witnessed a decrease of 16% in end 2022 at SDG 111.3 billion compared to SDG 132.4 billion in end 2021. Despite the challenging conditions in the economy that affected businesses, customer deposits decreased by only 1% from SDG 82.2 billion in 2021 to SDG 81.2 billion in 2022. The bank however managed to deploy a part of its liquidity to building its Murabaha and available-for-sale assets that increased it operating assets by 14% from SDG 50 billion in the end of last year to SDG 57.2 billion in end 2022. In US Dollar terms, the total assets decreased 34% from US$ 293.2 million at the end of 2021 to US$ 192.1 million, the decrease being due to translating a weaker SDG at the year end. The total operating income for the year was US$ 27.5 million, up 5% from the 2021 figure of US$ 26.1 million. The net operating income was US$ 13.3 million compared to US$ 16.4 million, a decrease of 19%. The net income for 2022 was US$ 9.5 million, a decrease of 20% compared to US$ 11.9 million in 2021.

The bank has consistently weathered the economic and political crises which beleaguered the country for the past few years and maintained a niche for itself. Various strategic initiatives were taken during the year to enhance the digitalization of the processes and procedures to help cut costs as well as serve customers more efficiently. The bank offers a variety of products, some of them with a Takaful flavor, for its retail customers for income protection, education financing, mortgage payment assistance, medical cover, Haj and Umrah financing, and an investment product - Al Baraka Distinctive Finance.

(All figures in US Dollars unless stated otherwise)

Morocco

BTI Bank

ESTABLISHED
2017

5
NUMBER OF BRANCHES

Unit Head **Title**	Ms. Yasmina Kilali Acting General Manager
Address	157, Avenue Hassan ll, Casablanca 20000, Morocco
Tel	+212 5 20 51 51 51
Website	btibank.ma

The Kingdom of Morocco is witnessing a gradual increase in the tourism services that provides it with enhanced revenues, and there is a growing investor interest in renewable energy projects. GDP growth has slowed down due to a weaker agriculture season and the impact of the war in Ukraine on global commodity prices which could in turn dampen domestic and European demand. This is however expected to pick up once the agriculture sector and tourism activity pick up. The government's short-term policy is expected to focus on the cost-of-living challenges which has stemmed from the global supply chain problems and the weak harvest during the year. Earlier in the year, the government announced a 5% increase in the national minimum wage and a 10% increase in the daily wages of agricultural workers. In the longer term it is expected to prioritize large infrastructure projects, including water infrastructure to tackle water scarcity, and especially in renewal energy in an effort to meets it sustainability targets. As of the end of 2021, renewals provided about 40% of Morocco's electricity. Also, Morocco has maintained a strong relationship with the IMF, having concluded a US$ 3 billion precautionary and liquidity line arrangement in 2020, of which US$ 935,000 was repaid in early 2021, ahead of schedule.

The total assets of the bank were Moroccan Dirhams ("MAD") 610.7 million at the end of the year, an increase of 16% over MAD 524.9 million as of end 2021. The Customer accounts increased 32% from MAD 284.8 million in end 2021 to MAD 374.9 million in end 2022, in recognition of the growing Islamic banking market in Morocco. Operating assets increased by 10% from MAD 323.7 million as of the end of 2021 to MAD 356.3 million as of end 2022. The MAD weakened during the year and therefore in terms of the US Dollar, the total assets increased by only 3% from US$ 56.8 million to US$58.3 million at the end of the year. Customer accounts showed an increase of 16% at US$ 35.8 million when compared to US$ 30.8 million in end 2021. Operating assets declined by 3% from US$ 35.0 million to US$ 34.0 million as of year end. The total operating income for the year was US$ 1.3 million, up by 11% from US$ 1.1 million. The Net loss for the year was US$ 3.3 million, compared to US$ 4.0 million in 2021.

During the year the bank concentrated on building corporate relationships and forging new ones in order to develop a niche in the market. New products were introduced: the Takaful Insurance for death / disability and the Takaful Multirisk Buildings Insurance to insure against risks from fire, explosion, water damage, glass damage and natural disasters. Internally, the bank improved procedures related to Foreign Account Tax Compliance Act ("FATCA"), Know-Your-Customer ("KYC") and Anti-Money Laundering ("AML") regulations, whilst customer on-boarding.

ABG has agreed to sell its 43.65% stake in Bank Al-Tamweel Wa Al-Inma S.A ("BTI Bank") to Bank of Africa, the Group's local partner and the Bank's majority shareholder. The transaction, which is subject to local regulatory approvals, has received approval from the Central Bank of Bahrain.

(All figures in US Dollars unless stated otherwise)

Libya

Al Baraka Group (Representative Office)

ESTABLISHED
2011

Libya, a country dependent upon hydrocarbons that accounts for more than 90% of fiscal revenue, has been under political strife for the past many years. While there would be a temporary contraction in the economy, the future promises to be bright if political tensions ease.

Our Representative Office is a beacon for building relationships with all our subsidiaries in the many countries that we operate, to generate opportunities in trade finance and other related businesses. Once the country emerges from the present instability, there is a propensity for business growth.

Name **Title**	Mr. Mohamed Elkhazmi Chief Representative
Address	Tripoli Tower, Tower 1, 14th Floor, Office No. 144, P.O. Box 93271, Tripoli, Libya
Tel	+218 (21) 3362310 / +218 (21) 3362311
Fax	+218 (21) 3362312
Website	albaraka.com
Email	admin@albarakabank.ly

(All figures in US Dollars unless stated otherwise)

Lebanon

Al Baraka Bank Lebanon S.A.L.

ESTABLISHED
1991

3
NUMBER OF BRANCHES

Unit Head **Title**	Mr. Mutasim Mahmassani* Board Member & General Manager
Address	Justinian Street, BAC Center, 12th Floor, Sanayeh, near Chamber of Industry and Commerce, Beirut, Lebanon
Tel	+961 1 478061/5
Fax	+961 1 748061 ext 700
Website	al-baraka.com

Lebanon has been facing enormous challenges for the past few years, only to be exacerbated by the aftermath of the Pandemic in slowed economic growth, effects of high oil and commodity prices and world-wide supply chain woes. The Lebanese economy contracted about 40% since 2018 until 2021, and is expected to continue to shrink, stemming from financial, fiscal, debt and currency crises. Average inflation is extremely high, owing largely to cost-push factors. Trade deficit is expected to widen sharply in nominal terms due to an increase in imports which could taper due to foreign currency shortages. Parliamentary approval for an economic recovery plan, a rehabilitation strategy for the financial sector and implementation of those measures will be key to unlocking international financial support, including a US$ 3 billion support package from the IMF that was agreed earlier.

Central Bank of Lebanon took control of Al Baraka Bank-Lebanon's operations in November 2022.

(All figures in US Dollars unless stated otherwise)

Corporate Governance

Corporate Governance

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 organization. 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 organization.

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 of capital, monitoring of 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;
- 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 behavior 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;
- recognizing 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;
- ensuring that the Anti-bribery and Corruption program 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;
- 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 Organization 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;
- convening and preparing the agenda for shareholder meetings;
- ensuring equitable treatment of all shareholders including minority shareholders;
- 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; and
- performing any other functions required from the Board of Directors under applicable laws and regulations.

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 has overall responsibility for the Group's system of internal control and its effectiveness, and for defining and enforcing standards of accountability that enable the Executive Management to achieve the Group's corporate objectives. The Board ensures that the systems and controls framework, the Board structure and the organizational structure of the Group are appropriate for the Group's business and associated risks, and regularly assesses the systems and controls framework to that end. There are established and ongoing procedures in place for identifying, evaluating and managing significant risks faced by the Group. These 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. This system 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.

In 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 program ("ABC program ") frameworks. ABG is continuously enhancing its compliance framework and that of each of its subsidiaries.

The CBB has issued 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. In 2014, the CBB introduced further requirements addressing the matter of remuneration of Approved Persons and Material Risk Takers (see below), which requirements were duly adopted by ABG. 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 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 organization, reports provided to it on the operations of the Group (with emphasis on organizational, risk management and information technology development) and the performance of the Executive Management.

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.

Corporate Governance (continued)

Under ABG's Articles of Association, the Board of Directors shall consist of no fewer than five and no more than 15 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 Ministry of Industry & Commerce 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 is in breach of any of the qualifying conditions referred to in Article 173 of the CCL;
- If the member misuses 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;
- 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 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 2022, there were 13 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.

As of December 31st, 2022, 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 6 of this report):*

Non-Executive Directors

1. Shaikh Abdullah Saleh Kamel – *Chairman*
2. Mr. Tawfig Shaker Mufti
3. Mr. Fahad Abdulla Al Rajhi

Independent Directors

1. Mr. Mohamed Ebrahim Alshroogi – *Vice Chairman*
2. Dr. Jehad El-Nakla
3. Dr. Khaled Abdulla Ateeq

4. Mrs. Dalia Hazem Khorshid
5. Dr. Ziad Ahmed Bahaa-Eldin
6. Mr. Saud Saleh Al Saleh
7. Dr. Mohamed Moncef Chiekh-Rouhou
8. 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 both sexes in the Board of Directors

December 31, 2022: M 92.3% / F 7.7%
December 31, 2021: M 92.3%. / F 7.7%

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 2022)

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), Mr. Abdul Elah Abdul Rahim Sabbahi (Executive Director), Mrs. Dalia Hazem Khorshid (Independent Director), Dr. Ziad Ahmed Bahaa-Eldin (Independent 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 organization structure, assets or investments.

Board Nomination and Remuneration Committee

The Board Nomination and Remuneration Committee is chaired by Mr. Saud Saleh Al Saleh (Independent Director), and its other members are Mr. Fahad Abdulla Al Rajhi (Non-Executive Director) and Dr. Mohamed Moncef Chiekh-Rouhou (Independent 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 programs from time to time for members of the Board.

Board Audit Committee

The Board Audit Committee is chaired by Dr. Khaled Abdulla Ateeq (Independent Director). Other members are Mr. Fahad Abdulla Al Rajhi (Non-Executive Director), Dr. Jehad El-Nakla (Independent Director), 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.

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.

Corporate Governance (continued)

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 and 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' program, allowing employees to confidentially raise concerns about possible improprieties in financial or legal matters. Under the program, 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. Jehad El-Nakla (Independent Director), with its other members being Dr. Khaled Abdulla Ateeq (Independent Director) and Mr. Saud Saleh Al Saleh (Independent 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, Head of Credit and Risk Management 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 Dr. Jehad El-Nakla (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 Dr. Mohamed Moncef Chiekh-Rouhou (Independent Director).

The Committee leads the Al Baraka Social & Sustainable Finance Program. It oversees the formulation of policies and strategies by the Executive Management, intended to make ABG and its subsidiaries a model international Islamic financial 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.

Directors' Attendance at Meetings of the Board of Directors and its Committees In 2022

<table>
<tr><th>Name of the Board/ Committees</th><th>No. of meetings in 2022</th><th>Dates of the meetings</th><th>Member's name</th><th>No. of meetings attended</th></tr>
<tr><td rowspan="14">Board of Directors</td><td rowspan="14">9</td><td rowspan="14">23 February 2022
10 March 2022
30 March 2022
11 May 2022
15 June 2022
24 September 2022
09 November 2022
27 November 2022
22 December 2022</td><td>Shaikh Abdullah Saleh Kamel - Chairman</td><td>9</td></tr>
<tr><td>Mr. Mohamed Ebrahim Alshroogi</td><td>8</td></tr>
<tr><td>Mr. Tawfig Shaker Mufti</td><td>9</td></tr>
<tr><td>Dr. Jehad El-Nakla</td><td>8</td></tr>
<tr><td>Mr. Houssem Ben Haj Amor *</td><td>3</td></tr>
<tr><td>Dr. Khalid Abdulla Ateeq</td><td>9</td></tr>
<tr><td>Mrs. Dalia Hazem Khorshid</td><td>9</td></tr>
<tr><td>Dr. Ziad Ahmed Bahaa-Eldin</td><td>7</td></tr>
<tr><td>Mr. Saud Saleh Al Saleh</td><td>8</td></tr>
<tr><td>Mr. Abdul Elah Abdul Rahim Sabbahi</td><td>9</td></tr>
<tr><td>Mr. Mazin Khairy Manna **</td><td>4</td></tr>
<tr><td>Mr. Fahad Abdullah Al Rajhi</td><td>8</td></tr>
<tr><td>Dr. Mohamed Chiekh-Rouhou</td><td>8</td></tr>
<tr><td>Mr. Naser Mohamed Al Nuwais</td><td>8</td></tr>
<tr><td rowspan="7">Board Executive Committee</td><td rowspan="7">4</td><td rowspan="7">09 February 2022
14 June 2022
24 September 2022
08 December 2022</td><td>Mr. Abdullah Saleh Kamel - Chairman</td><td>4</td></tr>
<tr><td>Mr. Mohamed Ebrahim Alshroogi</td><td>4</td></tr>
<tr><td>Mr. Houssem Ben Haj Amor</td><td>2</td></tr>
<tr><td>Mrs. Dalia Hazem Khorshid</td><td>4</td></tr>
<tr><td>Dr. Ziad Ahmed Bahaa-Eldin</td><td>4</td></tr>
<tr><td>Mr. Abdul Elah Abdul Rahim Sabbahi</td><td>4</td></tr>
<tr><td>Mr. Mazin Khairy Manna</td><td>2</td></tr>
<tr><td rowspan="3">Board Nomination & Remuneration Committee</td><td rowspan="3">4</td><td rowspan="3">02 February 2022
13 March 2022
28 March 2022
05 July 2022</td><td>Mr. Saud Saleh Al Saleh - Chairman</td><td>4</td></tr>
<tr><td>Mr. Fahad Abdullah Al Rajhi</td><td>4</td></tr>
<tr><td>Dr. Mohamed Chiekh-Rouhou</td><td>4</td></tr>
<tr><td rowspan="5">Board Audit Committee</td><td rowspan="5">4</td><td rowspan="5">13 February 2022
09 May 2022
10 August 2022
07 November 2022</td><td>Dr. Khalid Abdulla Ateeq - Chairman</td><td>4</td></tr>
<tr><td>Mr. Tawfig Shaker Mufti</td><td>4</td></tr>
<tr><td>Dr. Jehad El-Nakla</td><td>4</td></tr>
<tr><td>Mr. Fahad Abdullah Al Rajhi</td><td>3</td></tr>
<tr><td>Mr. Naser Mohamed Al Nuwais</td><td>3</td></tr>
<tr><td rowspan="3">Board Risk Committee</td><td rowspan="3">4</td><td rowspan="3">16 February 2022
06 June 2022
22 August 2022
16 November 2022</td><td>Dr. Jehad El-Nakla - Chairman</td><td>4</td></tr>
<tr><td>Dr. Khalid Abdulla Ateeq</td><td>4</td></tr>
<tr><td>Mr. Saud Saleh Al Saleh</td><td>4</td></tr>
<tr><td rowspan="4">Board Compliance and Governance Committee</td><td rowspan="4">4</td><td rowspan="4">02 February 2022
25 May 2022
31 August 2022
02 November 2022</td><td>Dr. Khalid Abdulla Ateeq - Chairman</td><td>4</td></tr>
<tr><td>Dr. Jehad El-Nakla</td><td>4</td></tr>
<tr><td>Dr. Ziad Ahmed Bahaa-Eldin</td><td>2</td></tr>
<tr><td>Mr. Yousif Hassan Khalawi</td><td>4</td></tr>
<tr><td rowspan="3">Board Social & Sustainable Finance Committee</td><td rowspan="3">1</td><td rowspan="3">15 June 2022</td><td>Mr. Naser Mohamed Al Nuwais - Chairman</td><td>1</td></tr>
<tr><td>Mr. Abdul Elah Abdul Rahim Sabbahi</td><td>1</td></tr>
<tr><td>Dr. Mohamed Chiekh-Rouhou</td><td>0</td></tr>
</table>

**Mr. Houssem Ben Haj Amor was appointed as a Group Chief Executive Officer and as a Board Member effective 24th October 2022*
***Mr. Mazin Khairy Manna left the services of ABG on 30th June 2022*

Corporate Governance (continued)

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 is also the Chairman of 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. Previously, Shaikh Abdullah Saleh Kamel was 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.

Shaikh Abdullah Saleh Kamel has over 30 years' experience in key business positions. He is active in public and charitable activities through his membership in many organizations and associations such as the Jeddah Chamber of Commerce (he has been a Board Member for two terms), and the Friends of Saudi Arabia Association. Shaikh Abdullah Saleh Kamel is a Saudi national.

Mr. Mohamed Ebrahim AlShroogi

Vice Chairman

Mr. Mohamed Ebrahim AlShroogi is a Board Member of Wisaya Investment Company, Aramco Pension Funds, Investcorp Financial Services, and APM Terminals, which operates one of the world's most comprehensive ports. He is also a Board Member of Bahraini Health Insurance Fund, Chairman of Saudi joint stock company L'azurde, Chairman of the GCC Board of Directors Institute (BDI), and the National US-Arab Chamber of Commerce located in Washington, DC.

During his tenure as Investcorp's Co-Chief Executive Officer, the company transformed into the largest private equity investor in the Gulf, with assets under management increasing from US$ 10.5 billion in 2009 to US$ 25 billion in 2018.

Prior to joining Investcorp, he was the Division Executive for Citigroup's Middle Eastern, North African, and Pakistani region as well as the CEO for Citi in the UAE. While serving as Division Executive, spanning 33 years, Citigroup succeeded in strengthening its business in the Middle East region in Corporate, Investment, Commercial, Private and Consumer Banking.

Mr. AlShroogi has over 40 years of experience in Banking, Investment, and Economics in a number of different sectors and also served as a member of the Bahrain Shura Council among other Board positions. He attended the Kuwait University and several different programs, including Harvard Executive Management Program.

Mr. Tawfig Shaker Mufti

Board Member

Mr. Tawfig Shaker Mufti has served as the Group Treasurer of a multinational Middle Eastern conglomerate and held CEO positions and Board memberships in several group / non-group companies. Previously, he served as a Financial Institutions Executive in the Corporate & Investment Banking and Private Banking groups. In the past, Mr. Mufti held several positions, including that of Group Compliance Officer, Corporate Clients Relationship Officer and Listed Equity/Relationship Officer. He has also 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.

Dr. Jehad El-Nakla

Board Member

Dr. Jehad El-Nakla is currently the Chairman of the Board of Directors of Al Baraka Bank Pakistan and a non-executive Board Member of Jordan Islamic Bank. He previously served as the Chairman of Al Baraka Bank Sudan.

He is also a Senior Advisor at Acreditus Partners, a boutique advisory covering Risk, Governance, Credit Ratings and Sukuk. Prior to this, he served as the General Manager of Moody's Investors Service Middle East (Moody's Credit Rating Agency) in Dubai from November 2007 until March 2020. Dr. El-Nakla also served on the Boards of Moody's subsidiaries in Egypt, Cyprus and the UAE. Prior to Moody's, Dr. El-Nakla was a Deputy General Manager at Arab National Bank in Riyadh.

Dr. El-Nakla has over thirty years of experience in mixed Commercial Banking and Credit Rating Agency at senior levels as well as possessing strong Credit, Risk Management and Financial Analysis skills. Dr. El-Nakla has a PhD degree in Numerical Analysis from Loughborough University in the UK.

Mr. Houssem Ben Haj Amor

Group Chief Executive Officer

Mr. Houssem Ben Haj Amor has over 23 years of experience in the Finance industry across the Middle East, Europe and North Africa. He previously served as Chief Financial Officer at Amlak Finance, UAE. Earlier, he was the General Manager of SHUAA Capital, a leading Investment bank in the GCC. He commenced his career with Andersen and later with Societe Generale Banking Group. He has held board positions in several banks and financial institutions and has valuable experience from working at the board level of listed entities across the GCC, North Africa and Turkey.

Dr. Khaled Abdulla Ateeq

Board Member

Dr. Khaled Abdulla Ateeq is currently the Chief Executive Officer and a Board Member of Family Microfinance House in Bahrain. He earlier served as the Executive Director of Banking Supervision at the Central Bank of Bahrain (CBB) where he was responsible for the licensing, inspection and supervision of financial institutions, and ensuring that all banks and financial institutions, either operating in Bahrain or incorporated in Bahrain, complied with laws and regulations issued by the CBB. In addition, he is the Chairman of Al Baraka Bank Sudan and a Board Member at Al Baraka Islamic Bank (Bahrain). He has held senior posts with a number of 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 currently the Group CEO and Managing Director at Beltone Financial Holding. She previously served as Founder, Chairwoman and CEO at EAGLE Capital for Financial Investment from 2017 until 2018 and the Chairwoman, CEO, and Founder of MASAR Financial Advisory from 2018 to 2022. She was the first and the youngest female minister in the Cabinet of Ministers of the Government of Egypt from 2016 to 2017. She oversaw and managed more than 10,000 employees and also served as a public servant during the transformational year in Egypt with the launch of the Economic Reform Program.

She has over 25 years of global experience in various management capacities and in working within the Investment Banking and Corporate Finance sectors. She possesses a Bachelor of Arts degree in Business Administration and Economics.

Dr. Ziad Ahmed Bahaa-Eldin

Board Member

Dr. Ziad Ahmed Bahaa-Eldin is an Egyptian lawyer and an expert on Financial law, Investment and Company Laws, Governance, Compliance, and Economic Legislation. He is currently the Managing Partner of Thebes Consultancy and Bahaa-Eldin Law Office in Cooperation with BonelliErede, the Non-Executive Chairman of Bank of Alexandria, and a non-executive member on several company boards including of the National Bank of Egypt UK, Arabian Cement Company, AXA Egypt, Allam Holding, MTI, Samcrete for Industrial Development, Saray Capital (Dubai International Financial Centre).

He previously held several public positions including the Deputy Prime Minister for Economic Development and Minister of International Cooperation (2013-2014), Member of Parliament representing South Assiut (2012), Chairman of the Financial Regulatory Authority "FRA" (2009-2011), and Chairman of the General Authority for Investment and Free Zones "GAFI" (2004-2007). He is also a former non-executive member of the Board of Directors of the Central Bank of Egypt (2004-2011), the National Bank of Egypt (2005-2010), and a former Senior Legal Advisor to the Central Bank of Egypt (2011). Dr. Bahaa-Eldin was a practicing lawyer in Egypt from 2000 until 2004, and the senior legal advisor to the Minister of Economy from 1997 to 2000. Prior to this, he was in a private practice in Cairo and Washington, DC. Dr. Bahaa-Eldin was an adjunct lecturer at the Faculty of Law at the Cairo University (1998-2004).

Dr. Bahaa-Eldin is the Founder and member of the Board of Directors of the Ahmed Bahaa-Eldin Cultural Foundation and a member of the Board of Trustees of the American University in Cairo and of the Board of Trustees of the Cairo Regional Centre for International Commercial Arbitration.

Dr. Bahaa-Eldin received his Ph.D. in Financial Law from the London School of Economics and Political Sciences (1997), an LL.M. in International Business Law from King's College London (1989), a BA in Economics from the American University in Cairo (1987), and a Bachelor of Law from Cairo University (1986). He is a graduate of the Jesuites High School in Cairo (1982).

Mr. Saud Saleh Al Saleh

Board Member

Mr. Saud Saleh Al Saleh is a Board Member of Emaar the Economic City. Previously, he held several positions including: Head of the Board of Trustees of the Riyadh Economic Forum, Chairman of SAIB-BNP Paribas Assets Management Company, Vice Chairman of American Express (Kingdom of Saudi Arabia) Limited (ASAL). Mr. Al Saleh was also a Board Member in: Saudi Arabian General Investment Authority (SAGIA), General Organization for Social Insurance (GOSI), Higher Education Fund and 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).

Mr. Al Saleh has more than 33 years of experience in Banking at The Arab National Bank in Riyadh followed by managerial positions at Saudi Investment Bank in Riyadh and he gradually advanced to become General Manager of Saudi Investment Bank. Following this, he was appointed at a Minister rank to the position of General Secretary of the Supreme Economic Council of the Kingdom of Saudi Arabia. Mr. Al Saleh, a Saudi national, 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 currently the Chief Executive Officer of Dar Saleh, Kingdom of Saudi Arabia. He is also Chairman of Al Baraka Bank Tunisia and Chairman of Société Al Buhaira de Developpement et d'Investissement, Tunisia. He is also on the Boards of a number of other international companies.

He has over 40 years' experience in International Banking and Business, the last three decades of which were with the Dallah Al Baraka Group in the Kingdom of Saudi Arabia, where he was the Chief Financial Officer. Mr. Sabbahi, a Saudi national, holds a Bachelor of Science Degree in Accounting from King Abdulaziz University, Saudi Arabia.

Mr. Mazin Khairy Manna

Former Board Member and Group Chief Executive Officer

Mr. Mazin Khairy Manna had taken charge as Board Member and Group Chief Executive Officer of Al Baraka Banking Group on January 1, 2021. He was also the Chairman of Al Baraka Algeria and Al Baraka Turkey and a Board Member of Jordan Islamic Bank, Al Baraka Egypt and Al Baraka South Africa. Mr. Manna is also a Board Member in INJAZ Bahrain, a non-profit organization with the aim of empowering young people towards economic success and prepare them for the current day business challenges. Most recently, he served as CEO of Abu Dhabi Islamic Bank. Prior to that, he was the CEO for MENA at Credit Agricole CIB and Group Senior Country officer for the UAE and was a member of the Extended Executive Committee of Credit Agricole CIB.

Mr. Manna started his career with Citi in 1991 where he worked for 24 years holding various positions. He served as CEO for Bahrain from 2010-2015, during which time he was responsible for Citibank's corporate, investment and consumer banking businesses as well as key relationships in Saudi Arabia. He also co-headed Citi's corporate and investment banking business in the Middle East and held senior positions in corporate and investment banking in the Gulf region, which included serving as Managing Director of Citi Islamic Investment Bank.

Mr. Manna is a graduate of the London School of Economics and Political Science.

Mr. Manna left the services of ABG on June 30th 2022.

Mr. Fahad Abdullah Al Rajhi

Board Member

Mr. Fahad Abdullah Al Rajhi is currently the Chairman of Fahad Abdullah Al Rajhi Holding LLC and the Chairman of Abdullah Abdul Aziz Al Rajhi and Sons Holding LLC in addition to his board memberships in Deutsche Gulf Finance, Raysut Cement Company, and Najran Cement Company as Vice Chairman of the Board. Previously, he served as the General Manager of the Treasury and Financial Institutions Group at Al Rajhi Banking Corporation where he was responsible for Investment Operations, Treasury and Financial Institutions.

Mr. Al Rajhi has over 34 years of experience in Banking, Finance, Investment and Treasury, and holds a Bachelors' Science degree in Industrial Management from King Fahd University of Petroleum and Minerals.

Dr. Mohamed Moncef Chiekh-Rouhou

Board Member

Dr. Mohamed Moncef Chiekh-Rouhou is a professor in the Business School of Ecole Des Hautes Etudes Commerciales located in Paris, France, a position he has held since 1975. He was the Founder of International Maghreb Merchant Bank and served as Founder and Director of Best Bank in 1995 and Mediterranean Investment Bank in 1983. The banks he founded attracted investments and organized large national development projects in Tunisia.

He has over 45 years of professional experience in Education Banking and held several executive positions. Dr. Chiekh-Rouhou has studied alongside decorated and prolific professors such as Noble Prize winner in Economics, Prof. George Akerlof. He obtained a PhD degree in Applied Economics in 1974 from the University of California in Berkley, United States. In 1981, Tunisia's President Habib Bourguiba requested him to establish new Financial Institutions and lead development projects for Tunisia.

Mr. Naser Mohamed Ali Al Nuwais

Board Member

Mr. Naser Mohamed Ali Al Nuwais holds a variety of positions in several different corporations - Director General of Abu Dhabi Fund for Development, Chairman of Rotana Hotel Management Corp. Ltd and Aswaq Management & Services, located in Abu Dhabi, UAE. He also held other positions including Chairman of Arab Insurance Group in Bahrain and Board Member in Dana Gas Board of Directors in Sharjah, UAE from 2009 until 2019.

He has more than 40 years of experience in Business, Insurance and Real Estate Development. His outstanding work as a businessperson earned him a Lifetime Achievement Award at the Arabian Hotel Investment Conference in 2011 as well as Pioneer in the Tourism Industry in the Arab World Award in 2003. Mr. Al Nuwais acquired his 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 has a central authority for issuing fatwas and Sharia decisions and monitoring fatwas issued by local Sharia 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 Organization for Islamic Financial Institutions (AAOIFI) and the decisions of the Centralized Shari'a Supervisory Board. All Units of ABG are committed to comply 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 Abdulla Bin Sulaiman Al Mannea

Chairman

Shaikh Abdulla Bin Sulieman Al Mannea holds a Master's 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 prominent scholars in the Kingdom. 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. Abdullatif Mahmood Al Mahmood

Vice Chairman

Shaikh Dr. Abdullatif Mahmood Al Mahmood has a PhD in Islamic Jurisprudence and Shari'a from Zaytoona University in Tunisia, an MA in Comparative Jurisprudence from Al-Azhar University, and a Diploma in Education from Ain Shams University, Cairo. Since 2001, he has served as President of the Department of Islamic Studies and Arabic Language at the University of Bahrain (UoB), and has been a teacher of Islamic studies at UoB since 1985. He also holds memberships in several Shari'a Supervisory bodies in Islamic financial institutions including Bahrain Islamic Bank, Takaful, and the Arab Islamic Banking Association in Bahrain and London.

Shaikh Dr. Al Ayachi Al Saddig Fiddad

Member

Shaikh Dr. Al Ayachi Al Saddig Fiddad holds a PhD in Islamic Economics with excellent grades from Umm Al-Qura University in Makkah Al-Mukarramah, a Master's degree in the same specialty from the same university, and a Bachelor's degree in Islamic law - majoring in Jurisprudence and fundamentals from the College of Shari'a - Umm Al-Qura University - Makkah Al-Mukarramah. He has had a total of 26 years' experience in the Islamic Development Bank Group in Jeddah and held a number of positions in the Islamic Institute for Research and Training - the Islamic Development Bank, most recently as Acting Director of the Consulting Services Division. He was a Member of the Shari'a Council of the Accounting and Auditing Organization for Islamic Financial Institutions in Bahrain, Member of the Shari'a Council of the International Islamic Rating Agency, Member of the Shari'a Committee of the Themar Fund of United Gulf Company, and expert in 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.

Shaikh Dr. Saad bin Nasser Al Shithry

Member

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 currently a Member of the Council of Senior Scholars in the Kingdom of Saudi Arabia and advisor to the Royal Court. He held a number of different positions at the College of Shari'a at Imam Muhammad bin Saud Islamic University where he commenced as a teaching assistant and then rose to the positions of Lecturer, Assistant Professor and Associate Professor. He has written as much as 65 books on comparative jurisprudence and principles of jurisprudence, in addition to many scientific research papers.

Mr. Yousif Hassan Khalawi

Member

Mr. Yousif Hassan Khalawi is a specialized practitioner of Shari'a, its principles and international law. He graduated from the College of Shari'a at Imam Muhammad bin Saud Islamic University with excellent grades. He holds a Master's degree in the principles of jurisprudence involving specialized emphasis on comparative law, international investment, arbitration and conflict resolution. He also received legal training in more than one global legal firm in Frankfurt, Geneva and London and later established a specialized legal group in London with branches in a number of countries in the world. He has held a teaching position at the College of Shari'a at Imam Muhammad bin Saud Islamic University in Riyadh. He has established a number of Islamic portfolios and investment funds since 2000, as well as a large number of companies owned by investors in more than 70 countries around the world. He is on the boards of several companies around the world, including the Saudi Center for Commercial Arbitration, Riyadh. He is also a member of the Board of Trustees of the Accounting and Auditing Organization for Islamic Financial Institutions.

Dr. Eltigani El Tayeb Mohammed

Secretary of Unified Shari'a Supervisory Board

Dr. El Tigani El Tayeb Mohammed has over 14 years' extensive experience in Islamic banking and finance, with specialization in Islamic Banking law. He joined Al Baraka Group in November 2007.

Dr. El Tayeb Mohammed is a Certified Shari'a Advisor and Auditor (CSAA) from the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and received his Doctorate degree in the principles of Islamic jurisprudence from University of Khartoum – Sudan. He also has an MBA in principles of Islamic Jurisprudence from Omdurman Islamic University - Sudan. Dr. El Tayeb Mohammed was also a professor at Sultan Zainal Abidin Religious College (KUSZA) and the International Islamic University (HUM) in Malaysia.

Corporate Governance (continued)

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

The Shari'a Board held 6 meetings in 2022. Below are the details of membership and the number of meetings attended:

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

EXECUTIVE MANAGEMENT

The Board of Directors has delegated to the Group's Executive Management team the primary responsibility for 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 at the end of 2022, the Executive Management Team consisted of the Group Chief Executive Officer, and the Heads of Credit & Risk Management, Internal Audit, Treasury, Corporate Communications & Branding, Strategy, Investments and Investor Relations, Sharia Internal Audit, Group Compliance, Governance & Board Affairs, Finance, Operations, HR and Administration and Sharia Officer and Chief Digital Officer. The Executive Management exercises control via a number of 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, Finance, Compliance, Governance & Board Affairs, Strategy, Investments and Investor Relations, Information Technology, Operations, HR and Administration, Corporate Communications & Branding, Sharia Officer and Chief Digital Officer; 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 in order to maximize shareholder value, improve profitability, enhance capital and protect against adverse financial conditions. Liquidity risk, profit rate risk, market risk and capital adequacy is monitored through the committee and decisions to mitigate such risks are executed by the Treasury 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, Head of Strategy, Investments & Investor Relations and Head of Finance.

Head Office Credit Committee

The Head Office Credit Committee "HOCC" is the authority that approves credits and considers issues of Group credit policy and Group credit exposures, problem credits and provisioning levels. The Committee is chaired by the Group Chief Executive Officer with the remaining membership being drawn from among the Executive Management which include the Head of Credit and 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 local regulators (where applicable), Board of Directors/Board Committees requirements and best practices.

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

Human Resources & Compensation Committee

The role of the Human Resources & Compensation Committee is to review the Human Resources policies, management and planning at the Group's Head Office. The Committee is chaired by the GCEO and the other members are the Head of Operations, HR and Administration and the Head of Finance.

Head Office Insiders Committee

The Head Office Insiders Committee was set up in accordance with the guidelines issued by the CBB and the Bahrain Bourse (BHB), for the purpose of ensuring the maintenance of a fair, orderly and transparent securities market, and enhancing and developing the practices relating to the risk management systems and internal controls within listed companies and similar institutions. The Committee is responsible for monitoring and supervising issues related to insiders in order to regulate their dealings in the Group's securities, and to ensure that Group insiders are acquainted with and aware of the legal and administrative requirements regarding their holdings and dealings in the Group's securities. Furthermore, it is responsible for preventing the abuse of inside information by such insiders. The Committee is chaired by the GCEO and the other members are from among the executive management team.

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

Group Chief Executive Officer

Mr. Houssem Ben Haj Amor has over 23 years of experience in the Finance industry across the Middle East, Europe and North Africa. He previously served as Chief Financial Officer at Amlak Finance, UAE. Earlier, he was the General Manager of SHUAA Capital, a leading Investment bank in the GCC. He commenced his career with Andersen and later with Societe Generale Banking Group. He has held board positions in several banks and financial institutions and has valuable experience from working at the board level of listed entities across the GCC, North Africa and Turkey.

Mr. Mazin Khairy Manna

Former Group Chief Executive Officer

Mr. Mazin Khairy Manna had taken charge as Board Member and Group Chief Executive Officer of Al Baraka Banking Group on January 1, 2021. He was also the Chairman of Al Baraka Algeria and Al Baraka Turkey and a Board Member of Jordan Islamic Bank, Al Baraka Egypt and Al Baraka South Africa. Mr. Manna is also a Board Member in INJAZ Bahrain, a non-profit organization with the aim of empowering young people towards economic success and prepare them for the current day business challenges. Most recently, he served as CEO of Abu Dhabi Islamic Bank. Prior to that, he was the CEO for MENA at Credit Agricole CIB and Group Senior Country officer for the UAE and was a member of the Extended Executive Committee of Credit Agricole CIB.

Mr. Manna started his career with Citi in 1991 where he worked for 24 years holding various positions. He served as CEO for Bahrain from 2010-2015, during which time he was responsible for Citibank's corporate, investment and consumer banking businesses as well as key relationships in Saudi Arabia. He also co-headed Citi's corporate and investment banking business in the Middle East and held senior positions in corporate and investment banking in the Gulf region, which included serving as Managing Director of Citi Islamic Investment Bank.

Mr. Manna is a graduate of the London School of Economics and Political Science.

Mr. Manna left the services of ABG in June 2022.

Mr. Mohammed A. El Qaq

Senior Vice President - Head of Commercial Banking

Mr. Mohammed A. El Qaq has over 30 years of experience in commercial banking. Before joining ABG in August 2014, he was General Manager, International Banking & Syndications at Commercial Bank of Kuwait, prior to which he was a First Vice President at Arab Banking Corporation (B.S.C.), Bahrain, and Deputy Chief Executive & Head of Corporate Banking Group at Arab Banking Corporation (Jordan). He also served as a Member of the Board of Directors of ABC Islamic Bank from 2009-2012. Having commenced his career with the Housing Bank for Trade and Finance, Jordan, in 1990, he worked with Arab Bank in Jordan and Qatar National Bank in Qatar. Mr. El Qaq holds a Master's of Business Administration degree from Howard University, U.S.A.

Mr. El Qaq left the services of ABG on the 30th of August 2022.

Mr. Azhar Aziz Dogar

Senior Vice President - Head of Credit and Risk Management

Mr. Azhar Aziz Dogar has 30 years of international banking experience that includes ME&A/GCC and Asia regions with short assignments in the U.K., Netherlands and the U.S.A. His banking experience encompasses Corporate/Investment Banking as well as Credit and Risk Management, covering all business segments inclusive of Wholesale, Commercial and Retail Banking.

Over the years, Mr. Dogar's work also involved corporate strategy and buy-side due diligence on financial sector acquisitions. He commenced his career with Citigroup in its Investment Banking division and later moved to ABN AMRO Bank where he took on a variety of leadership roles including Deputy Regional Risk Manager for the MENA region and Head of Credit Portfolio Management. Within the Credit and Risk Management area, Mr. Dogar held a number of senior positions including Chief Risk Officer of DIB Capital (wholly owned subsidiary/investment banking arm of Dubai Islamic Bank), Chief Risk Officer of SAMBA Capital in Saudi Arabia and Chief Risk Officer at National Bank of Abu Dhabi for its Corporate and Investment Banking business. Prior to joining the Al Baraka Group, he was the Chief Credit Officer for Wholesale & International Banking at the National Bank of Abu Dhabi. Mr. Dogar was also a Board Member of Dubai Islamic Bank in Pakistan. Within banking, he has worked across all 3 lines of defense - i.e., Risk Taking, Risk Oversight and Risk Assurance in both conventional and Islamic banks. Mr. Dogar is a graduate of the University of Pennsylvania and Brown University, USA with a Bachelors and Masters in Economics. His Masters' thesis was in Islamic Finance.

Mr. Mohammed Al-Alawi

Senior Vice President - Head of Internal Audit

Mr. Mohammed Alawi Al-Alawi has over 25 years of external and internal audit experience, mainly in Islamic banks. He reports directly to the Audit Committee of the Board of Directors of ABG and acts as Secretary of the Committee in addition to participating as an observer member in Audit Committee meetings of ABG's subsidiaries. Previously, Mr. Al-Alawi worked as an Internal Audit Manager at Ithmaar Bank. Prior to this, Mr. Al-Alawi worked in leading audit firms including PricewaterhouseCoopers and Ernst & Young. Mr. Al-Alawi is an FCCA - Fellow of the Association of Chartered Certified Accountants, U.K. and ICAEW - Member of the Institute of Chartered Accountants in England & Wales.

Mr. Suhail Tohami

Senior Vice President - Head of Treasury

Mr. Suhail Tohami has more than 25 years of experience in the Banking industry, both in conventional and Islamic banking and other diversified businesses. His last position was SVP - Head of Treasury & Placement at Seera Investments, Bahrain for more than 11 years during which he established, developed and managed the Treasury department since inception and also managed the Shareholder and Investor relations. Prior to Seera, his banking experience included more than 7 years at 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 functions. 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 and a Bachelor's Degree in Accounting with distinction from the University of Bahrain.

Dr. Adel Basha

Senior Vice President – Head of Legal Affairs

Dr. Adel Basha has over 20 years of working experience in the Islamic Banking industry. He is also Secretary of the Board of Directors at Al Baraka Islamic Bank Bahrain. He previously served as Head of Al Baraka Bank Sudan's Legal Department during which he was responsible for directing and managing the department. Prior to this he worked as a lecturer and assistant professor in the Faculty of Law (University of Khartoum) and many other universities in Sudan for over 15 years.

He was also a part time lecturer in different universities in Sudan including National Ribat University, Sudan University for Science and Technology and Sudan University College for Girls. Dr. Adel Basha delivered lectures on "The Criminal Liability of Corporate Entities" at the Faculty of Law, University of Shendi in June 2005 and wrote a book "The Law of Insurance in Sudan" which was published by the Open University of Sudan. Dr. Basha has a PhD from the University of Khartoum, Sudan in 2004, with his thesis – "Automobile Accident Compensation System in Sudan".

Dr. Basha was transferred to Al Baraka Islamic Bank on November 30, 2022.

Dr. Mohammed Mustapha Khemira

Senior Vice President – Head of Strategy, Investments and Investor Relations

Dr. Mohamed Mustapha Khemira has over 26 years of experience in Islamic finance and banking services, 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. Prior to joining ABG, Dr. Khemira worked in different managerial positions with prominent global and GCC-based institutions. He served as the Head of Sharia Structuring and Coordination as well as Head of the Sharia Department at Emirates Islamic Bank for more than eight years. Before that, he was Chief Operating Officer and Co-Founder of Beacon Education LLC and Taaleem PJSC in Dubai for a year. Earlier, he worked with McKinsey & Company for 3 years at the firm's Dubai office. Dr. Khemira started his career in Islamic banking with Faysal Islamic Bank of Bahrain in the mid-nineties, where he served in various capacities, the last being Vice President - Corporate & Investment Banking. He commenced his career with Netbroker Inc. (Waltham, MA, USA) as a Financial Software Developer in 1996.

Dr. Khemira holds a Ph.D. and a 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 University of Minnesota, Minneapolis, USA in 1986. In 2019, he completed a Professional Certificate program from MIT in "Digital Transformation from AI and IoT to Cloud, Blockchain and Cybersecurity.

Mr. Abdulmalek Mezher

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

Mr. Abdulmalek Mezher joined ABG in November 2019 as Head of Corporate Governance & Board Affairs. He has over 18 years of experience in Compliance, AML/CTF, Operational Risk, Corporate Governance and Board Secretariat matters in Banking and Asset Management sectors. Prior to joining ABG, he worked for Alistithmar Capital, the subsidiary of the Saudi Investment Bank, as Head of Corporate Governance in addition to handling Board Affairs matters.

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

Mr. Ali Asgar Mandasorwala

First Vice President – Head of Finance

Mr. Ali Asgar Mandasorwala possesses a rich experience of over 28 years in the Finance and Accounting discipline, of which over two decades were in the financial services sector in the UAE and the Kingdom of Bahrain. He joined Al Baraka Group in the year 2008.

As a key member of the Executive Management at the Group's Headquarters, Mr. Mandasorwala is responsible for reporting to the ABG Board and Executive Management on budgetary control and performance. He is also responsible for regulatory matters, including reporting to the Central Bank of Bahrain. His other responsibilities include the financial statements of the Group as well as oversight of the financial performance of all subsidiaries. Mr. Mandasorwala has played a crucial role in several due diligence projects in the acquisition of group subsidiaries, apart from several capital raising plans at the Group and subsidiary levels. His additional responsibilities included the implementation of appropriate controls and processes in the Finance department.

Prior to joining Al Baraka Group, Mr. Mandasorwala was Management Accountant (Derivatives & Hedge Funds) at Abu Dhabi Investment Authority, UAE. He is a Chartered Financial Analyst - Charter Holder from CFA Institute, Charlottesville, Virginia, USA and a Chartered Accountant - Member of Institute of Chartered Accountants of India.

Mr. Mohammed Abdullatif Al Mahmood

First Vice President - Head of Internal Shari'a Audit

Mr. Mohammed Abdullatif Al Mahmood has fifteen years' experience in Internal Shari'a Audit. He joined ABG in August 2007 to establish the Internal Shari'a Audit function and audit its subsidiaries. Earlier, he worked as a Research and Teaching Assistant at the University of Bahrain. Mr. Al Mahmood was also a lawyer in a local firm and after he became certified lawyer, he practiced law in Bahrain's courts for over four years. 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 the University of Jordan in addition to a Bachelor of Arts degree in Shari'a and Law from Azhar University in Egypt.

Mr. Fouad Janahi

First Vice President - Head of Operations , HR and Administration

Mr. Fouad Janahi has a diverse and rich banking experience spanning 34 years in the areas of Internal Audit, Compliance, Operations, Financial Control and Financial Institutions. Mr. Janahi joined Al Baraka Group in October 2004 in the Internal Audit department, where his responsibilities included the Internal Audit of the Group and its Units. He also handled special tasks related to Compliance in his capacity as Deputy MLRO of the Group, then he transferred to the Treasury Department to supervise all tasks related to the development of the Group's relationships with Financial Institutions.

Prior to joining ABG, Mr. Janahi worked in several Arab and International banks in the Internal Audit and Financial Control and Operations functions. Notable amongst these are his engagement with Al-Amin Bank (a subsidiary of ABG) and Abu Dhabi Islamic Bank in the Internal Audit Department. Earlier on in his career, Mr. Janahi worked for Shamil Bank, Faysal Islamic Bank, Arab Banking Corporation and ABC Investment and Services Co. (E.C.), in the Internal Audit, Financial Control and Operations.

Mr. Janahi holds an MBA in Banking and Finance from the University of Hull, UK..

Dr. Eltigani El Tayeb Mohammed

Shari'a Officer and Secretary of the Unified Shari'a Supervisory Board

Dr. El Tigani El Tayeb Mohammed has over 14 years' extensive experience in Islamic banking and finance, with specialization in Islamic Banking law. He joined Al Baraka Group in November 2007.

Dr. El Tigani is a Certified Shari'a Advisor and Auditor (CSAA) from the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and received his Doctorate degree in the principles of Islamic jurisprudence from University of Khartoum – Sudan. He also has an MBA in principles of Islamic jurisprudence from Omdurman Islamic University - Sudan. Dr. El Tigani was also a professor at the Sultan Zainal Abidin Religious College (KUSZA) and the International Islamic University (HUM) in Malaysia.

COMPLIANCE, POLICIES AND PROCEDURES

Group Compliance

The ABG Group is committed to complying with the ever-increasing international regulatory requirements. Group Compliance supports the Group Units, updating and reviewing compliance related policies on an annual 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 never hesitated to decline business that might risk breaching applicable laws, rules and regulatory standards.

The Group Compliance ("GC") department has formulated a Group compliance strategy and compliance management framework for implementation throughout the ABG 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 the compliance related policies, procedures and framework. 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 in ABG is an independent function responsible for:

- proactively identifying and evaluating compliance risks;
- developing and implementing compliance policies, programs 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 ABG 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;
- Anti-Money Laundering and Countering Financing of Terrorism;
- International Sanctions; and
- Foreign Account Tax Compliance Act and Common Reporting Standard (FATCA/CRS).

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.

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

Risks relating to financial crime are proactively managed at the Group and unit levels. ABG is committed to complying with AML/CFT laws and regulations, as well as the recommendations of the Basel Committee and Financial Action Task Force (FATF). These laws, regulations and recommendations are reflected in the AML/CFT 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 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. 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 strategies and policies on an ongoing basis. The Group MLRO coordinates the activities of each subsidiary's MLRO, overseeing appropriate AML 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.

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 minimize sanctions risk. A Group Sanctions Policy is implemented throughout its network in order 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 in order to safeguard ABG's reputation and standing.

Foreign Account Tax Compliance Act and Common Reporting Standard (FATCA/CRS)

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

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.

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.

Further, as a listed company on the Bahrain Bourse (BHB), ABG is committed to adhering on a timely basis to all periodic information dissemination requirements of the BHB, as stipulated in its respective regulations and directives.

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. As 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.

In the event that any of the authorized 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 and BHB 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 authorized 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.
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 facsimile lines. 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.

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.

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 2022 are reflected in Note 26 to the Consolidated Financial Statements.

Code of Business Conduct and Ethics

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 and Internal Audit departments are 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 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 behavior, appointment, or specification of the dues of an accredited employee if he is related to one of them in the first or second degree.

Corporate Governance (continued)

Anti-bribery & Corruption ("ABC") Policy
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 Policy, be fully aware of their roles and responsibilities and should always act in the spirit rather than just the letter of the Policy. Any non-compliance shall trigger personal liability such as fines and imprisonment, or disciplinary action.

Units are required to develop their own ABC policies, which must incorporate the requirements of the Group ABC Policy 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 Policy, the higher standards must be applied. If any applicable laws conflict with this Policy, the relevant unit must consult their local legal department and the Head of Group Compliance to resolve the conflict and as applicable, report the same to the ABG Compliance & Governance Committee.

The Group's ABC Policy 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 Policy 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
It is the Group's basic compensation philosophy to provide a competitive level of total compensation to attract and retain qualified and competent employees. The Group's variable remuneration policy is driven primarily by a performance-based culture that aligns employee interests with those of the Group's shareholders. These elements support the achievement of the Group's objectives, through balancing rewards for both short-term results and long-term sustainable performance. The Group's strategy is designed to share its success, and to align employees' incentives with its risk framework and risk outcomes.

The quality and long-term commitment of all of the Group's employees is fundamental to its success. The Group therefore aims to attract, retain and motivate the very best people, who are committed to maintaining a career with the Group, and who will perform their role in 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
4. The Long-Term Performance Incentive Plan.

A robust and effective governance framework ensures that the Group operates within clear parameters of its compensation strategy and policy. All compensation matters, and overall compliance with regulatory requirements, are overseen by the Board Nomination & Remuneration Committee (BNRC) and approved by the Board of Directors thereafter.

The Group's remuneration policy, in particular, considers the role of each employee and sets guidance on whether an employee is a "Material Risk Taker" and/or an "Approved Person" in a business line, control or support function. An Approved Person is an employee whose appointment requires prior regulatory approval because of the significance of the role within the Group, while an employee is considered a Material Risk Taker if either he/she is the head of a significant business line, or any individuals within their control have a material impact on the Group's risk profile. In order to ensure alignment between what the Group pays its people and its business strategy, the Group assesses individual performance against annual and long-term financial and nonfinancial objectives, summarized in its performance management system. This assessment also takes into account adherence to the Group's values, risks and compliance measures and, above all, acting with integrity. Altogether, performance is therefore judged not only on what is achieved over the short and the long-term but also importantly on how it is achieved, as the BNRC believes the latter contributes to the long-term sustainability of the business.

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 with regard to the Group's variable remuneration policy, 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 policy and amounts for each Approved Person and Material Risk Taker, as well as total variable remuneration to be distributed, taking account of total remuneration including salaries, fees, expenses, bonuses and other employee benefits;
- Ensuring remuneration is adjusted for all types of risks and that the remuneration system takes into consideration employees who earn the same short-run profit but take different amounts of risk on behalf of the Group;
- Ensuring that, for Material Risk Takers variable remuneration forms a substantial part of their total remuneration;
- Reviewing the stress testing and back testing results before approving the total variable remuneration to be distributed, including salaries, fees, expenses, bonuses and other employee benefits;
- Carefully evaluating practices by which remuneration is paid for potential future revenues whose timing and likelihood remain uncertain; the BNRC will question pay-outs for income that cannot be realized or whose likelihood of realization remains uncertain at the time of payment;
- Ensuring that, for approved persons in risk management, internal audit, operations, finance and compliance functions, the mix of fixed and variable remuneration is weighted in favor of fixed remuneration;
- Recommending Board members' remuneration based on their attendance and performance, and in compliance with Article 188 of the Bahrain Commercial Companies law;
- 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; and
- Ensuring appropriate compliance mechanisms are in place to make sure that employees commit themselves not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

The aggregate remuneration paid to BNRC members during the year in the form of sitting fees amounted to US$ 36 thousand (2021: US$ 15 thousand); other details concerning BNRC membership are disclosed elsewhere in this report.

This corporate governance report discloses the total amount received by members of the executive management of ABG. 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. In the framework adopted for determining the variable remuneration pool, the BNRC aims to balance the distribution of the Group's profits between shareholders and employees.

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.

In determining the amount of variable remuneration, the Group starts from setting specific targets and other qualitative performance measures that result in a target bonus pool. The bonus pool is then adjusted to take account of risk the use of risk-adjusted measures (including forward-looking considerations).

The BNRC carefully evaluates practices by which remuneration is paid for potential future revenues whose timing and likelihood remain uncertain. The BNRC demonstrates that its decisions are consistent with an assessment of the Group's financial condition and future prospects.

The Group uses a formalized and transparent process to adjust the bonus pool for quality of earnings. It is the Group's objective to pay bonuses out of realized and sustainable profits. If the quality of earnings is not strong, the profit base may be adjusted at the discretion of the BNRC.

Funding for distribution of a bonus pool is dependent on threshold financial targets being achieved by the Group. The performance measures ensure that total variable remuneration is generally considerably contracted where subdued or negative financial performance of the Group occurs. Furthermore, the target bonus pool, as determined above, is subject to risk adjustments in line with the risk assessment and linkage framework.

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 favor 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.

Risk Assessment Framework

The purpose of risk linkages is to align variable remuneration to the risk profile of the Group. In its endeavor to do so, the Group considers both quantitative measures and qualitative measures in the risk assessment process. The risk assessment process encompasses the need to ensure that the remuneration policy, by design reduces employees' incentives to take excessive and undue risks, is symmetrical with risk outcomes and delivers an appropriate mix of remuneration that is risk aligned.

The BNRC considers whether the variable remuneration policy is in line with the Group's risk profile and ensures that, through the Group's ex-ante and ex-post risk assessment framework and processes, remuneration practices where potential future revenues whose timing and likelihood remain uncertain are carefully evaluated.

Risk adjustments take into account all types of risk, including intangible and other risks such as reputation risk, liquidity risk and the cost of capital. The Group undertakes risk assessments to review financial and operational performance against business strategy and risk performance prior to distribution of the annual bonus. The Group ensures that total variable remuneration does not limit its ability to strengthen its capital base. The extent to which capital needs to be built up is a function of the Group's current capital position and its Internal Capital Adequacy Assessment Process ("ICAAP").

The bonus pool takes into account the performance of the Group, which is considered within the context of the Group's risk management framework. This ensures that the variable pay pool is shaped by risk considerations and Group-wide notable events.

The size of the variable remuneration pool and its allocation within the Group takes into account the full range of current and potential risks, including:

a) The cost and quantity of capital required to support the risks taken;
b) The cost and quantity of the liquidity risk assumed in the conduct of business; and
c) Consistency with the timing and likelihood of potential future revenues incorporated into current earnings.

The BNRC keeps itself abreast of the Group's performance against the risk management framework. The BNRC will use this information when considering remuneration to ensure that returns, risks and remuneration are aligned.

Risk Adjustments

The Group has an ex-post risk assessment framework, which is a qualitative assessment to back-test actual performance against prior risk assumptions. In any year where the Group suffers material losses in its financial performance, the risk adjustment framework will work as follows:

- There will be considerable contraction of the Group's total variable remuneration;
- At an individual level, poor performance by the Group will mean individual KPIs are not met and hence employee performance ratings will be lower;
- Reduction in the value of deferred shares or awards;
- Possible changes in vesting periods and additional deferral applied to unvested rewards;
- lastly, if the qualitative and quantitative impact of a loss incident is considered significant, a malus or clawback of previous variable awards may be considered.

The BNRC, with the Board's approval, can rationalize and make the following discretionary decisions:

- Increase/reduce the ex-post adjustment;
- Consider additional deferrals or increase in the quantum of non-cash awards;
- Recovery through malus and clawback arrangements.

Malus and Clawback Framework

The Group's malus and clawback provisions allow the Board of Directors to determine that, if appropriate, unvested elements under the deferred bonus plan can be forfeited/adjusted or the delivered variable remuneration recovered in certain situations. The intention is to allow the Group to respond appropriately if the performance factors on which reward decisions were based turn out not to reflect the corresponding performance in the longer term. All deferred compensation awards contain provisions that enable the Group to reduce or cancel the awards of employees whose individual behavior has had a materially detrimental impact on the Group during the relevant performance year.

Any decision to take back an individual's award can only be made by the Board of Directors.

The Group's malus and clawback provisions allow the Board to determine that, if appropriate, vested/unvested elements under the deferred bonus plan can be adjusted/cancelled in certain situations. These events include the following:

- Reasonable evidence of wilful misbehavior, material error, negligence or incompetence of the employee causing the Group/employee's business unit to suffer material loss in its financial performance, material misstatement of the Group's financial statements, material risk management failure or reputational loss or risk due to such employee's actions, negligence, misbehavior or incompetence during the relevant performance year.
- The employee deliberately misleads the market and/or shareholders in relation to the financial performance of the Group during the relevant performance year.
- Clawback can be used if the malus adjustment on the unvested portion is insufficient given the nature and magnitude of the issue.

Components of Variable Remuneration

Variable remuneration has the following main components:

Upfront cash	The portion of the variable compensation that is awarded and paid out in cash on conclusion of the performance evaluation process for each year
Deferred cash	The portion of variable compensation that is awarded and paid in cash on a pro-rata basis over a period of 3 years
Upfront share awards	The portion of variable compensation that is awarded and issued in the form of shares on conclusion of the performance evaluation process for each year
Deferred shares	The portion of variable compensation that is awarded and paid in the form of shares on a pro-rata basis over a period of 3 years

All deferred awards are subject to malus provisions. All share awards are released to the benefit of the employee after a six-month retention period from the date of vesting. The number of equity share awards is linked to the Group's share price as per the rules of the Group's Share Incentive Scheme. Any dividend on these shares is released to the employee along with the shares (i.e. after the retention period).

Deferred Compensation

All employees earning over Bahraini Dinars ("BHD")100 thousand or equivalent, in total compensation shall be subject to deferral of variable remuneration as follows:

Element of variable remuneration	Deferral	Deferral period	Retention	Malus	Clawback
Upfront cash	40%	Immediate	-	-	Yes
Upfront shares	-	Immediate	6 months	Yes	Yes
Deferred cash	0%	Over 3 years	-	Yes	Yes
Deferred share awards	60%	After 3 years	6 months	Yes	Yes

The BNRC, based on its assessment of role profile and risk taken by an employee, may increase the coverage of employees that are subject to deferral arrangements.

Details of remuneration paid

a) 1. Board of Directors

	US$ '000	
	2022*	2021
Sitting Fees	483	447
Remuneration*	1,500	1,500
Other	23	22

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 2023.

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. Mr. Abdullah Saleh Kamel	58,881.84	12,441	-	-	71,322.84	-	-	-	-	-	-	71,322.84	1,336
2. Mr. Mohamed Ebrahim AlShroogi	44,879.52	11,310	-	-	56,189.52	-	-	-	-	-	-	56,189.52	722
3. Mr. Mazin Khairy Manna	19,297.15	6,786	**	-	26,083.15	-	-	-	-	-	-	26,083.15	-
4. Mr. Abdul Elah Abdul Rahim Sabbahi	42,934.75	13,572	-	-	56,506.75	-	-	-	-	-	-	56,506.75	988
5. Mr. Saud Saleh Al Saleh	44,879.52	15,834	-	-	60,713.52	-	-	-	-	-	-	60,713.52	-
6. Mr. Fahad Abdullah Al Rajhi	40,601.03	14,703	-	-	55,304.03	-	-	-	-	-	-	55,304.03	-
7. Dr. Jehad El-Nakla	49,546.96	21,489	-	-	71,035.96	-	-	-	-	-	-	71,035.96	1,904
8. Mrs. Dalia Hazem Khorshid	41,767.89	12,441	-	-	54,208.89	-	-	-	-	-	-	54,208.89	-
9. Dr. Khaled Abdulla Ateeq	55,770.21	21,489	-	-	77,259.21	-	-	-	-	-	-	77,259.21	1,299
10. Mr. Naser Mohamed Al Nuwais	37,878.36	11,310	-	-	49,188.36	-	-	-	-	-	-	49,188.36	2,232
11. Dr. Mohamed Chiekh-Rouhou	37,100.45	11,310	-	-	48,410.45	-	-	-	-	-	-	48,410.45	-
12. Dr. Ziad Ahmed Bahaa-Eldin	37,878.36	12,441	-	-	50,319.36	-	-	-	-	-	-	50,319.36	-
13. Mr. Tawfig Shaker Mufti	40,212.08	12,441	-	-	52,653.08	-	-	-	-	-	-	52,653.08	438
14. Mr. Houssem Ben Haj Amor	13,871.88	4,524	**	-	18,395.88	-	-	-	-	-	-	18,395.88	-
Total	**565,500.00**	**182,091**	**-**	**-**	**747,591.00**	**-**	**-**	**-**	**-**	**-**	**-**	**747,591.00**	**8,919**

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. Mazin Khairy Manna's salary is included in the Executive Management remuneration disclosure.
** 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 (if any).

Expenses Allowance:
***** It includes Per-diem, Ticket and Hotel charges.

Corporate Governance (continued)

b) Executive management remuneration details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2022	Aggregate Amount
Top 6 remunerations for executives, including CEO* and Senior Financial Officer**	1,250,445.556	552,250.000	0	1,802,695.556

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:

	in BHD
Shari'a Committee Members fee and remuneration	95,415.684

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. It also decides on any related party transactions, their reporting and approval. Risk, Compliance and Audit Follow-Up Committee (RCA), 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 ABG 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 defence 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 defence (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 organizational 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.

Roles and Responsibilities of ABG's Group 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) as well as ensure adherence to them.
- To provide oversight on ABG Units' risk management framework and take into consideration the statutory, legal and governance requirements that apply to the Units individually.
- To monitor exposures both at the head office and consolidated Group levels in terms of risk concentrations, imbalances and vulnerabilities and recommend remedial action where appropriate.
- To review and analyze the Group's credit portfolio in terms of asset quality including concentrations to detect risk and concentrations and alert and advise ABG Executive Management and/or Board Risk Committee accordingly.
- To advise the Units (in collaboration with ABG Finance department) on the use of credit risk parameters (e.g. Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default/Credit Conversion Factor (EAD/CCF)) for credit pricing, provisioning and portfolio monitoring as necessary.
- 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.

Operational risk policies and procedures in each Subsidiary ensure a consistent approach to operational risk. The Group has continued to maintain momentum towards achieving optimal risk management policies, practices and procedures, pursuing five key objectives:

Corporate Governance (continued)

- Continuous improvement in credit and risk management practices and intensified efforts on collections, recoveries and settlement of outstanding debts to ensure resilient asset quality in the face of increased challenges in some of the Group's markets.
- To ensure that all unit NPA provisioning policies are in line with both Group policies and local regulatory requirements.
- To ensure that Units strive for a high degree of cooperation between their business arms and risk management departments. Hiring and training of credit and risk management staff is an ongoing priority at each unit.
- To ensure that each subsidiary has an approved Credit and Risk Management Manual covering all relevant risks which is consistent with the Group policies and procedures.
- To ensure that all subsidiaries submit timely monthly and quarterly risk management reports to the Head Office, which fully meet regulatory requirements. The contents of these reports are continuously enhanced in order to provide the Head Office with comprehensive data.

A standard risk management framework has been established across the Group, reflected in operational manuals that closely adhere to the Group policy regarding all the major categories of risk that the Group faces when carrying out its business. These are: Credit, Liquidity, Market (including Equity Price, Profit Rate and Foreign Exchange risk), Operational (including Fraud Risk and Information & Cyber Security Risk) and Shari'a Compliance risks. Each of 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.

During the year 2017, ABG and its subsidiaries made the necessary preparations and acquired credit rating and other systems while credit policies and procedures were updated, following the introduction of FAS 30 Accounting Standard by AAOIFI in 2018.

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 recognizes 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 to regularly monitor its Liquidity coverage ratios (LCR) and Net Stable Funding ratios on an ongoing basis.

Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks.

Each Group subsidiary has in place appropriate strategies, risk management and reporting processes with respect to the risk characteristics of equity investments, including Mudaraba, Musharaka and other investments. Based on the Group policies, each subsidiary ensures that its valuation methodologies are appropriate and consistent and assesses the potential impact of its methods on profit calculations and allocations mutually agreed between that subsidiary and its partners. Further, each subsidiary has defined and established appropriate exit strategies and risk management and reporting processes in respect of its equity investment activities.

Profit Rate Risk or Rate of Return Risk

Profit rate risk or rate of return risk is the risk that the Group will incur a financial loss as a result of a mismatch in the profit rate on the Group's assets and unrestricted investment accounts. The Group is not liable to pay any predetermined returns to investment account holders, although it does apply appropriate income smoothing techniques to ensure that profits are fairly distributed to the investment account holders.

Foreign Exchange Risk

Foreign exchange rate risk arises from the movement of currency exchange rates over a period of time, leading to an adverse impact on the Group's earnings or shareholders' equity. The Group is exposed to foreign exchange rate risk in that the value of a financial instrument, or its net investment in its foreign subsidiaries, may fluctuate due to changes in foreign exchange rates. The Group's significant net foreign currency exposures as at 31st December 2022 are detailed in Note 28 to the Financial Statements.

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.

Management of risk associated with carrying out the Group's operations is through internal procedures and monitoring and control mechanisms, while management of legal risk is through effective consultation with 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.

The Group is also exposed to risks relating to its fiduciary responsibilities towards fund providers. Fiduciary risk arises from the failure to perform in accordance with explicit and implicit standards applicable to an Islamic bank's fiduciary responsibilities, leading to losses in investments or failure to safeguard the interests of the investment account holders. Group subsidiaries have in place appropriate mechanisms to safeguard the interests of all fund providers. Where investment account holders' funds are commingled with an ABG subsidiary's own funds, the respective subsidiary ensures that the basis for asset, revenue, expense and profit allocations are established, applied and reported in a manner consistent with the Group's fiduciary responsibilities.

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.

Information & Cyber Security Risk

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. The Digitalization, IT, and Information Security Committee at the Head Office meets regularly and has implemented a new Information Risk Management Framework and Group Policy.

Compliance Risk

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. Please refer to the section on Compliance, Policies and Procedures.

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 in place a Compliance Policy 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 in place systems and controls, including their respective Shari'a Supervisory Boards, 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 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.

Corporate Governance (continued)

DIGITALIZATION AND IT

The Digitalization, IT, and Information Security Committee governs and supports Digitalization, 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 have Digital Transformation strategies and already started executing these strategies. These subsidiaries are now launching new solutions and features as part of their digital transformation journey including advanced mobile banking applications, wallets, customer digital onboarding feature, back-office automation, Chatbots, different open banking initiatives, and digital branches etc.

Meanwhile, several subsidiaries have successfully replaced their legacy core banking systems with new 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 centers that are up to date and regular audited and testing.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS OF CBB UNDER HC MODULE

As per the independent compliance assessment undertaken to cover the year 2022, the Al Baraka Group (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 Chairman of the Board should be an independent director, so that there will be an appropriate balance of power and greater capacity of the Board for independent decision making.	The appointment of Shaikh Abdullah Saleh Kamel as Chairman of the Board has been approved by the CBB and his classification as member is Non-Executive and Non-Independent Director
To facilitate free and open communication among independent directors, each Board meeting should be preceded or followed with a session at which only independent directors are present, except as may otherwise be determined by the independent directors themselves.	There were no organized sessions booked prior or post the board meetings, since all independent directors have direct communication channels with each other on regular basis or when there is a need.

Islam and Social & Sustainable Finance ("SSF")

Islam and Social & Sustainable Finance ("SSF")
Our philosophy is that Allah grants mankind the capacity to inherit the land on this earth and, therefore, mankind is not the owner of wealth but is entrusted with it. As the purpose of mankind is to construct, embellish and build on this earth, we are therefore ordained to create opportunities for others. Thus, the wealth bestowed upon us must be invested in creating the wealth and opportunities in society.

As members of a banking group founded on Islamic principles and values, we believe that we have an obligation to society, through patronage and sponsorship of a wide range of social projects, to enhance the living conditions and quality of life of needful individuals in the local communities where we operate. In making this commitment to society we strive to apply one of the important philosophical pillars of Islamic banking: the concept of E'mar Al Ardh - construction, or development, of land – which means adding tangible value to assets (whether natural or human).

This concept has a direct relevance to the development of society and its social and economic progress. The Group seeks to apply it through active investment mediation, which complements real and value-added production, and through the exchange of commodities and services, which enables us to offer practical alternatives to those financial intermediaries that provide no benefit to society at large.

SSF is fundamental to the Group's business model in all the countries where it operates. All the subsidiaries embrace Islamic ethical principles and apply them to their banking operations and services.

Guiding Principles
Our Mission is 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.

We see money as a means to capitalize on opportunities and create a better society for all of us. Money becomes the conduit by which we enter into new opportunities together and take part in common effort for mutual reward; as steward of the resources entrusted to us, our efforts contribute to building the community, at home and in the wider world.

The Al Baraka Social & Sustainable Finance Program is overseen by a Board Committee, and it is based on the following four pillars:

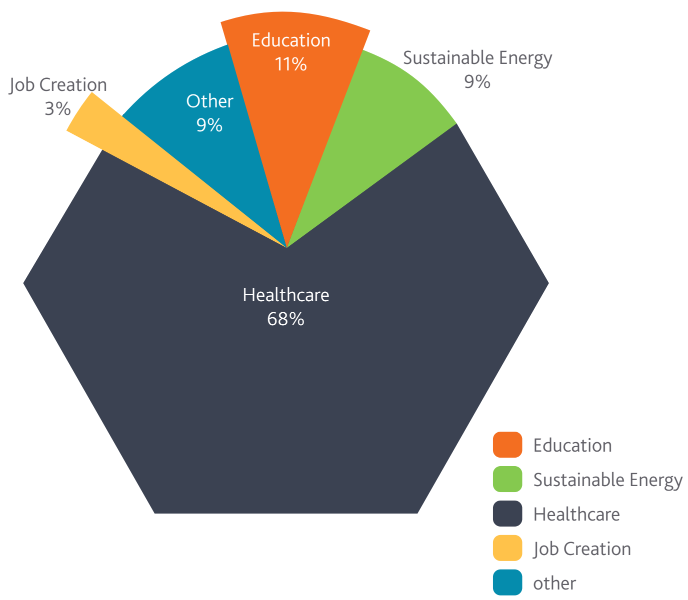
1. Al Baraka Philanthropic Program: covering the promotion and funding of a broad spectrum of activities including the arts, literature and culture, scholarly and literary works, and activities aimed at aiding people with special needs and facilitating them in their own efforts through vocational training.
2. Al Baraka Economic Opportunities & Social Investments Program: covering community development including financing and investments in projects supporting affordable housing and a spectrum of healthcare and related activities, micro, small and medium-sized enterprises, local and other industries.
3. Al Baraka Qard-Hassan Program: covering benevolent loans extended on a charitable basis.
4. Al Baraka Time Commitment Program: ABG subsidiaries commit a certain number of hours of their officers' time to social and educational contributions to the local community..

While specific programs across the ABG Group have been in place for many years, the very nature of Islamic banking promotes value addition to society and its financing and other products are truly socially and sustainability compliant, for they create opportunities for employment and economic growth, and social well-being. The ideals of Social and Sustainable Finance have therefore been built into the fabric of ABG's business model as it has successfully executed many initiatives in this respect. In addition to business with its retail and corporate customers, during the year ABG engaged in a vast array of initiatives that covered Job Creation, Education, Healthcare and Sustainable Energy with a total of around $600,000. As part of Sharia, Zakat donations are not to be published therefore they are not factored in this amount.

On the occasion of Al Baraka Group's 20-year anniversary in 2022, the Group's Head Office in Bahrain, along with all the Units shared their success with the less fortunate in the countries in which it operates by launching its first Al Baraka Day (ABD). On November 11, all the Group and its subsidiaries' employees, families and friends took part in service activities in their local communities totaling more than 200 people, touched the lives of thousands across three continents on Al Baraka Day.

Community projects in all these countries impacted more than 2,500 people. The theme for this year was under the UNSDG Good Health and Well-Being (SDG 3). The community initiatives included but were not limited to: donating clothes, boots and blankets as well as providing meals and food baskets to less privileged families and individuals. On the Health side, the teams donated insulin pumps to diabetic children and sports equipment to improve the physical activity and coordination for children with Autism and mental retardation. Our subsidiaries also donated wheelchairs for the disabled, diabetes devices and generated funds to cover the costs for treating cancer patients and providing eyeglasses to children.

"Social and Sustainable Finance initiatives"



Other Information

For the year ended 31 December 2022

External Auditors

For the year 2022, annual audit and quarterly review services amounted to US$ 200,000, other attestation services amounted to US$ 43,000.

Unified Shari'a Supervisory Board Report

For the year ended 31 December 2022

Unified Shari'a Supervisory Board Report

For the year ended 31 December 2022

21 Rajab 1444

12 February 2023

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

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 five meetings during 2022 in which we studied Shari'a audit reports prepared by the Group's Shari'a Audit for the year ended 31 December 2022 and gave few Shari'a related comments on those reports. These reports were rectified through coordination between Shari'a Audit and the relative local subsidiaries' Shari'a Boards. In addition, the Unified Shari'a Supervisory Board replied to requests for fatwa from the Group and subsidiaries and studies the contracts entered into by the Group during the year 2022.

Second: Monitoring
We have reviewed the principles applied by the Group and reviewed the 2022 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 2022 and Statement of Income and their notes for the year then ended. We have queried from some of the Technical's 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 (9) issued by the Accounting and Auditing Organization for Islamic financial Institutions and according to what was approved by Al Baraka Symposium1/31 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 to bring to the attention of the Unified Shari'a Supervisory Board any transactions or issues that require Shari'a approval. The Unified Shari'a Supervisory Board is responsible for supervising 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 Unit's Shari'a Supervisory Boards, as is clear from their report, have supervised the Units' business activities including examining on test basis documentations and procedures applied by the Group and its Units.

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 2022 are made 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 (9) 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 March 30, 2022, had authorized the executive management of Al Baraka Group to pay an amount of money amounting to three hundred forty six thousand nine hundred sixty seven (346,967) US dollars as Zakah on behalf of all shareholders for the year 2021, where it to be directly deducted from the shareholders' profits. This amount was paid to those worthy of Zakah in accordance with the Shariah regulations established, approved and certified by the Unified Shariah Board. The Unified Shariah Board monitored, through the reports of the Shariah observer, the amounts paid from the Zakah to ascertain how it was distributed, as it made sure it was directed towards the eligible recipients as stipulated in the honorable verse No. (60) of Surat Al-Ma'idah.
The Group's Zakah dues is USD 5 cents for each 100 share after excluding the Zakah from the Units which they pay their Zakah directly. The Group is not authorized to pay Zakah without obtaining an authorization from the shareholders in the general assembly, accordingly the shareholders must pay the Zakah themselves in case of not authorizing the Group to pay it on their behalf. Noting that Zakah dues, in the event of lack of the necessary liquidity, can be postponed as a whole or part, so that it becomes a debt until liquidity is available.

Praise be to Allah.

Chairman and Members

Shaikh Abdulla Al Mannea
Chairman

Shaikh Dr. Abdullatif Al Mahmood
Vice Chairman

Shaikh Dr. Saad Al Shithry
Member

Shaikh Yousif Hassan Khilawy
Member

Shaikh Dr.Layachi Feddad
Member

Unified Shari'a Supervisory Board Report (continued)

For the year ended 31 December 2022

Zakah Calculation for the year ended 31 December 2022	US$ '000
Equity Attributable to Shareholders	1,263,227
Less: Investment of the parent on the shareholding of Al Baraka Bank Egypt, Al Baraka Bank Sudan and Al Baraka Islamic Bank	(385,470)
Perpetual tier 1 capital	(400,000)
Net Zakatable Equity Attributable to Shareholders	**477,757**
Less:	
Musharaka underlined by unzakatable assets	(92,749)
Investment in Islamic Sukuk underlined by unzakatable assets	(27,822)
Ijarah Muntahia Bittamleek	(178,254)
long-term investment in real estate	(19,900)
Properties and equipment	(123,428)
Intangible assets	(40,312)
Investment in Associates	(4,625)
Prepayments	(6,227)
Deferred tax asset	(27,225)
Add:	
Shareholders share on Zakatable Assets by Associates	36,099
Borrowing to finance Unzakatable Assets	1,316
Sale of long-term investment in real estate during the year	880
Deferred tax liability	5,506
Employees' end of services benefit	22,636
Zakatable amount	**23,652**
Zakah Percentage	2.5770%
Total Zakah due	**610**
Number of Shares (thousands)	1,227,879
Zakah per share (US$ cents)	**0.05**

Independent Auditors' Report

to the Shareholders of Al Baraka Group B.S.C.

Independent Auditors' Report

to the Shareholders of Al Baraka Group B.S.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. ("the Firm") and its subsidiaries (together the "Group") as at 31 December 2022, its consolidated financial performance, its consolidated cash flows and consolidated statement of changes in off-balance sheet equity of investment accountholders 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 2022;
- the consolidated statement of income 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 equity of investment accountholders 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.

Overview

Key audit matter	• **Impairment and expected credit losses on financing facilities and other financial assets subject to credit risk**

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 matter

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. For the matter below, our description of how our audit addressed the matter is provided in that context.

Key audit matter	How the matter was addressed in our audit
Impairment and expected credit losses on financing facilities and other financial assets subject to credit risk Impairment allowances represent the Board of Directors' best estimate of the credit losses arising. As described in the summary of significant accounting policies to the Group's consolidated financial statements, the impairment losses have been determined in accordance with FAS 30.	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 impairment calculation; • We evaluated the appropriateness of the Group's impairment provisioning policy in accordance with the requirements of FAS 30;

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matter	How the matter was addressed in our audit
We focused on this area because the Board of Directors makes complex and subjective judgements over amount and timing of recognition of impairment 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 that are subject to credit risk, included gross financing assets amounting to USD 14,955 million and the related ECL amounting to USD 786 million as at 31 December 2022, which are material to the Group. Information on the credit risk including Group's credit risk management is provided in note 29 to the Group's consolidated financial statements.	• 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 Sharia' Supervisory Board Report and the Directors' Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report and the Annual Report which is expected to be made available to us after that date.

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

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

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

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

Responsibilities of those charged with governance for the consolidated financial statements

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

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the FAS and the Bahrain Commercial Companies Law number (21) of 2001, as amended (the "Commercial Companies Law"), the Central Bank of Bahrain ("CBB") Rulebook (Volume 4 and applicable provisions of Volume 6) and for such internal control as the Board of Directors determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditors' Report

to the Shareholders of Al Baraka Group B.S.C.

Report on the Audit of the Consolidated Financial Statements (continued)

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 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 Sharia' Supervisory Board Report and the Directors' Report is consistent with the consolidated financial statements;

iii. Nothing has come to our attention which causes us to believe that the Bank has, during the year, breached any of the applicable provisions of the Commercial Companies Law, CBB and the Financial Institutions Law, CBB Rulebook (Volume 4 and applicable provisions of Volume 6) 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 2022 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 period 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
20 February 2023

Consolidated Financial Statements

For the year ended 31 December 2022

Consolidated statement of financial position

At 31 December 2022

	Notes	2022 US$ '000	31 December 2021 US$ '000 (restated - note 32)	1 January 2021 US$ '000 (restated - note 32)
ASSETS				
Cash and balances with banks	3	**4,396,612**	5,681,353	5,156,577
Receivables	4	**10,437,573**	10,975,647	11,937,952
Mudaraba and Musharaka financing	5	**1,497,324**	3,493,107	2,698,516
Investments	6	**5,234,714**	4,495,469	5,098,597
Ijarah Muntahia Bittamleek	7	**2,233,356**	2,018,800	1,747,627
Property and equipment	8	**461,472**	524,111	468,919
Other assets	9	**720,783**	604,888	759,466
TOTAL ASSETS		**24,981,834**	27,793,375	27,867,654
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY				
LIABILITIES				
Customer current and other accounts		**6,451,061**	7,579,275	7,344,227
Due to banks		**971,459**	1,253,451	1,600,555
Long term financing	10	**308,037**	286,833	319,364
Other liabilities	11	**1,151,678**	1,114,895	1,270,981
TOTAL LIABILITIES		**8,882,235**	10,234,454	10,535,127
EQUITY OF INVESTMENT ACCOUNTHOLDERS				
Financial institutions		**670,694**	744,793	538,321
Non-financial institutions and individuals		**13,462,134**	14,813,540	14,624,227
TOTAL EQUITY OF INVESTMENT ACCOUNTHOLDERS	12	**14,132,828**	15,558,333	15,162,548
EQUITY				
Share capital	13	**1,242,879**	1,242,879	1,242,879
Treasury shares	13	**(15,000)**	(15,655)	(17,462)
Share premium		**16,059**	16,619	18,084
Reserves		**208,363**	196,539	183,121
Cumulative changes in fair values		**55,006**	55,736	32,940
Foreign currency translations	13	**(1,127,651)**	(940,728)	(800,489)
Retained earnings		**483,571**	402,874	350,296
EQUITY ATTRIBUTABLE TO PARENT'S SHAREHOLDERS		**863,227**	958,264	1,009,369
Sukuk (Tier 1 Capital)	14	**400,000**	400,000	400,000
EQUITY ATTRIBUTABLE TO PARENT'S SHAREHOLDERS AND SUKUK (TIER 1 CAPITAL) HOLDERS		**1,263,227**	1,358,264	1,409,369
Non-controlling interest		**703,544**	642,324	760,610
TOTAL EQUITY		**1,966,771**	2,000,588	2,169,979
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND EQUITY		**24,981,834**	27,793,375	27,867,654

Abdullah Saleh Kamel
Chairman

Houssem Ben Haj Amor
Board member and Group Chief Executive Officer

The attached notes 1 to 33 form part of these consolidated financial statements.

Consolidated statement of income

For the year ended 31 December 2022

	Notes	2022 US$ '000	31 December 2021 US$ '000 (restated - note 32)
INCOME			
Net income from jointly financed contracts and investments	15	1,408,471	1,301,626
Return on equity of investment accountholders before Group's share as a Mudarib		(1,310,448)	(1,069,616)
Group's share as a Mudarib	16	337,894	363,856
Return on equity of investment accountholders		(972,554)	(705,760)
Group's share of income from Equity of Investment accountholders (as a Mudarib and Rabalmal)		435,917	595,866
Mudarib share for managing off-balance sheet Equity of Investment Accountholders		17,755	12,122
Net income from self financed contracts and investments	15	402,980	162,503
Other fees and commission income	17	170,318	163,692
Other operating income	18	144,573	91,665
		1,171,543	1,025,848
Profit paid on long term financing	19	(32,811)	(33,031)
TOTAL OPERATING INCOME		1,138,732	992,817
OPERATING EXPENSES			
Staff expenses		285,301	280,422
Depreciation and amortisation	20	50,587	58,272
Other operating expenses	21	186,167	185,197
TOTAL OPERATING EXPENSES		522,055	523,891
NET OPERATING INCOME FOR THE YEAR BEFORE NET ALLOWANCE FOR CREDIT LOSSES / IMPAIRMENT AND TAXATION		616,677	468,926
Net allowance for credit losses / impairment	23	(239,635)	(249,099)
NET INCOME BEFORE TAXATION		377,042	219,827
Taxation		(137,588)	(62,713)
NET INCOME FOR THE YEAR		239,454	157,114
Attributable to:			
Equity holders of the parent		143,116	94,105
Non-controlling interest		96,338	63,009
		239,454	157,114
Basic and diluted earnings per share - US cents	24	9.06	5.17

Abdullah Saleh Kamel
Chairman

Houssem Ben Haj Amor
Board member and Group Chief Executive Officer

The attached notes 1 to 33 form part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2022

	Notes	2022 US$ '000	31 December 2021 US$ '000 (restated - note 32)
OPERATING ACTIVITIES			
Net income before taxation		377,042	219,827
Adjustments for:			
Depreciation and amortisation	20	50,587	58,272
Depreciation on Ijarah Muntahia Bittamleek	15.4	188,970	133,349
Unrealised gain on equity and debt-type instruments at fair value through statement of income	15.3	(131,650)	(15,319)
Gain on sale of property and equipment	18	(10,446)	(19,017)
Gain on sale of investment in real estate	15.3	(4,597)	(3,266)
Gain on sale of equity type instruments at fair value through equity	15.3	(108)	(2,400)
Gain on sale of equity and debt-type instruments at fair value through statement of income	15.3	(391)	(1,751)
Income from associates	15.3	(17,371)	(15,583)
Net allowance for credit losses		239,635	249,099
Operating profit before changes in operating assets and liabilities		691,671	603,211
Net changes in operating assets and liabilities:			
Reserves with central banks		790,758	(411,963)
Receivables		320,758	678,720
Mudaraba and Musharaka financing		1,995,322	(899,705)
Ijarah Muntahia Bittamleek		(403,797)	(394,757)
Other assets		(85,475)	154,634
Customer current and other accounts		(1,128,217)	236,225
Due to banks		(281,992)	(260,496)
Other liabilities		(7,576)	(180,663)
Equity of investment accountholders		(1,423,828)	398,755
Taxation paid		(106,512)	(62,198)
Net cash from / (used in) operating activities		361,112	(138,237)
INVESTING ACTIVITIES			
Net sale/ (purchase) of investments		(616,197)	617,137
Net purchase of property and equipment		34,107	(64,590)
Dividends received from associates		4,152	5,332
Disposal of investment in associate		(28,754)	7,075
Net cash (used in) / from investing activities		(606,692)	564,954
FINANCING ACTIVITIES			
Long term financing		21,204	(32,531)
Net movement in treasury shares		95	(363)
Profit distributed on perpetual tier 1 capital		(33,300)	(31,500)
Movement related to subsidiaries' tier 1 capital		(5,244)	5,706
Net changes in non-controlling interest		66,758	105,535
Net cash from financing activities		49,513	46,847
Foreign currency translation adjustments		(297,784)	(304,656)
NET CHANGES IN CASH AND CASH EQUIVALENTS		(493,851)	168,908
Cash and cash equivalents at 1 January		2,706,114	2,537,206
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	25	2,212,263	2,706,114

The attached notes 1 to 33 form part of these consolidated financial statements.

Consolidated statement of changes in owners' equity

For the year ended 31 December 2022

	Attributable to equity holders of the parent												
				Reserves									
	Share capital	Treasury shares	Share premium	Statutory reserve	Other reserves	Cumulative changes in fair value of investments	Cumulative changes in fair value of property and equipment	Foreign currency translations reserve	Retained earnings	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
1 Janauary 2022	1,242,879	(15,655)	16,619	194,051	2,488	10,475	46,929	(940,728)	430,312	987,370	400,000	670,757	2,058,127
Restatement (note 32)	-	-	-	-	-	-	(1,668)	-	(27,438)	(29,106)	-	(28,433)	(57,539)
Restated Balance as of 1 January 2022	1,242,879	(15,655)	16,619	194,051	2,488	10,475	45,261	(940,728)	402,874	958,264	400,000	642,324	2,000,588
Movement in treasury shares	-	655	(560)	-	-	-	-	-	-	95	-	-	95
Net movement in cumulative change in fair value for investments	-	-	-	-	-	(591)	-	-	-	(591)	-	(585)	(1,176)
Net movement in other reserves	-	-	-	-	(2,488)	-	-	-	-	(2,488)	-	(11,077)	(13,565)
Foreign currency translation	-	-	-	-	-	-	-	(186,693)	-	(186,693)	-	(111,091)	(297,784)
Net income for the year	-	-	-	-	-	-	-	-	143,116	143,116	-	96,338	239,454
Transfer to statutory reserve (note 13)	-	-	-	14,312	-	-	-	-	(14,312)	-	-	-	-
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(32,149)	(32,149)
Zakah paid on behalf of shareholders (note 13)	-	-	-	-	-	-	-	-	(347)	(347)	-	-	(347)
Profit distributed on perpetual tier 1 capital	-	-	-	-	-	-	-	-	(33,300)	(33,300)	-	-	(33,300)
Movement related to subsidiaries' tier 1 capital	-	-	-	-	-	-	-	-	(5,244)	(5,244)	-	(11,256)	(16,500)
Effect of change in ownership	-	-	-	-	-	(139)	-	(230)	(9,216)	(9,585)	-	40,546	30,961
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	90,494	90,494
Balance at 31 December 2022	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

The attached notes 1 to 33 form part of these consolidated financial statements.

Consolidated statement of changes in owners' equity

For the year ended 31 December 2022

	Equity attributable to parent's shareholders and Sukuk holders												
				Reserves									
	Share capital	Treasury shares	Share premium	Statutory reserve	Other reserves	Cumulative changes in fair value of investments	Cumulative changes in fair value of property and equipment	Foreign currency translations reserve	Retained earnings	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
1 Janauary 2021	1,242,879	(17,462)	18,084	182,776	345	8,786	24,154	(800,489)	364,496	1,023,569	400,000	798,825	2,222,394
Restatement (note 22)	-	-	-	-	-	-	-	-	(14,200)	(14,200)	-	(38,215)	(52,415)
Restated Balance as of 1 January 2021	**1,242,879**	**(17,462)**	**18,084**	**182,776**	**345**	**8,786**	**24,154**	**(800,489)**	**350,296**	**1,009,369**	**400,000**	**760,610**	**2,169,979**
Movement in treasury shares	-	1,807	(1,465)	-	-	-	-	-	(705)	(363)	-	-	(363)
Net movement in cumulative change in fair values	-	-	-	-	-	1,688	21,108	-	-	22,796	-	7,698	30,494
Net movement in other reserves	-	-	-	-	2,143	-	-	-	-	2,143	-	1,640	3,783
Foreign currency translation	-	-	-	-	-	-	-	(150,317)	-	(150,317)	-	(154,339)	(304,656)
Net income for the year	-	-	-	-	-	-	-	-	94,105	94,105	-	63,009	157,114
Transfer to statutory reserve (note 13)	-	-	-	11,275	-	-	-	-	(11,275)	-	-	-	-
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(18,196)	(18,196)
Zakah paid on behalf of shareholders (note 13)	-	-	-	-	-	-	-	-	(1,015)	(1,015)	-	-	(1,015)
Profit distributed on perpetual tier 1 capital	-	-	-	-	-	-	-	-	(31,500)	(31,500)	-	-	(31,500)
Movement related to subsidiaries' tier 1 capital	-	-	-	-	-	-	-	-	5,706	5,706	-	(12,706)	(7,000)
Effect of change in ownership	-	-	-	-	-	-	-	10,078	(2,738)	7,340	-	-	7,340
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(5,392)	(5,392)
Balance at 31 December 2021 (restated)	1,242,879	(15,655)	16,619	194,051	2,488	10,474	45,262	(940,728)	402,874	958,264	400,000	642,324	2,000,588

The attached notes 1 to 33 form part of these consolidated financial statements.

Consolidated statement of changes in off-balance sheet equity of investment accountholders

For the year ended 31 December 2022

	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 2022	67,715	456,222	85,846	53,319	219,412	245,189	1,127,703
Deposits	367,957	255,273	157,142	148	74,567	299,250	1,154,337
Withdrawals	(383,905)	(177,117)	(53,174)	(7,297)	(51,088)	(88,765)	(761,346)
Income net of expenses	-	10,789	3,890	2,076	-	26,613	43,368
Mudarib's share	-	(13,038)	(4,378)	-	(331)	(8)	(17,755)
Foreign exchange translations	-	(12,404)	-	-	-	(216)	(12,620)
Balance at 31 December 2022	**51,767**	**519,725**	**189,326**	**48,246**	**242,560**	**482,063**	**1,533,687**
Balance at 1 January 2021	72,556	569,572	503,823	48,099	160,352	227,508	1,581,910
Transfer on adoption of FAS 31	-	(15,001)	(68,433)	-	-	-	(83,434)
Deposits	96,945	216,628	24,708	4,689	65,447	38,574	446,991
Withdrawals	(101,786)	(317,961)	(377,269)	(389)	(19,000)	(28,893)	(845,298)
Income net of expenses	-	35,558	3,017	940	12,831	16,964	69,310
Mudarib's share	-	(11,876)	-	(20)	(218)	(8)	(12,122)
Foreign exchange translations	-	(20,698)	-	-	-	(8,956)	(29,654)
Balance at 31 December 2021	67,715	456,222	85,846	53,319	219,412	245,189	1,127,703

The attached notes 1 to 33 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

at 31 December 2022

1 CORPORATE INFORMATION AND ACTIVITIES

Al Baraka Group B.S.C., formerly Al Baraka Banking Group B.S.C., (the "Firm" or "ABG") is a Bahrain shareholding company incorporated in the Kingdom of Bahrain on 27 June 2002, under Commercial Registration ("CR") number 48915 - 1. The Firm is engaged in investment firm activities in the Middle East, Europe, and African region. The address of the Firm's registered office is Bahrain Bay, P.O. Box 1882, Manama, Kingdom of Bahrain. During the year, ABG has been deslisted from NASDAQ Dubai.

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

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

The consolidated financial statements were approved by the Board of Directors on 20 February 2023.

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 equity 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 International Financial Reporting Standards ("IFRS") 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%.

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.

2 ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

	Ownership for 2022	Ownership for 2021 (restated - note 32)	Year of incorporation	Country of incorporation	No. of branches/ offices at 31 December 2022
Held directly by the Bank					
Banque Al Baraka D'Algerie (BAA)	55.67%	55.67%	1991	Algeria	31
Al Baraka Islamic Bank - Bahrain (AIB)*	92.82%	92.03%	1984	Bahrain	175
Al Baraka Bank Tunis (ABT)	78.40%	78.40%	1983	Tunisia	37
Al Baraka Bank Egypt (ABE)	73.47%	73.47%	1980	Egypt	32
Al Baraka Bank Lebanon (ABBL)**	98.98%	98.98%	1991	Lebanon	3
Jordan Islamic Bank (JIB)	65.82%	65.82%	1978	Jordan	111
Al Baraka Turk Participation Bank (ATPB)***	45.09%	38.02%	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
BTI Bank****	43.56%	49.00%	2017	Morocco	5

* The extraordinary general assembly (EGA) has approved increasing the share capital of AIB by 150,000 shares for the par value of USD 100 and to amend the memorandum and the articles of association. The CBB has approved the request through their letter dated 6 July 2022 where the issued and paid up capital is increased from USD 136,457,800 to USD 151,457,800 with the full amount of USD 15,000,000 allocated to ABG.

** The Central Bank of Lebanon issued a letter dated 17 November 2022 addressed to the Chairman of the Board of Directors of Al Baraka Bank Lebanon informing the subsidiary that it is now under the Central Bank of Lebanon administration by appointing a temporary manager with the jurisdiction of the BOD, the Chairman of the BOD, the general manager and authority of the AGM (refer to note 22 for further details).

*** During the year, the ownership of Al Baraka Turk Participation Bank (ATPB) increased from 38.02% to 45.09%. ATPB did a Rights Issue to increase its capital from TRY 1,350 million to TRY 2,500 million in May 2022. The Group participated into the Rights Issue. The majority of the Rights Issue eligibility of Dallah Al Baraka Holding Company BSC were assigned to ABG. By assigning the subscription of this Rights Issue to ABG, Dallah Al Baraka Holding Company BSC ownership reduced from 15.38% to 8.3%. The assigned voting power of the Ultimate Parent and the 45.09% direct ownership of shares in ATPB, ABG continues to control ATPB after the Rights Issue.

**** The ownership of BTI decreased from 49% to 43.56%. BTI carried out a rights issue to increase its capital from MAD 400 million to MAD 430 million in September 2022. ABG did not subscribe in this rights issue, which ultimately decreased ABG's ownership to 43.56%. The Group has already signed a sale agreement with Bank of Africa to transfer the full ownership of BTI Bank which is still subject to the regulatory approvals (refer to note 22 for further details).

2 ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

	Subsidiary held through	Effective Ownership for 2022	Effective Ownership for 2021	Year of incorporation	Country of incorporation
Held indirectly by the Firm					
Al Baraka Bank (Pakistan) Limited	AIB	**54.89%**	54.42%	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%**	38.02%	2018	Germany

Significant accounting policies

The significant accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year, except for the adoption of new standards and interpretations effective as of 1 January 2022:

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 2021 except for the new standards, interpretations and amendments issued and effective as of 1 January 2022 which are as follows:

FAS 37 - Financial reporting by Waqf institutions

AAOIFI issued FAS 37 “Financial Reporting by Waqf Institutions” in 2020. The objective of the standard is to establish principles of financial reporting by Waqf institutions, which are established and operated in line with Shari’ah principles and rules. The Group has adopted this standard and the adoption did not result in any material impact on the consolidated financial statements of the Group.

FAS 38 - Wa’ad, Khiyar and Tahawwut

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

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

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

AAOIFI has issued revised FAS 1 in 2021. The revised FAS 1 supersedes the earlier FAS 1 General Presentation and Disclosures in the Financial Statements of Islamic Banks and Financial Institutions and introduces the concepts of quasi-equity, off-balance-sheet assets under management and other comprehensive income to enhance the information provided to the users of the financial statements. This standard shall be effective for the financial periods beginning on or after 1 January 2024 with early adoption permitted. The Group is currently evaluating the impact of the standard.

2 ACCOUNTING POLICIES (continued)

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

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

The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting.

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

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

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

FAS 39 - Financial Reporting for Zakah

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

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

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 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.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

b. Impairment assessment (continued)

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.

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'.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

b. Impairment assessment (continued)

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.

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.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

b. Impairment assessment (continued)

Collective ECL computation and staging (continued)

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

Significant Increase in Credit Risk

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

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

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

Renegotiated financial assets

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

Backward transition

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

From Stage 2 to stage 1

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

From stage 3 to stage 2

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

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.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

c. Cash and cash equivalents

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

d. Receivables

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

Sales (Murabaha) receivables

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

Ijarah receivables

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

Salam receivables

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

Istisna'a receivables

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

e. Mudaraba and Musharaka financing

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

f. Investments

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

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 fair value reserve in the consolidated statement of changes in equity.

Losses arising from changes in the fair values of investment in real estate are firstly adjusted against the property 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 fair value reserve, is transferred to the consolidated statement of income.

Investment in associates

The Group's investment in associates 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 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. Goodwill relating to an associate 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. Where there has been a change recognised directly in the equity of the associate, 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 are eliminated to the extent of the interest in the associate.

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.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

f. Investments (continued)

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

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 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 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 fair value reserve, is transferred to the consolidated statement of income.

i. Fair values

For investments actively traded in organised financial markets, fair value is determined by reference to quoted market bid prices.

For investment where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument, which is substantially the same or is based on the assessment of future cash flows. The cash equivalent values are determined by the Group at current profit rates for contracts with similar term and risk characteristics.

For Sales (Murabaha) receivables the fair value is determined at the Firm or subsidiary level at the end of the financial period at their cash equivalent value.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

j. Goodwill

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

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

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

k. Intangible assets

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

l. Collateral pending sale

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

m. Employees' end of service benefits

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

n. Provision

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

o. Dividends

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

p. Equity of investment accountholders

All equity of investment accountholders are carried at cost plus accrued profit and related reserves. Investment risk reserves and profit equalisation reserves are made at the Bank or subsidiary level.

q. Investment risk reserve

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

r. Profit equalisation reserve

Profit equalisation reserves represent amounts appropriated from Mudaraba income, before allocating the mudarib share and are utilized to maintain a certain level of return on investments attributed to participants.

s. Sukuk

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

t. Off-balance sheet equity of investment accountholders

Off-balance sheet equity of investment accountholders 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 equity of investment accountholders 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.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

u. Treasury shares

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

v. Revenue recognition

Sales (Murabaha) receivables

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

Salam and Istisna'a receivables

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

Mudaraba and Musharaka financing

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

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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 equity of investment accountholders is based on the terms and conditions of the related mudarib agreements.

Mudarib's share of off-balance sheet equity of investment accountholders

The Group shares profit for managing off-balance sheet equity of investment accountholders based on the terms and conditions of related contracts.

w. Return on equity of investment accountholders

Equity of investment accountholders' 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 equity of investment accountholders 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.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

z. Shari'a supervisory board

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

aa. Zakah

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

ab. Earnings prohibited by Shari'a

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

ac. Impairment of financial assets

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

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

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.

ad. Offsetting

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.

ae. 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.

af. 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 directly to a separate component of owners' equity.

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.

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2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

ag. Judgments

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

Classification of investments

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

The management of the Group exercises professional judgement in assessing control and significant influence over investees, which has a determintial role in deciding the accounting method for such investments.

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 equity, 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

	2022 US$ '000	2021 US$ '000 (restated)
Balances with central banks*	3,331,927	4,441,912
Balances with other banks	530,747	570,938
Cash and cash in transit	534,119	672,190
Allowance for credit losses (note 23)	(181)	(3,687)
	4,396,612	5,681,353

* Balances with central banks include mandatory reserves amounting to US$ 2,184,530 thousand (2021: US$ 2,978,925 thousand). These amounts are not available for use in the Group's day-to-day operations.

4. RECEIVABLES

	2022 US$ '000	2021 US$ '000 (restated)
Sales (Murabaha) receivables (note 4.1)	10,610,013	11,237,522
Ijarah receivables (note 4.2)	136,924	140,804
Salam receivables (note 4.3)	283,574	259,295
Istisna'a receivables (note 4.4)	150,365	198,926
Allowance for credit losses	(743,303)	(860,900)
	10,437,573	10,975,647

4 RECEIVABLES (continued)

4.1 Sales (Murabaha) receivables

	2022			2021		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000 (restated)
Commodity murabaha	23,679	314,383	338,062	61,144	532,345	593,489
Other murabaha	954,173	10,246,009	11,200,182	1,668,364	10,082,127	11,750,491
Gross sales (murabaha) receivables	977,852	10,560,392	11,538,244	1,729,508	10,614,472	12,343,980
Deferred profits (note 4.1(a))	(86,767)	(841,464)	(928,231)	(180,162)	(926,296)	(1,106,458)
	891,085	9,718,928	10,610,013	1,549,346	9,688,176	11,237,522
Allowance for credit losses (note 23)	(263,339)	(398,762)	(662,101)	(276,405)	(500,130)	(776,535)
Net sales (murabaha) receivables	627,746	9,320,166	9,947,912	1,272,941	9,188,046	10,460,987

	2022 US$'000	2021 US$'000 (restated)
Non-performing	381,464	632,814

4.1(a) Murabaha deferred profit movement

	2022 US$ '000	2021 US$ '000
Deferred profit at the beginning of the year	1,106,458	1,295,325
Murabaha Sales during the year	2,793,595	2,872,895
Murabaha Cost of Sales	(2,279,654)	(2,226,503)
	1,620,399	1,941,717
Deferred profit collected during the year	(488,655)	(408,726)
Deferred profit settled during the year	(15,947)	(20,591)
Deferred profit waived during the period	(5,033)	(1,923)
FX translation	(182,533)	(404,019)
Deferred profit at the end of the year	928,231	1,106,458

4.2 Ijarah receivables

	2022			2021		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000 (restated)
Gross ijarah receivables	3,657	133,267	136,924	9,150	131,654	140,804
Allowance for credit losses (note 23)	(179)	(46,424)	(46,603)	(318)	(47,671)	(47,989)
Net ijarah receivables	3,478	86,843	90,321	8,832	83,983	92,815

	2022 US$'000	2021 US$'000 (restated)
Non-performing	110,053	111,857

4 RECEIVABLES (continued)

4.3 Salam receivables

	2022			2021		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000 (restated)
Gross salam receivables	-	283,574	283,574	-	259,295	259,295
Allowance for credit losses (note 23)	-	(17,361)	(17,361)	-	(18,912)	(18,912)
Net salam receivables	-	266,213	266,213	-	240,383	240,383

	2022 US$'000	2021 US$'000 (restated)
Non-performing	24,543	30,040

4.4 Istisna'a receivables

	2022			2021		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000 (restated)
Gross istisna'a receivables	-	150,365	150,365	-	198,926	198,926
Allowance for credit losses (note 23)	-	(17,238)	(17,238)	-	(17,464)	(17,464)
Net istisna'a receivables	-	133,127	133,127	-	181,462	181,462

	2022 US$'000	2021 US$'000 (restated)
Non-performing	20,300	19,570

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 2022			
	Stage 1 US$ '000	Stage 2 US$ '000	Stage 3 US$ '000	Total US$ '000
Good (1-4)	2,732,623	167,451	-	2,900,074
Satisfactory (5-7)	6,180,829	1,563,613	-	7,744,442
Default (8-10)	-	-	536,360	536,360
Allowance for credit losses	(45,453)	(282,885)	(414,965)	(743,303)
	8,867,999	1,448,179	121,395	10,437,573

	31 December 2021			
	Stage 1 US$ '000	Stage 2 US$ '000	Stage 3 US$ '000	Total US$ '000 (restated)
Good (1-4)	2,940,382	184,300	-	3,124,682
Satisfactory (5-7)	6,164,742	1,752,842	-	7,917,584
Default (8-10)	-	-	794,281	794,281
Allowance for credit losses	(57,197)	(293,781)	(509,922)	(860,900)
	9,047,927	1,643,361	284,359	10,975,647

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at 31 December 2022

4 RECEIVABLES (continued)

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

	31 December 2022			
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit-impaired	Stage 3: Lifetime ECL credit-impaired	Total
	US$ '000	US$ '000	US$ '000	US$ '000
Balance at 1 January	57,197	293,781	509,922	860,900
Changes due to receivables recognised in opening balance that have:				
- transferred to Stage 1	5,745	(3,986)	(1,759)	-
- transferred to Stage 2	(3,932)	19,947	(16,015)	-
- transferred to Stage 3	(88)	(63,175)	63,263	-
Net remeasurement of loss allowance	15,837	72,087	189,956	277,880
Recoveries / write-backs	-	-	(60,564)	(60,564)
Allocation from (to) investment risk reserve	(9,699)	439	21,054	11,794
Amounts written off	-	-	(263,736)	(263,736)
FX translation / others	(19,607)	(36,208)	(27,156)	(82,971)
	45,453	282,885	414,965	743,303

	31 December 2021			
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit-impaired	Stage 3: Lifetime ECL credit-impaired	Total
	US$ '000	US$ '000	US$ '000	US$ '000 (restated)
Balance at 1 January	72,533	150,469	497,025	720,027
Changes due to receivables recognised in opening balance that have:				
- transferred to Stage 1	5,727	(2,711)	(3,016)	-
- transferred to Stage 2	(3,846)	12,704	(8,858)	-
- transferred to Stage 3	(150)	(42,681)	42,831	-
Net remeasurement of loss allowance	6,768	117,556	199,045	323,369
Recoveries / write-backs	-	-	(78,333)	(78,333)
Allocation from (to) investment risk reserve	(8,093)	(2,184)	7,687	(2,590)
Amounts written off	-	-	(41,306)	(41,306)
FX translation / others	(15,742)	60,628	(105,153)	(60,267)
	57,197	293,781	509,922	860,900

5 MUDARABA AND MUSHARAKA FINANCING

	2022	2021
	US$ '000	US$ '000 (restated)
Mudaraba financing (note 5.1)	691,226	2,569,329
Musharaka financing (note 5.2)	836,032	958,107
Allowance for credit losses	(29,934)	(34,329)
	1,497,324	3,493,107

5 MUDARABA AND MUSHARAKA FINANCING (continued)

5.1 Mudaraba financing

	2022			2021		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000 (restated)
Gross mudaraba financing	10,927	680,299	691,226	193,695	2,375,634	2,569,329
Allowance for credit losses (note 23)	(420)	(16,643)	(17,063)	(420)	(17,311)	(17,731)
Net mudaraba financing	10,507	663,656	674,163	193,275	2,358,323	2,551,598

	2022 US$ '000	2021 US$ '000 (restated)
Non-performing	35,275	30,227

5.2 Musharaka financing

	2022			2021		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000 (restated)
Gross musharaka financing	242,597	593,435	836,032	332,700	625,407	958,107
Allowance for credit losses (note 22)	(808)	(12,063)	(12,871)	(4,049)	(12,549)	(16,598)
Net musharaka financing	241,789	581,372	823,161	328,651	612,858	941,509

	2022 US$'000	2021 US$'000 (restated)
Non-performing	18,320	27,637

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 2022			
	Stage 1 US$ '000	Stage 2 US$ '000	Stage 3 US$ '000	Total US$ '000
Good (1-4)	749,979	32,584	-	782,563
Satisfactory (5-7)	536,874	154,226	-	691,100
Default (8-10)	-	-	53,595	53,595
Allowance for credit losses	(3,457)	(4,474)	(22,003)	(29,934)
	1,283,396	182,336	31,592	1,497,324

	31 December 2021			
	Stage 1 US$ '000	Stage 2 US$ '000	Stage 3 US$ '000	Total US$ '000 (restated)
Good (1-4)	1,142,014	79,440	-	1,221,454
Satisfactory (5-7)	2,113,415	134,703	-	2,248,118
Default (8-10)	-	-	57,864	57,864
Allowance for credit losses	(6,460)	(3,886)	(23,983)	(34,329)
	3,248,969	210,257	33,881	3,493,107

Notes to the Consolidated Financial Statements

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5 MUDARABA AND MUSHARAKA FINANCING (continued)

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

	31 December 2022			
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit-impaired	Stage 3: Lifetime ECL credit-impaired	Total
	US$ '000	US$ '000	US$ '000	US$ '000
Balance at 1 January	6,460	3,886	23,983	34,329
Changes due to financing recognised in opening balance that have:				
- transferred to Stage 1	(126)	128	(2)	-
- transferred to Stage 2	575	(573)	(2)	-
- transferred to Stage 3	-	(36)	36	-
Net remeasurement of loss allowance	(2,162)	2,495	1,263	1,596
Recoveries / write-backs	-	-	(1,134)	(1,134)
Allocation from (to) investment risk reserve	(1)	28	(38)	(11)
Amounts written off	-	-	-	-
FX translation / others	(1,289)	(1,454)	(2,103)	(4,846)
	3,457	4,474	22,003	29,934

	31 December 2021			
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit-impaired	Stage 3: Lifetime ECL credit-impaired	Total
	US$ '000	US$ '000	US$ '000	US$ '000 (restated)
Balance at 1 January	12,270	9,383	14,753	36,406
Changes due to receivables recognised in opening balance that have:				
- transferred to Stage 1	498	(496)	(2)	-
- transferred to Stage 2	(239)	263	(24)	-
- transferred to Stage 3	(3)	(211)	214	-
Net remeasurement of loss allowance	(1,207)	(4,731)	6,776	838
Recoveries / write-backs	-	-	(553)	(553)
Allocation from (to) investment risk reserve	(1,069)	(26)	94	(1,001)
Amounts written off	-	-	(11,579)	(11,579)
FX translation / others	(3,790)	(296)	14,304	10,218
	6,460	3,886	23,983	34,329

6. INVESTMENTS

	2022 US$ '000	2021 US$ '000 (restated)
Equity and debt-type instruments at fair value through statement of income (note 6.1)	135,926	52,688
Equity-type instruments at fair value through equity (note 6.2)	593,612	479,243
Debt-type instruments at amortised cost (note 6.3)	4,274,330	3,710,737
	5,003,868	4,242,668
Investment in real estate (note 6.4)	172,708	186,767
Investment in associates (note 6.5)	58,138	66,034
	5,234,714	4,495,469

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

	2022			2021		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000 (restated)
Quoted investments						
Debt Instruments	67	-	67	-	33,653	33,653
Equity Securities	131,772	3,292	135,064	7,569	4,596	12,165
	131,839	3,292	135,131	7,569	38,249	45,818
Unquoted investments						
Equity Securities	795	-	795	6,870	-	6,870
	795	-	795	6,870	-	6,870
	132,634	3,292	135,926	14,439	38,249	52,688

6.2 Equity-type instruments at fair value through equity

	2022			2021		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000 (restated)
Quoted investments						
Equity securities	12,255	30,849	43,104	13,754	31,552	45,306
Managed funds	3,131	20,392	23,523	3,382	11,146	14,528
Sukuk	256,326	221,573	477,899	225,722	162,544	388,266
	271,712	272,814	544,526	242,858	205,242	448,100
Unquoted investments						
Equity Securities	14,610	21,322	35,932	10,215	15,177	25,392
Managed funds	711	11,546	12,257	546	9,032	9,578
Sukuk	-	7,577	7,577	-	3,506	3,506
	15,321	40,445	55,766	10,761	27,715	38,476
Provisions for impairment	(6,875)	195	(6,680)	(6,911)	(422)	(7,333)
	280,158	313,454	593,612	246,708	232,535	479,243

Notes to the Consolidated Financial Statements

at 31 December 2022

6. INVESTMENTS (continued)

6.3 Debt-type instruments at amortised cost

	2022			2021		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000 (restated)
Quoted investments						
Sukuk and similar items	2,070,759	1,333,716	3,404,474	1,687,797	1,341,915	3,029,712
	2,070,759	1,333,716	3,404,474	1,687,797	1,341,915	3,029,712
Unquoted investments						
Sukuk and similar items	93,286	785,281	878,567	97,905	590,688	688,593
Allowance for credit losses	(715)	(7,997)	(8,712)	(502)	(7,066)	(7,568)
	2,163,330	2,111,000	4,274,330	1,785,200	1,925,537	3,710,737

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 2022			
	Stage 1 US$ '000	Stage 2 US$ '000	Stage 3 US$ '000	Total US$ '000
Good (1-4)	3,677,322	-	-	3,677,322
Satisfactory (5-7)	595,055	8,099	-	603,154
Default (8-10)	-	-	2,565	2,565
Allowance for credit losses	(5,872)	(275)	(2,565)	(8,712)
	4,266,506	7,824	-	4,274,330

	31 December 2021			
	Stage 1 US$ '000	Stage 2 US$ '000	Stage 3 US$ '000	Total US$ '000 (restated)
Good (1-4)	3,095,671	-	-	3,095,671
Satisfactory (5-7)	608,155	11,914	-	620,069
Default (8-10)	-	-	2,565	2,565
Allowance for credit losses	(4,966)	(37)	(2,565)	(7,568)
	3,698,860	11,877	-	3,710,737

6 INVESTMENTS

6.3 Debt-type instruments at amortised cost (continued)

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

	31 December 2022			
	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	4,966	37	2,565	7,568
Net remeasurement of loss allowance	3,113	(19)	-	3,094
Allocation to investment risk reserve	(39)	260	-	221
FX translation / others	(2,168)	(3)	-	(2,171)
	5,872	275	2,565	8,712

	31 December 2021			
	Stage 1: 12-month ECL US$ '000	Stage 2: Lifetime ECL not credit-impaired US$ '000	Stage 3: Lifetime ECL credit-impaired US$ '000	Total US$ '000 (restated)
Balance at 1 January	4,490	1,201	2,565	8,256
Changes due to instruments recognised in opening balance that have:				
- transferred to Stage 1	74	(74)	-	-
- transferred to Stage 2	710	(710)	-	-
Net remeasurement of loss allowance	464	(370)	-	94
Allocation from investment risk reserve	(620)	-	-	(620)
FX translation / others	(152)	(10)	-	(162)
	4,966	37	2,565	7,568

Notes to the Consolidated Financial Statements

at 31 December 2022

6 INVESTMENTS (continued)

6.4 Investment in real estate

	2022			2021		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000 (restated)
At cost	14,084	152,180	166,264	18,720	167,016	185,736
At fair value	10,465	162,243	172,708	14,321	172,446	186,767

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

	2022			2021		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000 (restated)
Land	1,624	95,813	97,437	1,973	100,572	102,545
Buildings	8,841	66,430	75,271	12,348	71,874	84,222
	10,465	162,243	172,708	14,321	172,446	186,767

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

	2022 US$ '000	2021 US$ '000 (restated)
Beginning balance of the year	186,767	176,136
Acquisitions	3,106	33,113
Net gain / (loss) from fair value adjustments	190	(6,843)
Disposals	(15,269)	(11,467)
Foreign exchange translation / others - net	(2,086)	(4,172)
	(14,059)	10,631
Ending balance of the year	172,708	186,767

6 INVESTMENTS (continued)

6.5 Investment in associates

Investment in associates comprise the following:

	2022			
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Market value US$ '000
Quoted associates	-	13,169	13,169	11,500
Unquoted associates	44,969	-	44,969	
	44,969	13,169	58,138	

	2021 (restated)			
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Market value US$ '000
Quoted associates	22,820	12,767	35,587	11,834
Unquoted associates	30,447	-	30,447	
	53,267	12,767	66,034	

The investment in associates are net of impairment of US$ 23,000 thousand (2021: US$ Nil thousand).

7 IJARAH MUNTAHIA BITTAMLEEK

	2022			2021 (restated)		
	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	-	2,451,334	2,451,334	2,340	2,209,182	2,211,522
Accumulated depreciation	-	(439,221)	(439,221)	(328)	(408,494)	(408,822)
Allowance for credit losses	-	(8,186)	(8,186)	-	(8,384)	(8,384)
Net book value	-	2,003,927	2,003,927	2,012	1,792,304	1,794,316
Equipment						
Cost	50,890	257,906	308,796	76,581	233,925	310,506
Accumulated depreciation	(9,639)	(71,470)	(81,109)	(13,100)	(71,703)	(84,803)
Allowance for credit losses	(492)	(4,488)	(4,980)	(259)	(4,337)	(4,596)
Net book value	40,759	181,948	222,707	63,222	157,885	221,107
Others						
Cost	-	9,110	9,110	-	5,349	5,349
Accumulated depreciation	-	(2,300)	(2,300)	-	(1,964)	(1,964)
Allowance for credit losses	-	(88)	(88)	-	(8)	(8)
Net book value	-	6,722	6,722	-	3,377	3,377
TOTAL						
Cost	50,890	2,718,350	2,769,240	78,921	2,448,456	2,527,377
Accumulated depreciation	(9,639)	(512,991)	(522,630)	(13,428)	(482,161)	(495,589)
Less: allowance for credit losses (note 23)	(492)	(12,762)	(13,254)	(259)	(12,729)	(12,988)
Net book value	40,759	2,192,597	2,233,356	65,234	1,953,566	2,018,800

7 IJARAH MUNTAHIA BITTAMLEEK (continued)

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 2022			
	Stage 1 US$ '000	Stage 2 US$ '000	Stage 3 US$ '000	Total US$ '000
Good (1-4)	803,338	9,316	-	812,654
Satisfactory (5-7)	1,208,469	225,476	-	1,433,945
Default (8-10)	-	-	11	11
Allowance for credit losses	(1,926)	(11,326)	(2)	(13,254)
	2,009,881	223,466	9	2,233,356

	31 December 2021 (restated)			
	Stage 1 US$ '000	Stage 2 US$ '000	Stage 3 US$ '000	Total US$ '000
Good (1-4)	570,992	4,872	-	575,864
Satisfactory (5-7)	1,217,341	238,570	-	1,455,911
Default (8-10)	-	-	13	13
Allowance for credit losses	(2,355)	(10,631)	(2)	(12,988)
	1,785,978	232,811	11	2,018,800

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

	31 December 2022			
	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	2,355	10,631	2	12,988
Net remeasurement of loss allowance	(391)	660	-	269
Allocation to (from) investment risk reserve	53	-	-	53
FX translation / others	(91)	35	-	(56)
	1,926	11,326	2	13,254

	31 December 2021			
	Stage 1: 12-month ECL US$ '000	Stage 2: Lifetime ECL not credit-impaired US$ '000	Stage 3: Lifetime ECL credit-impaired US$ '000	Total US$ '000 (restated)
Balance at 1 January	2,408	21,434	8	23,850
Net remeasurement of loss allowance	201	(9,964)	-	(9,763)
Allocation to (from) investment risk reserve	53	-	-	53
FX translation / others	(307)	(839)	(6)	(1,152)
	2,355	10,631	2	12,988

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8 PROPERTY AND EQUIPMENT

	Buildings	Lands	Office furniture and equipment	Vehicles	Others	Right of use asset*	Total
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000 (restated)
Cost:							
At 1 January 2021	259,051	142,020	243,315	10,453	81,189	-	736,028
Additions	(1,127)	12,973	17,332	363	17,410	58,546	105,497
Revaluation	-	28,237	-	-	-	-	28,237
Disposals	(1,729)	(645)	(13,957)	(672)	(258)	41,697	24,436
Foreign exchange translations	(6,951)	(24,747)	(19,370)	(3,301)	(15,942)	(18,154)	(88,465)
At 31 December 2021	249,244	157,838	227,320	6,843	82,399	82,089	805,733
Additions	**71,343**	**29,119**	**11,552**	**514**	**19,272**	**14,382**	**146,182**
Disposals	**(56,514)**	**(16,229)**	**(1,916)**	**(469)**	**(7,409)**	**(2,435)**	**(84,972)**
Foreign exchange translations	**(39,372)**	**(7,321)**	**(25,399)**	**(968)**	**(52,588)**	**(17,544)**	**(143,192)**
At 31 December 2022	**224,701**	**163,407**	**211,557**	**5,920**	**41,674**	**76,492**	**723,751**
Depreciation:							
At 1 January 2021	59,229	-	186,115	5,630	16,136	-	267,110
Charged during the year (note 20)	8,466	-	17,051	659	3,500	14,956	44,632
Relating to disposals	(1,099)	-	(13,224)	(451)	(37)	15,517	706
Foreign exchange translations	(6,546)	-	(11,509)	(1,104)	(5,828)	(5,839)	(30,826)
At 31 December 2021	60,050	-	178,433	4,734	13,771	24,634	281,622
Charged during the year (note 20)	**9,965**	-	**15,720**	**580**	**3,464**	**9,251**	**38,980**
Relating to disposals	**(8,778)**	-	**(1,275)**	**(152)**	**(3,969)**	**(1,155)**	**(15,329)**
Foreign exchange translations	**(9,616)**	-	**(15,803)**	**(659)**	**(10,484)**	**(6,432)**	**(42,994)**
At 31 December 2022	**51,621**	-	**177,075**	**4,503**	**2,782**	**26,298**	**262,279**
Net book values:							
At 31 December 2022	**173,080**	**163,407**	**34,482**	**1,417**	**38,892**	**50,194**	**461,472**
At 31 December 2021	189,194	157,838	48,887	2,109	68,628	57,455	524,111

*Additions includes right-of-use assets recognized by Group on adoption of FAS 32 Ijarah on 1 January 2021 amounted to USD 74.3 million.

9. OTHER ASSETS

	2022	2021
	US$'000	US$'000 (restated)
Bills receivables	**262,124**	194,046
Goodwill and intangible assets (note 9 (a))	**73,461**	76,013
Collateral pending sale*	**149,857**	114,751
Good faith qard	**59,153**	97,675
Deferred taxation	**88,219**	90,720
Prepayments	**29,237**	26,215
Assets held for sale	**39,978**	-
Others	**51,233**	32,763
	753,262	632,183
Impairment / allowance for credit losses	**(32,479)**	(27,295)
	720,783	604,888

* The Nature of the Collateral pending sale are mainly Residential and Commercial Real Estates.

9 OTHER ASSETS (continued)

9 (a) Goodwill and intangible assets

	2022			2021		
	Goodwill US$ '000	Intangible assets US$ '000	Total US$ '000	Goodwill US$ '000	Intangible assets US$ '000	Total US$ '000 (restated)
At 1 January	43,377	32,636	76,013	46,805	28,944	75,749
Additions	4,014	19,369	23,383	-	18,910	18,910
Amortisation charge for the year (note 20)	-	(11,607)	(11,607)	-	(13,640)	(13,640)
Foreign exchange translations	(6,953)	(7,375)	(14,328)	(3,428)	(1,578)	(5,006)
At 31 December	40,438	33,023	73,461	43,377	32,636	76,013

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:

	2022 US$ '000	2021 US$ '000 (restated)
Al Baraka Turk Participation Bank	3,484	3,004
Al Barak Bank Egypt	638	1,004
Jordan Islamic Bank	26,646	26,646
Al Baraka Bank (Pakistan) Limited	9,670	12,723
	40,438	43,377

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.

10. LONG TERM FINANCING

	2022 US$ '000	2021 US$ '000 (restated)
Murabaha financing	23,491	15,889
Subordinated financing obtained by a subsidiary	284,546	270,944
	308,037	286,833

11. OTHER LIABILITIES

	2022 US$ '000	2021 US$ '000 (restated)
Payables	310,059	400,401
Cash margins	235,099	226,820
Managers' cheques	69,807	73,997
Current taxation *	119,287	84,269
Deferred taxation *	13,416	19,859
Accrued expenses	92,729	80,359
Charity fund	20,389	25,636
Net Ijarah liability	52,562	60,488
Liabilities held for sale	39,978	-
Others	135,481	57,669
Allowance for credit losses (note 23)	62,871	85,397
	1,151,678	1,114,895

* 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.

Notes to the Consolidated Financial Statements

12 EQUITY OF INVESTMENT ACCOUNTHOLDERS (IAH)

	2022 US$ '000	2021 US$ '000 (restated)
Equity of investment accountholders *	13,966,177	15,490,993
Profit equalisation reserve (note 12.1)	66,501	3,152
Investment risk reserve (note 12.2)	98,768	62,005
Cumulative changes in fair value attributable to equity of investment accountholders - net (note 12.3)	1,382	2,183
	14,132,828	15,558,333

** Medium term Sukuk*

This includes unsecured, sub-ordinated and privately placed unrestricted mudaraba sukuk amounting to US$ 15,600 thousand (2021: US$ 19,439 thousand) issued by Al Baraka Bank (Pakistan) Limited (ABPL) during 2014 and 2021 and will mature in 2024 and 2031 respectively. 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:

	2022 US$ '000	2021 US$ '000 (restated)
IAH - Financial institutions	670,694	744,793
IAH - Non-financial institutions and individuals	13,462,134	14,813,540
	14,132,828	15,558,333

12.1 Profit equalisation reserve

The following shows the movement in profit equalisation reserve:

	2022 US$ '000	2021 US$ '000 (restated)
Balance at 1 January	3,152	5,864
Amount apportioned from income allocable to equity of investment accountholders	73,409	1,098
Amount used during the year	1,674	(3,555)
Foreign exchange translations	(11,734)	(255)
Balance at 31 December	66,501	3,152

The Group has apportioned an amount related to its operations in turkey during the year. This amount also considers the fact that AAOIFI does not currently has a standard for hyperinflation accounting (refer to note 29h).

12 EQUITY OF INVESTMENT ACCOUNTHOLDERS (IAH) (continued)

12.2 Investment risk reserve

The following shows the movement in investment risk reserve:

	2022 US$ '000	2021 US$ '000 (restated)
Balance at 1 January	62,005	64,255
Amount appropriated to provision (note 23)	(12,056)	4,159
Amount apportioned from income allocable to equity of investment accountholders	51,259	(6,466)
Foreign exchange translations	(2,440)	57
Balance at 31 December	98,768	62,005

As noted under note 29h, the economic environment in Turkey was considered hyperinflationary. Unlike IFRS which issued IAS 29 'Financial Reporting in Hyperinflationary Environment' to consider the impact on hyperinflation, the AAOIFI standards do not have similar requirements and are still under consideration of the AAOIFI Board. IAS 29 requires financial statements that are prepared in the currency of a hyper-inflationary economy to be stated in terms of the purchasing power at the end of the reporting period. This is because money loses purchasing power at such a rate that comparison of amounts from transactions and other events that have occurred at different times, even within the same accounting period, are likely to be misleading without this impact.

As a result of the impact hyperinflation may have on the Group's financial position and performance results and its implication on the purchasing power on the return on investments for participants, the Group appropriated amounts to the PER and IRR respectively. The PER and IRR may be utilized to absorb the negative impact of hyperinflation in Turkey, which has not been recognized in these financial statements.

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

	2022 US$ '000	2021 US$ '000 (restated)
Balance at 1 January	2,183	5,802
Change in fair values during the year	613	(714)
Realised gain transferred to consolidated statement of income	(1,466)	(2,406)
Deferred taxation effect	58	1,186
Transfer to shareholders equity	(6)	(1,685)
Balance at 31 December	1,382	2,183
Attributable to investment in real estate	2,897	4,136
Attributable to equity-type instruments at fair value through equity	(1,515)	(1,953)
	1,382	2,183

13 EQUITY

	2022 US$ '000	2021 US$ '000 (restated)
Share capital		
Authorised: 2,500,000,000 (2021: 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 (2021: 1,242,879,755) shares of US$1 each	1,242,879	1,242,879
At end of the year		
1,242,879,755 (2021: 1,242,879,755) shares of US$1 each	1,242,879	1,242,879

13 EQUITY (continued)

Treasury shares

	Number of shares ('000)	2022 US$ '000	2021 US$ '000 (restated)
At 1 January	30,695	15,655	17,462
Purchase of treasury shares	973	973	1,914
Sale of treasury shares	(1,628)	(1,628)	(3,721)
At 31 December	30,040	15,000	15,655

The market value of the treasury shares is US$ 9,763 thousand (2021: US$ 9,209 thousand) and it represents 2.4% (2021: 2.5%) of the outstanding shares.

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 2022

Names	Nationality/ Incorporation	Number of shares	% holding
Late Saleh Abdullah Kamel	Saudi	374,236,973	30.11%
Dallah Albaraka Holding Company E.C.	Bahrain	306,194,694	24.64%
Altawfeek Company For Investment Funds	Cayman Island	240,173,054	19.32%
Abdulla AbdulAziz AlRajihi	Saudi	87,313,197	7.03%

At 31 December 2021 (Restated)

Names	Nationality/ Incorporation	Number of shares	% holding
Late Saleh Abdullah Kamel	Saudi	374,236,973	30.11%
Dallah Albaraka Holding Company E.C.	Bahrain	306,194,694	24.64%
Altawfeek Company For Investment Funds	Cayman Island	240,173,054	19.32%
Abdulla AbdulAziz AlRajihi	Saudi	87,313,197	7.03%

ii) The Group has only one class of shares and the holders of these shares have equal voting rights.
iii) Distribution schedule of shares, setting out the number and percentage of holders in the following categories:

At 31 December 2022

Categories:	Number of shares	Number of shareholders	% of total outstanding shares
Less than 1%	89,593,279	1,076	7.21%
1% up to less than 5%	145,368,558	6	11.70%
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%	680,431,667	2	54.75%
	1,242,879,755	1,086	100.00%

13 EQUITY (continued)

Additional information on shareholding pattern (continued)

At 31 December 2021 (restated)

Categories:	Number of shares	Number of shareholders	% of total outstanding shares
Less than 1%	104,607,036	1,083	8.42%
1% up to less than 5%	130,354,801	5	10.48%
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%	680,431,667	2	54.75%
	1,242,879,755	1,092	100.00%

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

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

b. Statutory reserve
In accordance with the BCCL and the Group'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 Group'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$ 14,312 thousand (2021: US$ 11,275 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 equity, 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	2022 US$ '000	2021 US$ '000 (restated)
Banque Al Baraka D'Algerie (BAA)	Algerian Dinar	**72,806**	74,184
Al Baraka Bank (Pakistan) Limited	Pakistani Rupees	**49,345**	37,615
Al Baraka Bank Egypt (ABE)	Egyptian Pound	**237,882**	116,329
Al Baraka Turk Participation Bank (ATPB)*	Turkish Lira	**514,209**	475,106
Al Baraka Bank Limited (ABL)	South African Rand	**25,057**	22,674
Al Baraka Bank Sudan (ABS)	Sudanese Pound	**134,216**	128,790
Al Baraka Bank Tunis (ABT)	Tunisian Dinar	**37,915**	33,046
Al Baraka Bank Syria (ABBS)**	Syrian Pound	**57,001**	53,267
Others		**(780)**	(283)
		1,127,651	940,728

* Refer to note 29 (h) for further details

** Al Baraka Bank Syria is an associate, refer to note 32 (i) for further details

13 EQUITY (continued)

Additional information on shareholding pattern (continued)

e. Other reserves

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

f. Zakah paid on behalf of shareholders

The General Assembly in its annual meeting conducted on 30 March 2022 empowered the Executive Management of Al Baraka Group to pay an amount of US$ 347 thousand as Zakah on behalf of the shareholders deducted from the retained earnings for the financial year of 2021. The Group has paid and distributed the full amount to those who are entitled to receive Zakah as per Shari'a boundaries and as approved by the Unified Shari'a Board.

	2022 US$ '000	2021 US$ '000 (restated)
Zakah to be paid on behalf of shareholders for the year	347	1,015
Uses of Zakah:		
Zakah for the poor and needy	47	427
Scholarships	300	588
Total uses	347	1,015
Remaining Zakah to be paid	-	-

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$ 165 million (31 December 2021: US$ 50 million) issued by the Group's subsidiary in February 2018 which is not subscribed by the parent.

14. PERPETUAL TIER 1 CAPITAL

On 31 May 2017, the Bank 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 7.875% 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.

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15 NET INCOME FROM JOINTLY AND SELF FINANCED CONTRACTS AND INVESTMENTS

	2022 US$ '000	2021 US$ '000 (restated)
Receivables (note 15.1)	**965,958**	922,935
Mudaraba and Musharaka financing (note 15.2)	**177,907**	239,169
Investments (note 15.3)	**573,492**	342,999
Ijarah Muntahia Bittamleek (note 15.4)	**130,547**	121,803
Others	**-**	6,830
	1,847,904	1,633,736
Net income from jointly financed contracts and investments	**1,408,471**	1,301,626
Gross income from self financed contracts and investments	**439,433**	332,110
	1,847,904	1,633,736
Gross income from self financed contracts and investments	**439,433**	332,110
Profit paid on short term financing	**(36,453)**	(169,607)
Net income from self financed contracts and investments	**402,980**	162,503

15.1 Receivables

	2022 US$ '000	2021 US$ '000 (restated)
Sales (Murabaha) receivables	**944,944**	895,205
Salam receivables	**15,881**	15,652
Istisna'a receivables	**5,133**	12,078
	965,958	922,935

15.2 Mudaraba and Musharaka financing

	2022 US$ '000	2021 US$ '000 (restated)
Mudaraba financing	**111,779**	181,047
Musharaka financing	**66,128**	58,122
	177,907	239,169

15.3 Investments

	2022 US$ '000	2021 US$ '000 (restated)
Equity-type instruments at fair value through equity	**19,541**	4,584
Debt-type instruments at amortised cost	**396,773**	297,017
Unrealised loss on equity and debt-type instruments at fair value through statement of income	**131,650**	15,319
Gain on sale of equity-type instruments at fair value through equity	**108**	2,400
Gain on sale of equity and debt-type instruments at fair value through statement of income	**391**	1,751
Gain income from investment in real estate	**2,083**	3,079
Income from associates	**17,371**	15,583
Gain on sale of investment in real estate	**4,597**	3,266
Gain on sale of investment in subsidiaries	**978**	-
	573,492	342,999

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15. NET INCOME FROM JOINTLY AND SELF FINANCED CONTRACTS AND INVESTMENTS (continued)

15.4 Ijarah Muntahia Bittamleek

	2022 US$ '000	2021 US$ '000 (restated)
Income from Ijarah Muntahia Bittamleek	319,517	255,152
Depreciation on Ijarah Muntahia Bittamleek	(188,970)	(133,349)
	130,547	121,803

16. 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.

17. OTHER FEES AND COMMISSION INCOME

	2022 US$ '000	2021 US$ '000 (restated)
Banking fees and commissions	129,067	110,015
Letters of credit	15,259	22,464
Guarantees	21,774	24,176
Acceptances	4,218	7,037
	170,318	163,692

18. OTHER OPERATING INCOME

	2022 US$ '000	2021 US$ '000 (restated)
Foreign exchange gain	134,127	72,648
Gain on sale of property and equipment	10,446	19,017
	144,573	91,665

19. PROFIT PAID ON LONG TERM FINANCING

	2022 US$ '000	2021 US$ '000 (restated)
Murabaha financing	180	986
Subordinated financing obtained by a subsidiary	26,662	30,387
Wakala	-	1,658
Sukuk	5,969	-
	32,811	33,031

20. DEPRECIATION AND AMORTISATION

	2022 US$ '000	2021 US$ '000 (restated)
Property and equipment depreciation (note 8)	38,980	44,632
Intangible assets amortisation (note 9 (a))	11,607	13,640
	50,587	58,272

21. OTHER OPERATING EXPENSES

	2022 US$ '000	2021 US$ '000 (restated)
General and administration expenses	**123,937**	125,215
Professional and business expenses	**28,247**	25,673
Premises related expenses	**33,983**	34,309
	186,167	185,197

22. ASSETS CLASSIFIED AS HELD-FOR-SALE, SUBSIDIARY LOSS OF CONTROL AND SUBSIDIARY SOLD DURING THE YEAR

1. Assets classified as Held for Sale: BTI Morroco

During December 2022, ABG agreed in principle with Bank of Africa, through the signing of a sale and purchase agreement for sale of ABG's stake in BTI Morroco. The transaction was approved by ABG's Board of Directors in December 2022. The transaction is subject to various legal and regulatory formalities that are expected to be completed in 2023.

Accordingly, the following assets and liabilities relating to the subsidiary have been classified as held-for-sale as of 31 December 2022:

	2022 US$ '000
Cash and balances with banks	**14,935**
Financing	**20,867**
Others	**4,176**
Total Assets classified as held-for-sale	**39,978**
Customer accounts and due to banks	**16,479**
Others	**23,499**
Liabilities and IAH directly associated with assets classified as held for sale	**39,978**

The net results of the above operations included in the consolidated financial statements are as follows:

	2022 US$ '000
Net loss	**(3,266)**

The above asset amounts are net of Impairment provision which was previously booked on the net asset book value to bring down to the net realizable value.

The application of IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) underlies highly judgmental areas, where the management evaluates compliance with the accounting, measurement and disclosure requirements of IFSR 5.

22. ASSETS CLASSIFIED AS HELD-FOR-SALE, SUBSIDIARY LOSS OF CONTROL AND SUBSIDIARY SOLD DURING THE YEAR (continued)

2. Loss of control of Al Baraka Lebanon

During November 2022, ABG lost control of its susbsidary Al Baraka Lebanon, which was taken into administration by the Central Bank of Lebanon. As a result, the investment in Lebanon was classified as an Investment.

Accordingly, the following assets and liabilities relating to the subsidiary were deconsolidated as of 31 December 2022:

	2022 US$ '000
Cash and balances with banks	205,739
Financing	71,051
Others	50,225
Total Assets	327,015
Customer accounts and due to banks	244,004
Others	83,011
Total Liabilities and IAH	327,015

The net results of the above operations included in the consolidated financial statements are as follows:

	2022 US$ '000
Net income	520

The above asset amounts are net of Impairment provision which was previously booked on the net asset book value to bring down to the net realizable value.

3. Sale of Itqan Capital

During December 2022, ABG fianlised the sale of shareholding in Itqan Capital. The transaction was approved by ABG's Board of Directors on 26 December 2022.

Accordingly, the following assets and liabilities relating to the subsidiary were deconsolidated as of 31 December 2022:

	2022 US$ '000
Total Assets	15,067
Total Liabilities	1,777

The net results of the above operations included in the consolidated financial statements are as follows:

	2022 US$ '000
Net income	434

23. NET ALLOWANCE FOR CREDIT LOSSES / IMPAIRMENT

2022	Cash and balances with banks US$ '000 (note 3)	Sales (Murabaha) receivables US$ '000 (note 4.1)	Ijarah receivables US$ '000 (note 4.2)	Salam receivables US$ '000 (note 4.3)	Istisna'a receivables US$ '000 (note 4.4)	Mudaraba financing US$ '000 (note 5.1)	Musharaka financing US$ '000 (note 5.2)	Investments US$ '000 (note 6.2 & 6.3)	Ijarah Muntahia Bittamleek US$ '000 (note 7)	Other assets US$ '000 (note 9)	Other liabilities US$ '000 (note 11)	Total US$ '000
Allowance at 1 January	3,688	776,535	47,989	18,912	17,464	17,731	16,597	14,902	12,988	27,295	85,397	1,039,498
Charged during the year	131	264,014	9,915	2,772	1,179	1,053	543	3,202	270	(1,895)	1,064	282,248
Written back/recovered during the year	-	(46,279)	(12,494)	(1,639)	(152)	-	(1,134)	(187)	(1)	(36)	(1,224)	(63,146)
	131	217,735	(2,579)	1,133	1,027	1,053	(591)	3,015	269	(1,931)	(160)	219,102
	3,819	994,270	45,410	20,045	18,491	18,784	16,006	17,917	13,257	25,364	85,237	1,258,600
Written off during the year	-	(263,035)	(495)	(206)	-	-	-	-	-	(7)	-	(263,743)
Amount appropriated from investment risk reserve (note 12.2)	-	7,895	1,628	-	2,271	-	(12)	221	53	-	-	12,056
Foreign exchange translations/others - net	(3,638)	(77,029)	60	(2,478)	(3,524)	(1,721)	(3,123)	(2,746)	(56)	7,122	(22,366)	(109,499)
Allowance at 31 December	181	662,101	46,603	17,361	17,238	17,063	12,871	15,392	13,254	32,479	62,871	897,414

During the year, an impairment loss of US$ 20.5 million (2021: US$ 391 thousand) was charged against investments.

An amount of US$ 6,680 thousand (2021: US$ 7,333 thousand) is related to provision of equity type instruments at fair value through equity.

2021 (restated)	Cash and balances with banks US$ '000 (note 3)	Sales (Murabaha) receivables US$ '000 (note 4.1)	Ijarah receivables US$ '000 (note 4.2)	Salam receivables US$ '000 (note 4.3)	Istisna'a receivables US$ '000 (note 4.4)	Mudaraba financing US$ '000 (note 5.1)	Musharaka financing US$ '000 (note 5.2)	Investments US$ '000 (note 6.2 & 6.3)	Ijarah Muntahia Bittamleek US$ '000 (note 7)	Other assets US$ '000 (note 9)	Other liabilities US$ '000 (note 11)	Total US$ '000
Allowance at 1 January	3,718	641,704	51,973	15,186	11,164	14,618	21,787	15,675	23,850	25,051	86,133	910,859
Charged during the year	(28)	298,140	8,729	5,769	10,730	(68)	905	2,448	(9,763)	3,373	9,673	329,908
Written back/recovered during the year	-	(63,961)	(11,450)	(885)	(2,037)	-	(553)	(2,284)	-	(747)	716	(81,201)
	(28)	234,179	(2,721)	4,884	8,693	(68)	352	164	(9,763)	2,626	10,389	248,707
	3,690	875,883	49,252	20,070	19,857	14,550	22,139	15,839	14,087	27,677	96,522	1,159,566
Written off during the year	-	(41,283)	(23)	-	-	(11,579)	-	-	-	-	-	(52,885)
Amount appropriated from investment risk reserve	-	(1,088)	(32)	-	(1,470)	-	(1,002)	(620)	53	-	-	(4,159)
Foreign exchange translations/others - net	(2)	(56,977)	(1,208)	(1,158)	(923)	14,760	(4,540)	(317)	(1,152)	(382)	(11,125)	(63,024)
Allowance at 31 December	3,688	776,535	47,989	18,912	17,464	17,731	16,597	14,902	12,988	27,295	85,397	1,039,498

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23. NET ALLOWANCE FOR CREDIT LOSSES / IMPAIRMENT (continued)

The provisions relate to the following geographical areas:

2022	Cash and balances with banks US$ '000 (note 3)	Sales (Murabaha) receivables US$ '000 (note 4.1)	Ijarah receivables US$ '000 (note 4.2)	Salam receivables US$ '000 (note 4.3)	Istisna'a receivables US$ '000 (note 4.4)	Mudaraba financing US$ '000 (note 5.1)	Musharaka financing US$ '000 (note 5.2)	Investments US$ '000 (note 6.2 & 6.3)	Ijarah Muntahia Bittamleek US$ '000 (note 7)	Other assets US$ '000 (note 9)	Other liabilities US$ '000 (note 11)	Total US$ '000
Middle East	163	355,786	12,422	-	2,808	17,063	423	11,990	106	27,977	53,750	482,488
North Africa	18	52,274	33,131	6,993	756	-	136	1,837	12,620	3,644	2,850	114,259
Europe	-	238,045	-	-	-	-	806	215	524	185	2,159	241,934
Others	-	15,996	1,050	10,368	13,674	-	11,506	1,350	4	673	4,112	58,733
Total	181	662,101	46,603	17,361	17,238	17,063	12,871	15,392	13,254	32,479	62,871	897,414
2021 (restated)												
Middle East	3,679	391,404	10,936	-	538	17,731	444	11,143	53	22,101	76,019	534,048
North Africa	9	51,426	34,720	7,394	918	-	1,230	1,782	12,607	2,777	2,993	115,856
Europe	-	312,819	-	-	-	-	4,037	12	320	1,545	1,839	320,572
Others	-	20,886	2,333	11,518	16,008	-	10,886	1,965	8	872	4,546	69,022
Total	3,688	776,535	47,989	18,912	17,464	17,731	16,597	14,902	12,988	27,295	85,397	1,039,498

The fair value of collateral the Group holds relating to non-performing facilities as at 31 December 2022 amounts to US$ 322 million (2021: US$ 484 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.

24. 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:

	2022 US$ '000	2021 US$ '000 (restated)
Net income attributable to the equity shareholders of the parent for the year - US$ '000	143,116	94,105
Profit distributed on perpetual tier 1 capital - US$ '000	(33,300)	(31,500)
	109,816	62,605
Number of shares outstanding at the beginning of the year (in thousands)	1,242,879	1,242,879
Treasury shares effect (in thousands)	(30,645)	(32,350)
Weighted average number of shares outstanding at the end of the year (in thousands)	1,212,234	1,210,529
Earnings per share - US cents	9.06	5.17

25. CASH AND CASH EQUIVALENTS

	2022 US$ '000	2021 US$ '000 (restated)
Balances with central banks excluding mandatory reserve	1,147,397	1,462,987
Balances with other banks	530,747	570,937
Cash and cash in transit	534,119	672,190
	2,212,263	2,706,114

26. 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	2022 US$ '000	2021 US$ '000 (restated)
Net income from jointly financed contracts and investments	1,474	-	121	-	1,595	2,094
Return on equity of investment accountholders	274	-	471	-	745	2,456
Other fees and commission income	237	-	1	32	270	231

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

	2022 US$ '000	2021 US$ '000 (restated)
Short term benefits	3,175	6,378
Long term benefits	366	698

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 2022 amounted to US$ 1.5 million (2021: 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	2022 US$ '000	2021 US$ '000 (restated)
Assets:						
Receivables	1,990	-	868	-	2,858	1,109
Mudaraba and Musharaka financing	-	-	1,370	-	1,370	1,433
Investments	64,904	-	-	-	64,904	46,726
Other assets	9,312	-	354	-	9,666	275
Liabilities:						
Customer current and other accounts	72,743	2,125	1,737	10	76,615	7,856
Due to banks	-	-	-	-	-	23
Other liabilities	30	3	150	200	383	52
Equity of investment accountholders	10,295	7,671	17,133	20	35,119	37,130
Off-balance sheet equity of investment accountholders	122,835	8,606	2,609	-	134,050	29,266

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

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26. RELATED PARTY TRANSACTIONS (Continued)

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

			2022	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	-
Fahad AlRajhi (indirect)	Board Member	Saudi	10,815	-

			2021	*Transaction*
Name of directors	*Position*	*Nationality*	*Number of shares (restated)*	*Number of shares*
Abdulla Saleh Kamel	Chairman	Saudi	338,598	-
AbdulElah Sabbahi	Board Member	Saudi	225,899	-
Fahad AlRajhi (indirect)	Board Member	Saudi	10,815	-

27. COMMITMENTS AND CONTINGENCIES

	2022 US$ '000	2021 US$ '000 (restated)
Letters of credit	630,421	842,993
Guarantees	1,496,283	1,557,930
Acceptances	56,076	130,561
Commitments	857,095	1,052,955
Shari'a compliant promise contracts	252,006	516,793
	3,291,881	4,101,232

28. 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.

28. SEGMENTAL ANALYSIS (Continued)

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

	2022			2021		
Segment	Assets US$ '000	Liabilities US$ '000	IAH US$ '000	Assets US$ '000	Liabilities US$ '000	IAH US$ '000
Middle East	12,999,079	3,002,644	8,719,950	14,938,795	3,603,522	10,000,824
North Africa	2,627,922	1,348,227	994,496	2,734,389	1,498,991	943,683
Europe	7,647,797	4,051,269	3,337,415	8,051,980	4,428,389	3,400,171
Others	1,707,036	480,095	1,080,967	2,068,211	703,552	1,213,655
	24,981,834	8,882,235	14,132,828	27,793,375	10,234,454	15,558,333

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

	2022			2021		
Segment	Total operating income US$ '000	Net operating income US$ '000	Net income US$ '000	Total operating income US$ '000 (restated)	Net operating income US$ '000 (restated)	Net income US$ '000 (restated)
Middle East	532,618	289,005	138,567	518,976	281,511	108,160
North Africa	105,553	41,718	33,117	117,624	51,953	30,365
Europe	405,528	252,700	49,036	258,940	97,744	3,232
Others	95,033	33,254	18,734	97,277	37,718	15,357
	1,138,732	616,677	239,454	992,817	468,926	157,114

29. RISK MANAGEMENT

Risk management is an integral part of the Group's decision-making process. The management risk committee and executive committees guide and assist with overall management of the Group's balance sheet risks. 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 documented and implemented domestic and foreign currency liquidity policy 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.

29. RISK MANAGEMENT (Continued)

a) Liquidity risk (Continued)

The maturity profile at 31 December 2022 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	2,651,676	34,344	7,532	-	320,664	10,263	-	-	-	1,372,133	4,396,612
Receivables	1,017,103	1,641,641	1,347,738	1,721,298	2,465,707	1,773,181	359,693	89,642	12,942	8,628	10,437,573
Mudaraba and Musharaka financing	507,552	27,778	13,322	36,081	340,758	324,410	160,734	83,579	3,110	-	1,497,324
Investments	111,249	224,521	180,714	333,808	1,860,230	1,762,620	376,597	21,782	7,017	356,176	5,234,714
Ijarah Muntahia Bittamleek	23,662	39,765	83,575	111,836	421,014	359,798	559,823	551,568	82,315	-	2,233,356
Property and equipment	-	-	-	-	-	-	-	-	-	461,472	461,472
Other assets	226,332	35,945	15,225	42,700	22,777	28,697	28,224	-	-	320,883	720,783
Total assets	4,537,574	2,003,994	1,648,106	2,245,723	5,431,150	4,258,969	1,485,071	746,571	105,384	2,519,292	24,981,834
Liabilities											
Customer current and other accounts	6,451,061	-	-	-	-	-	-	-	-	-	6,451,061
Due to banks	647,835	131,242	59,889	65,086	2,726	189	9,223	55,269	-	-	971,459
Long term financing	9,129	16,443	-	6,790	-	63,144	212,531	-	-	-	308,037
Other liabilities	439,426	119,732	63,631	57,061	22,301	56,237	1,951	371,721	-	19,618	1,151,678
Total liabilities	7,547,451	267,417	123,520	128,937	25,027	119,570	223,705	426,990	-	19,618	8,882,235
Equity of investment accountholders	3,598,216	2,374,839	825,016	1,283,299	3,039,521	783,726	1,672,572	555,639	-	-	14,132,828
Total liabilities and equity of investment accountholders	11,145,667	2,642,256	948,536	1,412,236	3,064,548	903,296	1,896,277	982,629	-	19,618	23,015,063
Net liquidity gap	(6,608,093)	(638,262)	699,570	833,487	2,366,602	3,355,673	(411,206)	(236,058)	105,384	2,499,674	1,966,771
Cumulative net liquidity gap	(6,608,093)	(7,246,355)	(6,546,785)	(5,713,298)	(3,346,696)	8,977	(402,229)	(638,287)	(532,903)	1,966,771	
Off-balance sheet equity of investment accountholders	140,046	147,676	82,988	1,078,705	66,546	1,784	1,867	535	13,540	-	1,533,687

29. RISK MANAGEMENT (Continued)

a) Liquidity risk (Continued)

The maturity profile at 31 December 2021 (restated) 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	3,452,477	13,908	7,406	-	410,676	8,849	-	-	-	1,788,037	5,681,353
Receivables	1,336,976	1,314,369	1,435,258	1,548,304	2,517,177	2,097,327	536,476	176,496	13,264	-	10,975,647
Mudaraba and Musharaka financing	2,397,844	18,392	9,842	52,820	421,261	370,583	149,958	72,407	-	-	3,493,107
Investments	219,594	360,877	93,529	329,029	1,656,410	1,153,266	357,223	17,387	1,000	307,154	4,495,469
Ijarah Muntahia Bittamleek	31,400	32,074	84,693	119,967	406,966	318,549	497,678	472,567	54,906	-	2,018,800
Property and equipment	-	-	-	-	-	-	-	-	-	524,111	524,111
Other assets	162,375	39,817	55,939	75,210	61,294	20,079	2	1,630	-	188,542	604,888
Total assets	7,600,666	1,779,437	1,686,667	2,125,330	5,473,784	3,968,653	1,541,337	740,487	69,170	2,807,844	27,793,375
Liabilities											
Customer current and other accounts	7,579,275	-	-	-	-	-	-	-	-	-	7,579,275
Due to banks	679,549	259,438	112,113	45,913	130,063	244	7,631	18,500	-	-	1,253,451
Long term financing	21,360	5,254	750	9,620	7,460	61,827	180,562	-	-	-	286,833
Other liabilities	389,553	82,910	86,783	112,690	32,784	175,900	14,436	21,014	-	198,825	1,114,895
Total liabilities	8,669,737	347,602	199,646	168,223	170,307	237,971	202,629	39,514	-	198,825	10,234,454
Equity of investment accountholders	5,331,674	1,691,344	871,913	1,425,810	3,195,086	851,720	1,663,761	527,025	-	-	15,558,333
Total liabilities and equity of investment accountholders	14,001,411	2,038,946	1,071,559	1,594,033	3,365,393	1,089,691	1,866,390	566,539	-	198,825	25,792,787
Net liquidity gap	(6,400,745)	(259,509)	615,108	531,297	2,108,391	2,878,962	(325,053)	173,948	69,170	2,609,019	2,000,588
Cumulative net liquidity gap	(6,400,745)	(6,660,254)	(6,045,146)	(5,513,849)	(3,405,458)	(526,496)	(851,549)	(677,601)	(608,431)	2,000,588	
Off-balance sheet equity of investment accountholders	223,417	88,282	71,933	447,210	103,163	68,083	117,877	7,691	47	-	1,127,703

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. Financing contracts are mostly secured by the personal guarantees of individuals who own the counterparty, by collateral in form of mortgage of the objects financed or other types of tangible security.

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.

29. RISK MANAGEMENT (Continued)

b) Credit risk (Continued)

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	
	2022 US$ '000	2021 US$ '000 (restated)
Balances with central banks	**3,331,927**	4,441,912
Balances with other banks	**530,747**	570,938
Receivables	**10,437,573**	10,975,647
Mudaraba and Musharaka financing	**1,497,324**	3,493,107
Investments	**5,234,714**	4,495,469
Other assets	**340,031**	297,189
Total	**21,372,316**	24,274,262
Commitments and contingencies	**3,291,881**	4,101,232
	24,664,197	28,375,494

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 2022			
Type of Islamic Financing Contracts	**Neither past due nor non performing US$ '000**	**Past due but performing US$ '000**	**Non performing islamic financing contracts US$ '000**	**Total US$ '000**
Receivables	**10,033,850**	**610,666**	**536,360**	**11,180,876**
Mudaraba and Musharaka financing	**1,470,087**	**3,576**	**53,595**	**1,527,258**
Other assets	**363,215**	**828**	**8,467**	**372,510**
	11,867,152	**615,070**	**598,422**	**13,080,644**

	31 December 2021			
Type of Islamic Financing Contracts	Neither past due nor non performing US$ '000	Past due but performing US$ '000	Non performing islamic financing contracts US$ '000	Total US$ '000 (restated)
Receivables	10,415,857	626,409	794,281	11,836,547
Mudaraba and Musharaka financing	3,467,870	1,702	57,864	3,527,436
Other assets	313,457	1,177	9,850	324,484
	14,197,184	629,288	861,995	15,688,467

29. RISK MANAGEMENT (Continued)

b) Credit risk (Continued)

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 2022			
Type of Islamic Financing Contracts	Less than 30 days US$ '000	31 to 60 days US$ '000	61 to 90 days US$ '000	Total US$ '000
Receivables	152,824	134,816	323,026	610,666
Mudaraba and Musharaka financing	3,024	154	398	3,576
Other assets	426	258	144	828
	156,274	135,228	323,568	615,070

	31 December 2021			
Type of Islamic Financing Contracts	Less than 30 days US$ '000	31 to 60 days US$ '000	61 to 90 days US$ '000	Total US$ '000 (restated)
Receivables	89,298	222,988	314,123	626,409
Mudaraba and Musharaka financing	1,307	211	184	1,702
Other assets	482	404	291	1,177
	91,087	223,603	314,598	629,288

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 2022:

					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	1,348,060	1,316,335	23,185	8,540	4,270	-	4,270
Bank	1,340,536	1,267,221	21,320	51,995	31,240	20,424	331
Investment Firms	12,888	12,888	-	-	-	-	-
Corporates	6,603,089	5,697,015	523,522	382,552	151,609	147,160	83,783
Retail	3,776,071	3,573,693	47,043	155,335	71,815	29,209	54,311
	13,080,644	11,867,152	615,070	598,422	258,934	196,793	142,695

The following table summarises the total expected credit loss (ECL) on stage 3 disclosed by counterpaarty type as of 31 December 2022:

	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	4,256	38,972	-	(3,813)	4,809	44,224
Corporates	417,204	205,966	(55,914)	(259,703)	49,056	356,609
Retail	95,132	30,565	(5,785)	(220)	(821)	118,871
	516,592	275,503	(61,699)	(263,736)	53,044	519,704

29. RISK MANAGEMENT (Continued)

Credit Risk Mitigation

All the Group's subsidiaries, with exposures secured by real estate or other collateral carry out regular and periodic collateral verification and valuation. This collateral verification and valuation is conducted by an independent qualified assessor or Collateral Analyst at the subsidiary. The frequency of such collateral verification is determined as a part of the credit or investment policy and approval process. The Group's subsidiaries allow cars, ships, aircraft, satellites, railcars, and fleets as collateral for a credit and investment product but do not accept perishable assets or any other assets with depreciable life of less than five years. Subsidiaries do not accept any assets as collateral if the assets are susceptible for obsolescence in case they are moved (e.g. furniture). Subsidiaries also ensure that these assets are insured in order to be accepted as collateral.

Third party cheques are accepted as collateral by the Group's subsidiaries. The Group's subsidiaries accept commercial papers as qualifying collateral if they are issued by banks or corporations of good credit standing. Since the maturity tenure of the commercial papers are generally short in nature, they are not accepted as collateral for long–term facilities (i.e. the financing tenure should not exceed the commercial papers maturity tenure). The subsidiaries do not accept vehicles or equipment, if new, as qualifying collateral for more than 80% of its market value. No vehicles or equipment, if used, are accepted as qualifying collateral for more than 50% of its insured value.

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 equity of investment accountholders or off-balance sheet equity of investment accountholders.

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 Bank in 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.

The CRS at the Bank has also been designed to be comparable to the rating system of major international rating agencies (Moody's, Standard & Poor's, Fitch) in respect of their foreign currency rating of countries, governments and financial institutions.

Accordingly, countries, governments and financial Institutions will be rated on the basis of their unsecured medium term foreign currency obligations. This means that for governments and financial institutions the cross-border risk will also be part of the rating and the country's rating will be, in most cases, the ceiling on the financial institution's rating.

The basic approach of the major credit rating agencies to rating is the same as what the Group credit policies require i.e. a comprehensive fundamental analysis of all relevant quantitative and non quantitative factors aimed at identifying actual and potential vulnerability. Credit rating will be applied to countries and single obligors. Single obligors, in turn are categorised as financial institutions, corporates, governments and retail. CRS therefore rates obligors (issuers) and not facilities. The obligor rating of countries and single obligors will identify the relative probability of default but will not take into account the impact of collateral security and other mitigants in the event of default. Facility ratings by contrast, combine both the probability of default and loss severity in case of defaults. However, initially the Group wide policy will be to set up obligor ratings only (which does not prevent individual subsidiaries internally to also rate facilities if they so wish).

29. RISK MANAGEMENT (continued)

c) Concentration risk

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

In order to avoid excessive concentrations of risk, the Group policies and procedures include specific guidelines to focus on country and counter party limits and maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

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

	2022			2021		
	Assets US$ '000	Liabilities US$ '000	IAH US$ '000	Assets US$ '000 (restated)	Liabilities US$ '000 (restated)	IAH US$ '000 (restated)
Manufacturing	2,619,599	173,239	146,216	2,945,213	187,003	353,186
Mining and quarrying	79,764	4,103	35,410	101,177	3,151	26,840
Agriculture	250,264	24,152	4,438	132,246	36,658	12,958
Construction and real estate	2,091,058	18,467	22,094	2,562,346	22,380	13,693
Financial	3,681,726	1,539,683	1,750,814	4,755,320	1,552,019	1,888,435
Trade	1,720,022	276,529	84,953	1,973,875	181,439	229,889
Personal and consumer finance	3,410,399	5,091,356	9,098,784	3,428,089	6,091,288	10,217,345
Government	8,202,628	44,264	300,817	8,693,965	136,607	268,130
Other Sectors	2,926,374	1,710,442	2,689,302	3,201,144	2,023,909	2,547,857
	24,981,834	8,882,235	14,132,828	27,793,375	10,234,454	15,558,333

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 equity of investment accountholders. The profit distribution to equity of investment accountholders 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$ 243,995 thousand (2021: US$ 106,486 thousand) comprising of equity-type instruments at fair value through equity amounting to US$ 108,136 thousand (2021: US$ 87,451 thousand) and equity-type instruments at fair value through statement of income amounting to US$ 135,859 thousand (2021: US$ 19,035 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.

29. RISK MANAGEMENT (Continued)

d) Market risk (Continued)

Foreign exchange risk

Foreign exchange risk arise 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:

	2022		
Currency	Operational equivalent Long (Short) US$ '000	Strategic equivalent Long (Short) US$ '000	Total equivalent Long (Short) US$ '000
Turkish Lira	280,830	66,863	347,693
Jordanian Dinar	325,884	505,911	831,795
Egyptian Pound	190,040	232,478	422,518
Sudanese Pound	36,775	21,025	57,800
Algerian Dinar	148,806	112,900	261,706
Lebanese Pound	42	-	42
Pound Sterling	(4,624)	-	(4,624)
Tunisian Dinar	84,830	63,692	148,522
Euro	34,022	-	34,022
South African Rand	51,048	33,542	84,590
Pakistani Rupees	104,757	94,475	199,232
Syrian Pound	5,612	-	5,612
Moroccan Dirham	(2)	-	(2)
Others	46,936	-	46,936

	2021		
Currency	Operational equivalent Long (Short) US$ '000	Strategic equivalent Long (Short) US$ '000	Total equivalent Long (Short) US$ '000 (restated)
Turkish Lira	80,395	77,323	157,718
Jordanian Dinar	(38,032)	492,904	454,872
Egyptian Pound	(105,399)	287,765	182,366
Sudanese Pound	2,176	21,625	23,801
Algerian Dinar	13,155	104,291	117,446
Lebanese Pound	1,317	16,923	18,240
Pound Sterling	(6,845)	-	(6,845)
Tunisia Dinar	(4,196)	63,073	58,877
Euro	151,056	-	151,056
South African Rand	(437)	33,975	33,538
Pakistani Rupees	36,035	94,475	130,510
Syrian Pound	(39,928)	11,614	(28,314)
Moroccan Dirham	-	9,247	9,247
Others	14,608	-	14,608

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

28. RISK MANAGEMENT (Continued)

d) Market risk (Continued)

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 2022

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	22,003	-15%	(2,870)	5%	1,158
	Total owners' equity	203,914	-15%	(26,598)	5%	10,732
Egyptian Pound	Net Income	84,243	-20%	(14,041)	5%	4,434
	Total owners' equity	310,466	-20%	(51,744)	5%	16,340
Turkish Lira	Net Income	49,036	-20%	(8,173)	5%	2,581
	Total owners' equity	259,113	-20%	(43,185)	5%	13,638
Sudanese Pound	Net Income	6,373	-100%	(3,187)	5%	335
	Total owners' equity	37,469	-100%	(18,735)	5%	1,972
S.African Rand	Net Income	3,436	-15%	(448)	5%	181
	Total owners' equity	51,999	-15%	(6,783)	5%	2,737
Pakistani Rupees	Net Income	8,925	-10%	(811)	5%	470
	Total owners' equity	56,505	-10%	(5,137)	5%	2,974
Tunisian Dinar	Net Income	14,380	-10%	(1,307)	5%	757
	Total owners' equity	81,285	-10%	(7,390)	5%	4,278

At 31 December 2021 (restated)

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	21,747	-15%	(2,837)	5%	1,145
	Total owners' equity	192,392	-15%	(25,095)	5%	10,126
Egyptian Pound	Net Income	59,704	-20%	(9,951)	5%	3,142
	Total owners' equity	396,734	-20%	(66,122)	5%	20,881
Turkish Lira	Net Income	3,232	-20%	(539)	5%	170
	Total owners' equity	203,386	-20%	(33,898)	5%	10,705
Sudanese Pound	Net Income	6,808	-100%	(3,404)	5%	358
	Total owners' equity	28,554	-100%	(14,277)	5%	1,503
S.African Rand	Net Income	2,419	-15%	(316)	5%	127
	Total owners' equity	52,666	-15%	(6,869)	5%	2,772
Pakistani Rupees	Net Loss	6,131	-10%	(557)	5%	323
	Total owners' equity	69,779	-10%	(6,344)	5%	3,673
Tunisian Dinar	Net Income	12,657	-10%	(1,151)	5%	666
	Total owners' equity	80,451	-10%	(7,314)	5%	4,234
Moroccan Dirham	Net Loss	(4,039)	-20%	673	5%	(213)
	Total owners' equity	18,872	-20%	(3,145)	5%	993

29. 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 guidelines have the following sections: (1) Operational Risk Appetite, (2) Operational Risk Management – Structure and Rules, (3) Risk and Control Assessment, (4) Internal Audit, (5) Operational Risk and Basel II and (6) Operational Risk Capital Requirement.

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 Operational Risk framework is subject to periodic internal audit.

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

Infrastructure Risks

Availability of information technology is of paramount importance to the Group's infrastructure. The operations of the Group and the subsidiaries might be disrupted and severe operational risks could occur.

In order to hedge the subsidiaries from the infrastructure risk as outlined above, every subsidiary must take all the necessary measures indicated in the Business Continuity Plan and/or Disaster Recovery Plan (BCP and DRP) to cater for these risks.

Information Technology Risks

The main risks that the Group is exposed to in this context is from inadequate software and hardware quality, unauthorized access by third parties or employees, etc.

Staff risk

The main risks that arises from staff risks are risks due to larceny, fraud, corruption, crime, etc. 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. The Group has also established approval control steps in business processes as well as creating separate internal control processes. 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, etc.

Business risk

This risk may take on the following forms:

1. Processes without clear definitions, for example, when insufficient time was spent on documenting or updating the already documented processes.
2. Outdated process descriptions in cases where "reality" already strongly differs from the guidelines laid down in the past.
3. The extreme case of a completely missing documentation. To hedge this risk, the Group adopts sound documentation policies of business processes as it is a basic requirement for a well functioning process organization. The process description are up to date and clear; furthermore, it is accessible to all employees.

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

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

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

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

g) Russia-Ukraine Conflict

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

h) 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.

30 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$ 4,452 million (2021: US$ 4,310 million).

Also included under investments are unquoted equity-type instruments at fair value through equity amounting to US$ 55,766 thousand (2021: US$ 34,950 thousand) which are carried at net asset value or cost due to lack of other reliable methods for arriving at a reliable fair value for these investments.

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

31. EARNINGS PROHIITED BY SHARI'A

Earnings realised during the year from transactions that were not permitted by Shari'a amounted to US$ 10 million (2021: US$ 19 million). This amount has been taken to charity.

32. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the presentation adopted in the current year. Such reclassification did not affect previously reported consolidated income or consolidated owners' equity.

i) Prior year classification and restatement

a. Investments

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

b. Deconsolidation of an investee

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

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

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

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

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

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

As a result, the management has restated the comparative figures to correct the consolidation error in the consolidated financial statements for the period ended 31 December 2022 as prior year restatements.

Notes to the Consolidated Financial Statements

at 31 December 2022

32. COMPARATIVE FIGURES (Continued)

i) Prior year classification and restatement (continued)

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

I. Statement of financial position

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

Notes to the Consolidated Financial Statements

at 31 December 2022

32. COMPARATIVE FIGURES (Continued)

i) Prior year classification and restatement (continued)

II. Statement of income

	Oringinally reported 31 December 2021	Adjustments	Restated 1 January 2021
Net income from jointly financed contracts and investments	1,304,017	(2,391)	1,301,626
Return on equity of investment accountholders before Group's share as a Mudarib	(1,070,743)	1,127	(1,069,616)
Group's share as a Mudarib	364,142	(286)	363,856
Return on equity of investment accountholders	(706,601)	841	(705,760)
Group's share of income from equity of investment accountholders (as a Mudarib and Rabalmal)	597,416	(1,550)	595,866
Mudarib share for managing off-balance sheet equity of investment accountholders	12,122	-	12,122
Net income from self financed contracts and investments	162,948	(445)	162,503
Fees and commission income	180,599	(16,907)	163,692
Other operating income	121,408	(29,743)	91,665
	1,074,493	(48,645)	1,025,848
Profit on long term financing	(33,031)	-	(33,031)
Total operating income	**1,041,462**	**(48,645)**	**992,817**
Staff expenses	284,035	(3,613)	280,422
Depreciation and amortisation	58,765	(493)	58,272
Other operating expenses	186,586	(1,389)	185,197
Total operating expense	**529,386**	**(5,495)**	**523,891**
Net income for the period before net allowance for expected credit losses/impairment and taxation	**512,076**	**(43,150)**	**468,926**
Net allowance for expected credit losses/impairment	**(253,713)**	**4,614**	**(249,099)**
Net income for the period before taxation	**258,363**	**(38,536)**	**219,827**
Taxation	(68,682)	5,969	(62,713)
Net income for the period	**189,681**	**(32,567)**	**157,114**
Attributale to:			
Equity holders of the parent	112,750	(33,319)	79,431
Non-controlling interests	76,931	(38,215)	38,716
	189,681	**(71,534)**	**118,147**

32. COMPARATIVE FIGURES (Continued)

i) Prior year classification and restatement (continued)

III. Statement of changes in equity

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

IV. Statement of cash flows

	Oringinally reported 31 December 2021	Adjustments	Restated 31 December 2021
Net income for the period before taxation	258,363	(38,536)	219,827
Change in cash from operating activities	(25,462)	(112,775)	(138,237)
Change in cash from investing activities	600,954	(36,000)	564,954
Change in cash from financing activities	(103,127)	149,974	46,847
Net change in cash and cash equivalents	151,580	17,328	168,908
Cash and cash equivalents at 1 January	2,778,177	(240,971)	2,537,206
Cash and cash equivalents at 31 December	2,929,757	(223,643)	2,706,114

V. Basic and diluted earnings per share

	Oringinally reported 1 January 2022	Adjustments	Restated 1 January 2022
Net income attributable to the equity holders of the parent for the period - US$ '000	112,750	(33,319)	79,431
Less: Profit distributed on perpetual tier 1 capital	(31,500)	-	(31,500)
Net income attributable to the shareholders	81,250	(33,319)	47,931
Weighted number of shares outstanding without the effect of treasury shares (in thousands)	1,242,879	-	1,242,879
Treasury shares effect (in thousands)	(32,350)	-	(32,350)
Weighted number of shares outstanding (in thousands)	1,210,529	-	1,210,529
Earnings per share - US cents	6.71	(2.75)	3.96

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:

	2022 US$ '000
1- Regulatory Capital (A)	84,824
2- Regulatory Requirement (B)	27,695
3- Risk Based Capital Requirement (C)	27,695
4- Minimum Capital Requirement (D)	2,653
5- Ratio of (A) to (B)	306%

ABG Head Office Management

GROUP CHIEF EXECUTIVE OFFICER'S OFFICE

Mr. Houssem Ben Haj Amor
Group Chief Executive

Mr. Mohsin Dashti
First Vice President - Head of Special Projects

Dr. Wajeeha Awadh
Chief Digital Officer

CORPORATE GOVERNANCE, BOARD AFFAIRS GROUP COMPLIANCE & MLRO

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

CREDIT & RISK MANAGEMENT

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

INTERNAL AUDIT

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

FINANCE

Mr. Ali Asgar Mandasorwala
First Vice President - Head of Finance

INTERNAL SHARI'A AUDIT

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

OPERATIONS & ADMINISTRATION

Mr. Fouad Janahi
First Vice President - Head of Operations, HR and Administration

Mr. Mohamed Jamsheer
First Vice President - Acting Head of Information Technology

Ms. Ms. Nadera Abuali
Vice President - Corporate Communications & Branding

STRATEGY, INVESTMENTS AND INVESTOR RELATIONS

Dr. Mohammed Mustapha Khemira
Senior Vice President, Head of Strategy, Investments and Investor Relations

Mr. Ahmed M. AbdulGhaffar
First Vice President - Investors Relations

TREASURY

Mr. Suhail Tohami
Senior Vice President - Head of Treasury

UNIFIED SHARI'A BOARD

Dr. El Tigani El Tayeb Mohammed
Vice President Sharia Officer, Secretary of the Unified Sharia Board

Al Baraka Global Network

Al Baraka Group B.S.C.

ADDRESS: Al Baraka Headquarters - Bahrain Bay
P.O. Box 1882
Manama, Kingdom of Bahrain
TEL: +973 17541122
FAX: +973 17536533
albaraka.com
Investors Relations:
TEL: +973 17520701 / 17541122
FAX: +973 17910911
Email: aghaffar@albaraka.com

Al Baraka Türk Participation Bank

ADDRESS: Saray Mahallesi
Dr. Adnan Büyükdeniz Caddesi, No. 6
34768 Ümraniye, Istanbul, Turkey
TEL: +90 216 666 01 01
FAX: +90 216 666 16 00
albaraka.com.tr

Iraq Branch:

ADDRESS: 60Mt Street - Arbil, Iraq
TEL: +964 750 370 98 91

Jordan Islamic Bank

ADDRESS: P.O. Box 926225
Amman 11190
Jordan
TEL: +9626 567 7377
FAX: +9626 566 6326
jordanislamicbank.com

Al Baraka Bank Egypt

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
albaraka-bank.com.eg

Banque Al Baraka D'Algerie S.P.A.

ADDRESS: Hai Bouteldja Houidef, Villa No. 1
Rocade Sud, Ben Aknoun
Algiers, Algeria
TEL: +213 23 38 12 71
FAX: +213 23 38 12 76 / 77
albaraka-bank.com

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

ADDRESS: Al Baraka Headquarters - Bahrain Bay
P.O. Box 1882
Manama, Kingdom of Bahrain
TEL: +973 17535300
FAX: +973 17533993
albaraka.bh

Al Baraka Bank (Pakistan) Limited

ADDRESS: Al Baraka House 162, Bangalore Town
Main Shahrah-e-Faisal, Karachi, Pakistan
TEL: +92 21 34307000
FAX: +92 21 34530981
albaraka.com.pk

Al Baraka Bank Tunisia

ADDRESS: 88, Avenue Hedi Chaker 1002,
Tunis, Tunisia
TEL: +21671 186500
FAX: +21671 780235
albarakabank.com.tn

Al Baraka Bank Limited - South Africa

ADDRESS: 2 Kingsmead Boulevard
Kingsmead Office Park
Stalwart Simelane Street, P.O. BOX 4395
Durban 4000, South Africa
TEL: +2731 364 9000
FAX: +2731 364 9001
albaraka.co.za

Al Baraka Bank Sudan

ADDRESS: Al Baraka Tower
P.O. Box 3583, Qasr ST
Khartoum, Sudan
TEL: +249187 112 000
FAX: +249183 788 585
albaraka.com.sd

Al Baraka Bank Lebanon S.A.L

ADDRESS: Justinian Street, BAC Center, 12th Floor
Sanayeh, near Chamber of Com & Inds.,
Beirut, Lebanon
TEL: +961 1 748 061 - 65
FAX: +961 1 748 061 - 65 Ext: 700
www.al-baraka.com

Al Baraka Group / Representative Office - Libya

ADDRESS: Tripoli Tower, Tower 1
14th Floor, Office No. 144
P.O. Box 93271
Tripoli, Libya
TEL: +218 (21) 336 2310 / +218 (21) 336 2311
FAX: +218 (21) 336 2312
albaraka.com

Contacts

HEAD OFFICE:

Al Baraka Group B.S.C.
Al Baraka Headquarters - Bahrain Bay
P.O. Box 1882
Manama, Kingdom of Bahrain

Tel: +973 17541122
Fax: +973 17536533

C.R.: 48915-1
(Licensed as an Investment Business Firm - Category 1)

SHARES REGISTRAR:

Bahrain Clear
Bahrain Finanacial Harbor, 4th Floor
Manama, Kingdom of Bahrain

Tel: +973 17108833

registry@bahrainbourse.com

INVESTORS RELATIONS:

Mr. Ahmed AbdulGhaffar
First Vice President - Investors Relations
Al Baraka Group
Manama, Kingdom of Bahrain

Tel: +973 17520701
Fax: +973 17910911

Email: aghaffar@albaraka.com