Al Baraka Banking Group B.S.C.

Additional Public Disclosures
31 December 2014

(Unaudited)

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1 INTRODUCTION

Al Baraka Banking Group B.S.C. ('the Bank') is a joint stock company incorporated in the Kingdom of Bahrain on 27 June 2002, under Commercial Registration (CR) number 48915. The Bank is engaged in banking activities in the Middle East, Europe, North African and South African region. The address of the Bank's registered office is P.O. Box 1882, Diplomatic Area, Manama, Kingdom of Bahrain. The Bank is listed on Bahrain Bourse and NASDAQ Dubai.

The Bank operates under an Islamic wholesale banking license issued by the Central Bank of Bahrain ('the CBB').

The principal activities of the Bank and its subsidiaries ('the Group') comprise of international and commercial banking, financing, treasury and investment activities. The Bank is supervised and regulated by the CBB.

The following are the principal subsidiaries of the Bank, which are consolidated for all financial information presented unless otherwise stated:

	Ownership for 2014	*Ownership for 2013*	*Year of incorporation*	*Country of incorporation*	***No. of branches/ offices at 2014***
Held directly by the Bank					
Banque Al Baraka D'Algerie (BAA)	**55.90%**	55.90%	1991	Algeria	**28**
Al Baraka Islamic Bank - Bahrain (AIB)	**91.12%**	91.12%	1984	Bahrain	**137**
Al Baraka Bank Tunis (ABT)	**78.40%**	78.40%	1983	Tunisia	**13**
Al Baraka Bank Egypt (ABE)	**73.68%**	73.68%	1980	Egypt	**28**
Al Baraka Bank Lebanon (ABBL)	**98.86%**	98.86%	1991	Lebanon	**7**
Jordan Islamic Bank (JIB)	**66.01%**	66.01%	1978	Jordan	**85**
Al Baraka Turk Participation Bank (ATPB)	**56.64%**	56.64%	1985	Turkey	**202**
Al Baraka Bank Limited (ABL)	**64.51%**	62.15%	1989	South Africa	**11**
Al Baraka Bank Sudan (ABS)	**75.73%**	76.09%	1984	Sudan	**27**
Al Baraka Bank Syria (ABBS)	**23.00%**	23.00%	2009	Syria	**10**

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

	Subsidiary held through	***Effective Ownership for 2014***	*Effective Ownership for 2013*	*Year of incorporation*	*Country of incorporation*
Held indirectly by the Bank					
Al Baraka Bank (Pakistan) Limited	AIB	**58.90%**	58.90%	2010	Pakistan
Itqan Capital	AIB	**75.69%**	54.67%	2007	Saudi Arabia
Al-Omariya School Company	JIB	**62.31%**	62.31%	1987	Jordan
Al-Samaha Real Estate	JIB	**65.15%**	65.15%	1998	Jordan
Future Applied Computer Technology Company	JIB	**66.01%**	66.01%	1998	Jordan
Sanable Alkhair for Financial Investment	JIB	**66.01%**	66.01%	2006	Jordan
Al Baraka Properties (Pty) Ltd.	ABL	**64.51%**	62.15%	1991	South Africa

This documents contains certain disclosures required under the guidelines of the annual public disclosures required by Islamic banks. The period covered is from 1 January 2014 to 31 December 2014.

2 FINANCIAL HIGHLIGHTS

The following summarises the basic quantitative indicators of financial performance of the Group:

EARNINGS (US$ Millions)	*2014*	*2013*	*2012*	*2011*	*2010*
Total Operating Income	**918**	909	880	730	659
Net Operating Income	**396**	420	422	344	316
Net Income	**275**	258	235	212	193
Net Income Attributable to Equity Holders of the Parent	**152**	145	133	118	106
Basic and diluted earnings per share - US cents*	**13.98**	13.31	12.26	10.91	9.73
FINANCIAL POSITION (US$ Millions)					
Total Assets	**23,464**	20,968	19,055	17,154	15,878
Total Financing and Investments	**17,624**	15,355	14,319	11,818	11,391
Total Customer Accounts	**19,861**	17,744	16,398	14,680	13,571
Total Owners' Equity	**2,075**	1,983	1,968	1,799	1,817
Equity Attributable to Parent's Shareholders	**1,338**	1,299	1,294	1,203	1,224
CAPITAL (US$ Millions)					
Authorised	**1,500**	1,500	1,500	1,500	1,500
Subscribed and Fully Paid-up	**1,093.9**	1,048.3	1,014.5	869.6	790.5
PROFITABILITY RATIOS					
Return on Average Owner's Equity	**13.6%**	13.1%	12.5%	11.7%	10.9%
Return on Average Parent's Shareholders Equity *	**11.5%**	11.2%	10.7%	9.7%	8.7%
Return on Average Assets	**1.2%**	1.3%	1.3%	1.3%	1.3%
Operating Expenses to Operating Income	**56.9%**	53.8%	52.1%	52.8%	52.0%
FINANCIAL POSITION RATIOS					
Owner's Equity to Total Assets	**8.8%**	9.5%	10.3%	10.5%	11.4%
Total Financing and Investments as a Multiple of Equity (times)	**8.5**	7.7	7.3	6.6	6.3
Liquid Assets to Total Assets	**26%**	27%	25%	33%	33%
Net Book Value per Share (US$)**	**1.23**	1.20	1.19	1.11	1.13
OTHER INFORMATION					
Total number of employees	**10,853**	9,891	9,398	9,021	8,503
Total number of branches	**549**	479	425	399	370

* Return based on parent's share of income and equity.
** Adjusted for treasury and bonus shares

3 CAPITAL STRUCTURE AND CAPITAL ADEQUACY

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous year.

The Group's capital structure is primarily made of its paid-up capital, including the share premium and reserves, and profit equalization reserve and investment risk reserve. From regulation's perspective, the significant amount of the Group's capital are in Tier I as defined by the CBB, i.e., most of the consolidated capital are of permanent nature.

To assess its capital adequacy requirements in accordance with the CBB requirements, the Group adopts the standardised approach for its Credit Risk, Basic Indicator Approach for its Operational Risk and Standardised Measurement Approach for its Market Risk. To calculate its capital adequacy, the Group follows the accepted approaches approved by the CBB Rulebook. The Group consolidates all subsidiaries for Capital Adequacy Ratio (CAR) calculation. The Group strives to sustain reasonably higher capital cushion that strikes the balance between its business conduct and the regulatory requirements stipulated in the CBB capital adequacy requirements as a minimum accepted level of capital adequacy.

Table – 1. Capital Structure (PD-1.3.12, 1.3.13, 1.3.14 & 1.3.15)

The following table summarises the eligible capital after deductions for calculation as of:

	31 December 2014		*31 December 2013*	
	Tier 1	***Tier 2***	*Tier 1*	*Tier 2*
	US$ '000	***US$ '000***	*US$ '000*	*US$ '000*
Tier 1 Capital Components				
Issued and fully paid up ordinary shares	**1,085,608**	**-**	1,040,168	-
Disclosed reserves				
Legal / statutory reserves	**108,311**	**-**	93,138	-
Share premium	**17,288**	**-**	16,753	-
Others	**(274,292)**	**-**	(194,382)	-
Retained profit brought forward	**397,595**	**-**	345,071	-
Unrealised gains arising from fair valuing equities (45% only)	**223**	**-**	127	-
Non-controlling interest in consolidated subsidiaries	**736,544**	**-**	684,736	-
Less:				
Goodwill	**82,177**	**-**	87,548	-
Unrealised gross losses arising from fair valuing equity securities	**51,407**	**-**	51,056	-
Tier 1 Capital before PCD deductions	**1,937,693**	**-**	1,847,007	-
Tier 2 Capital Components				
Asset revaluation reserve - Property, plant, and equipment (45% only)	**-**	**2,182**	-	525
Unrealised gains arising from fair valuing equities (45% only)	**-**	**22,284**	-	21,379
Profit equalisation reserve	**-**	**13,045**	-	12,126
Investment risk reserve	**-**	**198,559**	-	110,424
Subordinated term debt	**-**	**20,508**	-	-
Collective impairment loss provision	**-**	**11,521**	-	-
Tier 2 Capital before PCD deductions	**-**	**268,099**	-	144,454
Total Available Capital	**-**	**2,205,792**	-	1,991,461

3 CAPITAL STRUCTURE AND CAPITAL ADEQUACY (continued)

Table – 1. Capital Structure (PD-1.3.12, 1.3.13, 1.3.14 & 1.3.15) (continued)

	31 December 2014		*31 December 2013*	
	Tier 1	***Tier 2***	*Tier 1*	*Tier 2*
	US$ '000	***US$ '000***	*US$ '000*	*US$ '000*
Deduction				
Investment in insurance entity greater than or equal to 20%	**(5,972)**	**(5,972)**	(5,454)	(5,454)
Net Available Capital	**1,931,721**	**262,127**	1,841,553	139,000
TOTAL ELIGIBLE CAPITAL		**2,193,848**		1,980,553

Table – 2. Capital requirement for different type of risks (PD - 1.3.18, 1.3.19)
The following table summarises the capital requirements for credit risk, market risk and operational risk as of:

	31 December 2014		*31 December 2013*	
	Risk weighted assets US$ '000	***Minimum capital requirements US$ '000***	*Risk weighted assets US$ '000*	*Minimum capital requirements US$ '000*
Credit Risk	**10,813,841**	**1,297,661**	9,327,487	1,119,298
Market Risk	**1,199,247**	**143,910**	1,107,128	132,855
Operational Risk	**1,691,760**	**203,011**	1,574,526	188,943
	13,704,847	**1,644,582**	12,009,141	1,441,096

Table – 3. Capital requirement by type of Islamic financing contracts (PD-1.3.17)
The following table summarises the capital requirements by type of Islamic financing contracts as of:

	31 December 2014		*31 December 2013*	
	Risk weighted assets US$ '000	***Minimum capital requirements US$ '000***	*Risk weighted assets US$ '000*	*Minimum capital requirements US$ '000*
Islamic financing contracts				
Receivables	**5,861,564**	**703,388**	5,912,093	709,451
Mudaraba and Musharaka financing	**854,285**	**102,514**	735,269	88,232
Ijarah Muntahia Bittamleek	**665,205**	**79,825**	654,938	78,593
	7,381,055	**885,727**	7,302,300	876,276

3 CAPITAL STRUCTURE AND CAPITAL ADEQUACY (continued)

Table – 4. Capital Adequacy Ratios (PD-1.3.20 (a))

The following are capital adequacy ratios for Total capital and Tier 1 capital as of:

	31 December 2014	*31 December 2013*
Total capital ratio	**16.01%**	16.49%
Tier 1 capital ratio	**14.10%**	15.33%

Table - 5. The Group's Subsidiaries Capital Adequacy Ratios (PD-1.3.20 (b))

The following are the Group's subsidiaries capital adequacy ratio prepared on the basis of the CBB requirements, which may differ form the local requirements of the countries in which the subsidiaries operate, as of:

	31 December 2014		*31 December 2013*	
	Tier 1 capital ratio	***Total capital ratio***	*Tier 1 capital ratio*	*Total capital ratio*
Head Office	**13%**	**13%**	28%	28%
Banque Al Baraka D'Algerie	**26%**	**26%**	29%	30%
Al Baraka Islamic Bank *	**15%**	**15%**	14%	14%
Al Baraka Bank Tunis	**17%**	**31%**	23%	41%
Al Baraka Bank Egypt	**16%**	**18%**	17%	17%
Al Baraka Bank Lebanon	**10%**	**12%**	12%	13%
Jordan Islamic Bank	**20%**	**20%**	16%	16%
Al Baraka Turk Participation Bank	**11%**	**15%**	14%	19%
Al Baraka Bank Limited	**27%**	**27%**	22%	26%
Al Baraka Bank Sudan	**11%**	**13%**	13%	14%
Al Baraka Bank Syria	**15%**	**15%**	17%	18%

* These ratios represents the consolidated ratios and Al Baraka Pakistan has tier 1 capital ratio of 15.48% (2013: 17.07%) and total capital ratio of 22.03% (2013: 21.12%).

Legal restrictions on capital and income mobility (PD-1.3.6 (c))

There are no major restrictions in distributing profits by the subsidiaries to the Bank. Such distribution should go through the legal and regulatory channels applicable in each jurisdiction. Mobilisation of capital, reserves and equivalent funds out of the subsidiaries to the parent is subject to the local rules and regulations. The parent is not subject to any restriction to support its subsidiary in the form of deposits or capital. However, as a procedure, a prior written approval has to be obtained from the CBB for increasing investments in subsidiaries.

Table – 6. Distribution of ownership of shares by nationality (PD-1.3.10(i))

The following table summarises the distribution of ownership of shares by nationality/ incorporation as of:

Nationality/ Incorporation	***31 December 2014 % holding***	*31 December 2013 % holding*
Bahraini	**27.05**	26.01
Saudi	**42.82**	42.74
Cayman Islands	**19.33**	19.32
Emirati	**7.37**	8.58
Kuwaiti	**1.09**	1.09
Others	**2.34**	2.26

4 RISK MANAGEMENT

The Group's risk management strategies have been effectively implemented and the objectives outlined at the beginning of year 2014 across subsidiaries were successfully achieved. The Group is striving to bolster and instil the best practices of risk management in subsidiaries' risk management functions for the next reporting period by ensuring prudent implementation of risk management policies which entails risk identification, limit controls, monitoring and reporting.

The Group's risk management has the following objectives:

a. Unified Group-wide risk management to enable the Group to produce risk adjusted return on capital.

b. Creation of professional risk management culture throughout the Group with prudent, disciplined approach to risk taking based on comprehensive Group-wide policies, processes and limits.

c. Professionally qualified staff and ongoing credit training.

d. Investing in technology and systems for best practice risk management.

e. Throughout the Group, strict segregation of duties and reporting lines between personnel transacting business and personnel processing that business.

f. Strict compliance with all Shari'a and legal requirements and regulatory directives.

g. Maintaining clear, well documented policies via Group Risk Management Manual and also Risk Management Manuals by each of the Group's subsidiaries which incorporate the uniform policies and procedures of the Group in addition to the local requirements.

a) Liquidity risk

The liquidity management policy at a minimum includes the following:

a. Provide clear guidance on the composition and role of the asset/liability committee or such other committee or department responsible for managing liquidity.

b. Establish approval processes to ensure adherence to liquidity risk management processes.

c. Require periodic calculations to determine the extent to which the subsidiary is funding long-term assets with short-term liabilities.

d. Establish liquidity ratio benchmarks, e.g. parameters for the funding of long-term assets with short-term liabilities to guide liquidity management and the method for computing liquidity indicators.

e. Establish limits on the degree of concentrations that are deemed acceptable. This should:

   i) Ensure diversification of funding by origin and term structure by, for example, guarding against concentration by individuals or groups of depositors, types of deposit instruments, market sources of deposit, geographical sources, term to maturity, and deposit currencies. Where concentrations occur, the Group's subsidiaries manage their assets and liquidity profile to mitigate the risk; and

   ii) Set procedures for the orderly restoration of the liquidity position in the event of loss of funding where such concentrations are unavoidable. In addition, the Group's subsidiaries conduct an impact analysis on its dependency on any such concentrations.

f. Periodic review of the deposit structure. The review should include the volume and trend of various types of deposits offered, maturity distributions of time deposits, profit rate paid on each type of deposit, prevailing market profit rate, limits on large time deposits, public funds, and non-resident deposits.

4 RISK MANAGEMENT (continued)

a) Liquidity risk (continued)

g. Review of alternate funding sources including stand-by facilities and lines of credit.

h. Establish a framework for the composition of assets.

i. Assess the acceptable mismatch in combination with currency commitments. The Group's subsidiaries undertake separate analysis of their strategy for each currency individually. They set and regularly review limits on the size of cash flow mismatches over particular time horizons for foreign currencies in aggregate, and for each significant currency.

Table – 7. Liquidity Ratios (PD-1.3.37)

The following table summarises the liquidity ratios as of:

	31 December 2014	*31 December 2013*
Short term assets to short term liabilities	**76%**	78%
Liquid assets to total assets	**26%**	27%

b) Credit risk

General credit policies and guiding principles

The following principles summarise the Group's financing and investing policies and form the framework of all financing decisions:

a) Financing will be extended when the Group can confidently expect that it will be repaid by the customer as agreed. This necessitates a thorough knowledge of the customer and clear understanding of the risks underlying the credit requests.
b) Financing should be extended where there are at least two clear sources of repayments.
c) It is generally preferred that the repayments are from cash generated by the customers' productive and ongoing income or activities.
d) Amounts, profits/other charges and terms under the prevailing market conditions for any proposed financing are to be consistent with the perceived quality of the risk being undertaken.
e) Financing should generally be extended where the Group's seniority as creditors is pari passu or better than any other financing.
f) Financing should be structured appropriately considering the purpose of the credit and the source of repayment.
g) Financing needs to be assessed on a stand alone basis as well as on portfolio basis to assess its impact on the total financing portfolio.
h) Compliance with all applicable local statutory and regulatory directives guidelines should be ensured in all cases.
i) Propriety and ethical standards should be taken into account in all financing decisions.

4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

Table - 8. Gross funded and unfunded exposure (PD-1.3.23(a))

The Group's assets are funded by equity of investment accountholders (IAH) as well as the Group's own capital and current accounts (Self). The percentage of funding varies for each of the Group's subsidiary based on market conditions and applicable rules and regulations.

The following table summarises the amount of gross funded and unfunded credit exposure and average gross funded and unfunded exposure as of:

	31 December 2014					31 December 2013				
	Self financed		Financed by IAH		Total	Self financed		Financed by IAH		Total
	Total gross credit exposure US$ '000	*Average gross credit exposure over the year US$ '000	Total gross credit exposure US$ '000	*Average gross credit exposure over the year US$ '000	Total self financed and financed by IAH US$ '000	Total gross credit exposure US$ '000	*Average gross credit exposure over the year US$ '000	Total gross credit exposure US$ '000	*Average gross credit exposure over the year US$ '000	Total self financed and financed by IAH US$ '000
Funded Exposure										
Receivables	**5,900,467**	**5,383,691**	**6,099,080**	**5,972,459**	**11,999,547**	5,244,708	5,212,360	5,573,511	5,519,545	10,818,219
Mudaraba and Musharaka financing	**827,792**	**734,534**	**721,994**	**632,054**	**1,549,786**	671,144	536,011	520,981	501,280	1,192,125
Investments	**1,197,501**	**1,187,578**	**1,382,533**	**1,338,330**	**2,580,034**	1,143,439	1,047,987	1,259,391	1,176,131	2,402,830
Ijarah Muntahia Bittamleek	**809,646**	**629,753**	**685,153**	**607,939**	**1,494,799**	433,111	391,118	508,937	470,924	942,048
Other assets	**109,596**	**123,404**	**101,689**	**92,612**	**211,285**	82,344	84,784	80,765	79,454	163,109
Unfunded Exposure										
Commitments and contingencies	**5,304,539**	**5,035,548**	**-**	**-**	**5,304,539**	4,998,426	5,086,884	-	-	4,998,426
	14,149,541		**8,990,449**		**23,139,990**	12,573,172		7,943,585		20,516,757

*Average Balances are computed based on quarter-end balances.

4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

Table - 9. Geographic distribution of the gross funded exposure (PD-1.3.23(b))

The following table summarises the geographic distribution of gross funded exposure as of 31 December 2014, broken down into significant areas by major types of credit exposure:

	Self financed					*Financed by IAH*					*IAH & Self financed*
	Middle East US$ '000	***North Africa US$ '000***	***Europe US$ '000***	***Others US$ '000***	***Total US$ '000***	***Middle East US$ '000***	***North Africa US$ '000***	***Europe US$ '000***	***Others US$ '000***	***Total US$ '000***	***Total US$ '000***
Receivables	**1,465,071**	**462,243**	**3,767,368**	**205,785**	**5,900,467**	**2,611,407**	**371,571**	**2,757,810**	**358,292**	**6,099,080**	**11,999,547**
Mudaraba and Musharaka financing	**495,846**	**82,670**	**135,934**	**113,342**	**827,792**	**323,470**	**67,029**	**-**	**331,495**	**721,994**	**1,549,786**
Investments	**510,534**	**88,472**	**442,624**	**155,871**	**1,197,501**	**1,221,328**	**58,791**	**-**	**102,414**	**1,382,533**	**2,580,034**
Ijarah Muntahia Bittamleek	**280,378**	**212,916**	**304,878**	**11,474**	**809,646**	**483,670**	**170,477**	**281**	**30,725**	**685,153**	**1,494,799**
Other Assets	**63,573**	**8,854**	**9,523**	**27,646**	**109,596**	**45,174**	**7,100**	**13,436**	**35,979**	**101,689**	**211,285**
	2,815,402	**855,155**	**4,660,327**	**514,118**	**8,845,002**	**4,685,049**	**674,968**	**2,771,527**	**858,905**	**8,990,449**	**17,835,451**

The following table summarises the geographic distribution of gross funded exposure as of 31 December 2013, broken down into significant areas by major types of credit exposure:

	Self financed					*Financed by IAH*					*IAH & Self financed*
	Middle East US$ '000	*North Africa US$ '000*	*Europe US$ '000*	*Others US$ '000*	*Total US$ '000*	*Middle East US$ '000*	*North Africa US$ '000*	*Europe US$ '000*	*Others US$ '000*	*Total US$ '000*	*Total US$ '000*
Receivables	1,428,990	416,541	3,208,996	190,181	5,244,708	2,524,366	324,324	2,389,776	335,045	5,573,511	10,818,219
Mudaraba and Musharaka financing	457,075	91,945	61,621	60,503	671,144	223,840	81,870	-	215,271	520,981	1,192,125
Investments	444,010	83,864	474,078	141,487	1,143,439	1,078,657	60,321	-	120,413	1,259,391	2,402,830
Ijarah Muntahia Bittamleek	219,137	171,442	34,073	8,459	433,111	359,381	126,355	77	23,124	508,937	942,048
Other Assets	52,038	8,493	5,876	15,937	82,344	46,147	6,507	8,046	20,065	80,765	163,109
	2,601,250	772,285	3,784,644	416,567	7,574,746	4,232,391	599,377	2,397,899	713,918	7,943,585	15,518,331

4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

Table - 10. Exposure by counterparty type (PD-1.3.23(c))

The following table summarises the distribution of funded and unfunded exposure by counterparty type, broken down by major types of credit exposures as of 31 December 2014:

	Funded Exposures										*Unfunded Exposures*		*Funded and Unfunded Exposures*	
	Receivables		*Mudaraba and Musharaka financing*		*Investments*		*Ijarah Muntahia Bittamleek*		*Other Assets*		*Commitments and contingencies*		*Total*	
	Self	*IAH*	*Self*	*IAH*	*Self*	*IAH*	*Self*	*IAH*	*Self*	*IAH*	*Self*	*IAH*	*Self*	*IAH*
	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*	*US$ '000*
Claims on sovereigns	**354,932**	**525,996**	**-**	**8,303**	**846,648**	**1,090,006**	**-**	**28,394**	**-**	**-**	**7,814**	**-**	**1,209,394**	**1,652,699**
Claims on multi-lateral development banks	**-**	**318**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**118**	**-**	**118**	**318**
Claims on investment firms	**-**	**1,519**	**-**	**-**	**26,371**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**26,371**	**1,519**
Claims on banks	**148,889**	**315,285**	**76,393**	**-**	**100,387**	**40,844**	**-**	**1,505**	**-**	**-**	**91,352**	**-**	**417,021**	**357,634**
Claims on corporates	**4,601,953**	**3,385,273**	**-**	**279,181**	**96,253**	**96,872**	**526,242**	**245,178**	**-**	**-**	**5,099,874**	**-**	**10,324,322**	**4,006,504**
Claims on retail	**724,233**	**1,725,864**	**-**	**590**	**-**	**-**	**280,484**	**400,395**	**-**	**-**	**91,210**	**-**	**1,095,927**	**2,126,849**
Past dues receivables	**70,460**	**144,825**	**-**	**910**	**-**	**-**	**2,920**	**9,681**	**-**	**-**	**14,171**	**-**	**87,551**	**155,416**
Equity investment	**-**	**-**	**350,030**	**283,618**	**53,559**	**50,359**	**-**	**-**	**-**	**-**	**-**	**-**	**403,589**	**333,977**
Investment in Funds	**-**	**-**	**-**	**-**	**16,455**	**8,705**	**-**	**-**	**-**	**-**	**-**	**-**	**16,455**	**8,705**
Specialized Lending	**-**	**-**	**401,369**	**149,392**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**401,369**	**149,392**
Other assets	**-**	**-**	**-**	**-**	**57,828**	**95,747**	**-**	**-**	**109,596**	**101,689**	**-**	**-**	**167,424**	**197,436**
Total	5,900,467	6,099,080	827,792	721,994	1,197,501	1,382,533	809,646	685,153	109,596	101,689	5,304,539	-	14,149,541	8,990,449

4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

Table - 10. Exposure by counterparty type (PD-1.3.23(c)) (continued)

The following table summarises the distribution of funded and unfunded exposure by counterparty type, broken down by major types of credit exposures as of 31 December 2013:

	Funded Exposures										*Unfunded Exposures*		*Funded and Unfunded Exposures*	
	Receivables		*Mudaraba and Musharaka financing*		*Investments*		*Ijarah Muntahia Bittamleek*		*Other Assets*		*Commitments and contingencies*		*Total*	
	Self	*IAH*	*Self*	*IAH*	*Self*	*IAH*	*Self*	*IAH*	*Self*	*IAH*	*Self*	*IAH*	*Self*	*IAH*
	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*	*US$ '000*
Claims on sovereigns	350,718	619,417	-	1,845	969,573	1,039,089	-	26,157	-	-	18,785	-	1,339,076	1,686,508
Claims on multi-lateral development banks	2,992	10,075	-	-	-	-	-	-	-	-	-	-	2,992	10,075
Claims on investment firms	-	-	-	-	31,038	-	-	-	-	-	-	-	31,038	-
Claims on banks	147,295	318,891	162,681	58,442	16,659	56,947	186	3,010	-	-	116,762	-	443,583	437,290
Claims on corporates	3,997,081	3,003,431	6,209	61,782	7,092	23,438	93,207	146,268	-	-	4,593,063	-	8,696,652	3,234,919
Claims on retail	703,737	1,477,774	-	956	-	-	337,478	329,905	-	-	260,257	-	1,301,472	1,808,635
Past dues receivables	42,885	143,923	-	3,391	-	-	2,240	3,597	-	-	9,559	-	54,684	150,911
Equity investment	-	-	347,623	100,233	57,701	43,855	-	-	-	-	-	-	405,324	144,088
Investment in Funds	-	-	-	-	15,141	8,496	-	-	-	-	-	-	15,141	8,496
Specialized Lending	-	-	154,631	294,332	-	-	-	-	-	-	-	-	154,631	294,332
Other assets	-	-	-	-	46,235	87,566	-	-	82,344	80,765	-	-	128,579	168,331
Total	5,244,708	5,573,511	671,144	520,981	1,143,439	1,259,391	433,111	508,937	82,344	80,765	4,998,426	-	12,573,172	7,943,585

The Group is working in a highly regulated environment which monitors high risk credit exposures on a regular basis.

4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

Large Credit Exposure (PD - 1.3.23 (f))
The Group follows the CBB's guidelines with respect to the definition and measurement of large exposures at the consolidated level as stipulated in the CBB Rulebook for Islamic Banks.

There are no large exposures to individual counterparties where the exposure is in excess of the 15% individual obligor limit that qualifies for the deduction requirement as per CBB's guidelines.

Past due, non-performing Islamic financing contracts and provisions (PD-1.3.22 (a))
Past due represents instalments that are not received on the contractual repayments date. The Group considers non-performing Islamic financing contracts as the contracts that are overdue for a period of 90 or more days. These exposures are placed on a non-accrual status with profit being recognised to the extent that it is actually received. It is the Group's policy that when an exposure is overdue for a period of 90 or more days, the whole financing facility extended is considered as past due, not only overdue instalments/payments.

Table -11. Credit quality of Islamic financing contracts by counterparty type (PD-1.3.23(h), 1.3.24 (b))

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 2014:

					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	923,053	899,728	23,325	-	-	-	-
Bank	972,587	968,574	-	4,013	-	-	4,013
Investment Firms	41,132	5,485	-	35,647	2,415	-	33,232
Corporates	8,450,539	7,734,388	350,217	365,934	88,623	125,024	152,287
Retail	3,817,385	3,547,526	142,741	127,118	26,726	29,639	70,753
	14,204,696	13,155,701	516,283	532,712	117,764	154,663	260,285

4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

Table -11. Credit quality of Islamic financing contracts by counterparty type (PD-1.3.23(h), 1.3.24 (b)) (continued)

The following table summarises the total past due, non performing and neither past due nor non performing Islamic financing contracts and aging of non performing Islamic financing contracts disclosed by counterparty type as of 31 December 2013:

					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	1,085,355	1,081,496	3,859	-	-	-	-
Bank	1,598,839	1,594,781	-	4,058	3,683	-	375
Investment Firms	70,563	33,860	-	36,703	-	155	36,548
Corporates	6,554,999	6,173,394	51,070	330,535	84,070	93,092	153,373
Retail	3,302,092	3,034,641	117,722	149,729	38,604	45,884	65,241
	12,611,848	11,918,172	172,651	521,025	126,357	139,131	255,537

Table -12. Specific provisions by counterparty type (PD-1.3.23 (h), 1.3.24 (d))

The following table summarises the total specific provisions disclosed by counterparty type as of 31 December 2014:

	Specific provisions						
	Opening balance US$ '000	***Charged during the year US$ '000***	***Write-back during the year US$ '000***	***Write-offs during the year US$ '000***	***Appropriation from IAH during the year US$ '000***	***Foreign exchange translations/ others - net US$ '000***	***Balance at the end of the year US$ '000***
Bank	**2,613**	**930**	**-**	**-**	**-**	**(10)**	**3,533**
Investment Firms	**4,365**	**840**	**(840)**	**-**	**-**	**(486)**	**3,879**
Corporates	**323,365**	**76,841**	**(42,560)**	**(12,778)**	**3,113**	**(13,747)**	**334,234**
Retail	**116,094**	**8,570**	**(9,282)**	**(235)**	**2,175**	**(5,754)**	**111,568**
	446,437	**87,181**	**(52,682)**	**(13,013)**	**5,288**	**(19,997)**	**453,214**

4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

Table -12. Specific provisions by counterparty type (PD-1.3.23 (h), 1.3.24 (d)) (continued)

The following table summarises the total specific provisions disclosed by counterparty type as of 31 December 2013:

	Specific provisions						
	Opening balance US$ '000	*Charged during the year US$ '000*	*Write-back during the year US$ '000*	*Write-offs during the year US$ '000*	*Appropriation from IAH during the year US$ '000*	*Foreign exchange translations/ others - net US$ '000*	*Balance at the end of the year US$ '000*
Bank	2,963	-	-	-	-	(350)	2,613
Investment Firms	10,481	600	(491)	(5,699)	-	(526)	4,365
Corporates	328,796	109,425	(63,634)	(39,076)	17,759	(29,905)	323,365
Retail	120,177	12,356	(4,782)	(11,575)	4,048	(4,130)	116,094
	462,417	122,381	(68,907)	(56,350)	21,807	(34,911)	446,437

Table -13. General provisions movement (PD-1.3.23 (h), 1.3.24 (d))

The following table summarises the movement of general provisions during the year ended:

	31 December 2014 US$ '000	*31 December 2013 US$ '000*
Opening balance	**30,306**	18,210
Charged during the year	**2,073**	8,974
Write-back during the year	**(19,744)**	(1)
Write-offs during the year	**(152)**	(28)
Foreign exchange translations/ others	**(962)**	3,151
Balance at the end of the year	**11,521**	30,306

This represents collective provision against exposures which, although not specifically identified, have a greater risk of default than when originally granted.

4 RISK MANAGEMENT (continued)

b) Credit Risk (continued)

Table - 14. Past due and non-performing Islamic financing contracts and provisions by geographic areas (PD-1.3.23(i), PD-1.3.24(c))

The following table summarises the total past due and non performing Islamic financing contracts and provisions disclosed by geographical area as of:

	31 December 2014			*31 December 2013*		
	Past due and non performing Islamic financing contracts US$ '000	***Specific provision US$ '000***	***General provision US$ '000***	*Past due and non performing Islamic financing contracts US$ '000*	*Specific provision US$ '000*	*General provision US$ '000*
Middle East	**305,205**	**249,049**	**11,390**	282,742	235,095	27,469
North Africa	**90,183**	**35,609**	**131**	73,834	42,692	2,837
Europe	**500,388**	**118,399**	**-**	132,453	121,009	-
Others	**153,219**	**41,021**	**-**	204,647	39,599	-
	1,048,995	**444,078**	**11,521**	693,676	438,395	30,306

Table - 15. Renegotiated Islamic financing contracts (PD-1.3.23(j))

	31 December 2014 US$ '000	*31 December 2013 US$ '000*
Renegotiated Islamic financing contracts	**141,745**	140,299

There is no significant impact of the renegotiated Islamic financing contracts on the provisions as well as present and future earnings. In addition, the magnitude of the restructuring activities is immaterial.

Others (PD-1.3.23(k), (l), PD-1.3.25(b) & (c))

The Group has no significant obligations with respect to recourse transaction.

The Group has not imposed any material penalties on customers for defaults.

The Group does not make use of eligible collaterals and guarantees in its credit risk analysis.

4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

Table - 16. Counterparty Credit (PD-1.3.26 (b))

The following table summarises the counterparty credit risk exposure covered by collateral after the application of haircuts as of:

	31 December 2014 US$ '000	*31 December 2013 US$ '000*
Gross positive fair value of contracts	**17,624,166**	15,355,222
Netting Benefits	**-**	-
Netted Current Credit Exposure	**17,624,166**	15,355,222
Collateral held:		
Cash	**504,852**	458,379
Others	**5,379,610**	4,668,140
Real Estate	**12,542,003**	9,900,605
	18,426,465	15,027,124

The utilisation of the collaterals will be on a customer by customer basis and will be limited to the customer's total exposure.

4 RISK MANAGEMENT (continued)

c) Market risk

Market risk includes profit rate risk, displaced commercial risk, equity price risk and foreign exchange rate risk. The management of the Group have set limits on the level of risk that may be accepted. This is monitored by the local management at the subsidiary level.

Table – 17. Market Risk Capital Requirements (PD-1.3.27 (b))

The following table summarises the capital requirement for each category of market risk as of:

	31 December 2014		*31 December 2013*	
	Equity position risk US$ '000	***Foreign exchange risk US$ '000***	*Equity position risk US$ '000*	*Foreign exchange risk US$ '000*
Risk weighted exposure (RWE)	**-**	**1,199,247**	-	1,107,128
Capital requirements (12%)	**-**	**143,910**	-	132,855
Maximum value of RWE	**-**	**1,199,247**	-	1,107,128
Minimum value of RWE	**-**	**981,668**	-	871,496

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 IAH. The profit distribution to IAH is based on profit sharing agreements. Therefore, the Group is not subject to any significant profit rate risk.

Displaced Commercial Risk

The Group is exposed to displaced commercial risk in the event of having IAH profit rates that are lower than market rates. The Group has partially mitigated this risk through the setting up of reserves that will be used in case of a drop in IAH profit rates. The policies and procedures for displaced commercial risk are formulated and implemented at the individual subsidiary level.

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 Group's investment portfolio.

Equity-type instruments at fair value through equity and investments in real estate are kept for capital gain purposes.

If financial instruments qualify to be included in the trading book, these must not exceed 25% of the total subsidiary's assets portfolio. For equity securities, the subsidiaries are required to observe the sectoral concentration limits outlined by the Group and/or their local requirement in this respect. Since trading securities in the trading book would be under marked-to-market requirement, the Risk Manager at the subsidiary level should immediately bring to the Credit and Risk Management at the Group as well as the subsidiary's asset/liability committee any volatility of position's value that is 15% or higher than the subsidiary's eligible capital to decide upon the appropriate course of action.

4 RISK MANAGEMENT (continued)

c) Market risk (continued)

Table – 18. Equity Position Risk in Banking Book (PD-1.3.31 (b) (c) & (f))

The following table summarises the total and average gross exposure of equity based financing structures by types of financing contracts and investments as of 31 December 2014:

	Total gross exposure US$ '000	***Average gross exposure over the year US$ '000***	***Publicly held US$ '000***	***Privately held US$ '000***	***Capital requirement US$ '000***
Sukuk and similar items	**2,257,023**	**2,229,292**	**1,236,622**	**1,020,401**	**31,186**
Equity Investment	**131,494**	**122,719**	**64,429**	**67,065**	**80,305**
Managed funds	**31,968**	**27,902**	**21,290**	**10,678**	**3,345**
	2,420,485	**2,379,913**	**1,322,341**	**1,098,144**	**114,836**

The following table summarises the total and average gross exposure of equity based financing structures by types of financing contracts and investments as of 31 December 2013:

	Total gross exposure US$ '000	*Average gross exposure over the year US$ '000*	*Publicly held US$ '000*	*Privately held US$ '000*	*Capital requirement US$ '000*
Sukook and similar items	2,125,604	1,903,011	999,683	1,125,921	37,019
Equity Investment	113,037	142,516	72,015	41,022	45,275
Managed funds	24,839	45,706	16,401	8,438	6,075
	2,263,480	2,091,232	1,088,099	1,175,381	88,369

Table – 19. Equity gains or losses in banking book (PD-1.3.31 (d) and (e))

The following table summarises the cumulative realised and unrealised gains or losses during the year ended:

	31 December 2014 US$ '000	*31 December 2013 US$ '000*
Cumulative realised gains arising from sales or liquidations in the reporting year	**2,416**	3,391
Total unrealized losses recognised in the consolidated statement of financial positions but not through consolidated statement of income	**(1,887)**	(3,547)
Unrealised gross losses included in Tier 1 Capital	**(51,407)**	(51,056)
Unrealised gains included in Tier 1 Capital (45% only)	**223**	127
Unrealised gains included in Tier 2 Capital (45% only)	**22,284**	21,379

4 RISK MANAGEMENT (continued)

c) 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.

d) 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.

Table - 20. Operational risk exposure (PD-1.3.30 (a), (b) & (c))

The following table summarises the amount of exposure subject to basic indicator approach of operational risk and related capital requirements:

	Gross income			
	2014	*2013*	*2012*	*2011*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
Total Gross Income	**917,562**	909,484	879,770	729,987

	2014	*2013*
Indicators of operational risk		
Average Gross income (US$ '000)	**902,272**	839,747
Multiplier	**12.5**	12.5
	11,278,400	10,496,838
Eligible Portion for the purpose of the calculation	**15%**	15%
TOTAL OPERATIONAL RISK WEIGHTED EXPOSURE (US$ '000)	**1,691,760**	1,574,526

The Group has no material legal contingencies including pending legal action.

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 (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 Group's policy also lays out the Operational Risk Management structure and the roles of all staff associated with operational risk. The major functional roles are defined for:

– Risk Management Committee
– Head of Credit and Risk Management
– Head of Operational, Liquidity and Market Risk
– Various departments

4 RISK MANAGEMENT (continued)

d) Operational Risk (continued)

Operational Risk Management Framework (continued)

The Risk Control Self Assessment exercise is viewed as an important part of the Group's Operational Risk Framework. It is proposed to be conducted every year by the Risk Management Department in coordination with the Internal Audit Department. In addition, the assessment shall also be based on the severity of the residual risks identified through Internal Audit reviews.

The Key processes identified in a Risk Control Self Assessment are:

- Risk and Control Identification Process
- Measurement of Operational Risk Exposures
- Identifying Unacceptable Risk Exposures
- Risk Action Plans.

The Operational Risk framework will be subject to periodic internal audit.

5 CORPORATE GOVERNANCE

Code of business conduct and ethics for members of the board of directors

Purpose:
The primary objectives of the following Code of Business Conduct and Ethics (the "Code") is to enable each Director to focus on areas of ethical risks, to help them recognize and deal with ethical issues, to provide mechanisms for reporting unethical conduct, and to foster a culture of honesty and accountability within the Group.

Conflict of interest:
Each Director must avoid any situation which may give rise to a conflict between their interests and those of the Group. Any situation which either will or may involve, a conflict of interest should be disclosed promptly to the Board of Directors in writing in advance of the meeting or verbally in the meeting itself. The concerned Director shall abstain from any discussion or decision on the matter of question. A conflict of interest can occur when a Director's personal interest is adverse to, or appears to be, adverse to the interests of the Group. Conflicts of interest also arise when a Director, or a member of their immediate family, receives an improper personal benefit as a result of their position as a Director of the Group. Common conflicts which Directors must endeavor to avoid include, but are not limited to, the following:

1 Engagement in any conduct or activity which may conflict with the best interests of the Group, or which may disrupt or impair Group's standing with any person or entity with whom or which the Group has to proposes to enter into a business or contractual relationship.
2 Acceptance of compensation (in any form) for services performed in relation to the Group from any source other than from the Group.
3 Acceptance by them or any member of their family of gifts from persons or entities who or which deal with the Group where acceptance of such gifts could generate a sense of obligation and thereby create a potential conflict of interest.
4 Utilization of the Group's assets, employees or information for personal use without obtaining the prior approval of the Board of Directors.

Confidentiality:
Confidential information includes all non-public information relating to the Group, whether in written or in oral form. Directors are under continuous obligation to maintain the confidentiality of information entrusted directly to them by the Group and any other confidential information about the Group which comes to them, from whatever source, in their capacity as a Director. Directors may disclose confidential information if such disclosures are mandated by the law.

Compliance with Rules, Laws and Regulation:
Directors shall, at all times, comply with all laws, rules and regulations applicable to the Group, including insider trading laws.

Remuneration
The Group incentivise its Board members, executives and senior management and its Shari'a Board members in accordance to the remuneration policies and procedures approved by the Board. This policy links the incentives to the performance appraisal. The Group's corporate governance policy details the performance appraisal for the Board members.

The following table summarises remuneration of the Group's Directors, Shari'a Committee members, President & Chief Executive, Deputy Chief Executive and the Department Heads at Group Headquarters during the year ended:

5 CORPORATE GOVERNANCE (continued)

	31 December 2014 US$ '000	*31 December 2013 US$ '000*
Directors remuneration	**1,500**	1,000
Executive Management		
Salary and other remuneration, including meeting allowance	**4,914**	3,505
Fees	**129**	135
Bonuses	**709**	876
Benefits-in-kind	**1,508**	1,012
	7,260	5,528
Shari'a Committee Members fee and remuneration	**504**	354
	9,264	6,882

Complaints

The Group has adopted a special media approach to ensure that all the Group's stakeholders are well channelled through to the management. The contracted special media watch detect any news or complaints related to the Group and bring them to the attention of the Group's executive management.

Financial Penalty

During the year a financial penalty of USD 53,050 (BD 20,000) was paid to the CBB on account of late submission of the audited financial statements of two subsidiaries. The Group has submitted the audited financial statements of the two subsidiaries in draft form within the established deadlines. The reasons for such a delay were due to not finalising local regulatory approvals in the countries of the subsidiaries in question within the established deadlines by CBB.

Related party transactions

Related party transactions are governed by the Group corporate governance policy and individual subsidiaries' local rules and regulations. All related party transactions were conducted at arm's length.

External Auditors

The Board Audit Committee has continued to review the work carried out by the external auditors during the year, in particular timeliness of reporting, quality of work and related fees. Overall the Audit Committee believes that the work of the external auditors has been of a sufficiently high standard and that the fees are reasonable and therefore recommended to the Board and accordingly to the annual general meeting (AGM) to re-appoint the external auditors as auditor for the 2015 financial year. The AGM has approved the reappointment of the external auditor for the year 2014 on 23 March 2014 and the related regulatory approval were taken.

6 EQUITY OF INVESTMENT ACCOUNTHOLDERS DISCLOSURES

The Group is exposed to some of the price risk on assets funded by IAH. The CBB requires the Group to maintain capital to cover the price risk arising from 30% of assets funded by IAH on a pro-rata basis. IAH funds are invested and managed in accordance with Shari'a requirements.

Table – 21. Equity of IAH (PD-1.3.33 (a), (b) & (c))

The following table summarises the breakdown of IAH and return on IAH as of:

	31 December 2014 US$ '000	*31 December 2013 US$ '000*
IAH - Banks	**473,117**	441,176
IAH - Non-banks	**13,439,394**	11,827,042
Profit equalisation reserve (PER) - Banks	**451**	443
Profit equalisation reserve (PER) - Non-banks	**12,594**	11,683
Investment risk reserve (IRR) - Banks	**6,870**	4,038
Investment risk reserve (IRR) - Non-banks	**191,689**	106,386
Cumulative changes in fair value attributable to IAH	**15,677**	8,676
	14,139,792	12,399,444

Table – 22. Return on average IAH (PD-1.3.33 (d))

	2014 %	*2013 %*
Return on average IAH Equity	**5.2**	5.0
Return on average IAH Assets	**7.7**	7.6

Table – 23. Ratio by type of IAH (PD-1.3.33 (g))

	31 December 2014 %	*31 December 2013 %*
IAH - Banks	**3**	4
IAH - Non-banks	**97**	96

The appropriation percentage of IAH into profit equalisation reserve and investment risk reserve varies between each of the Group's subsidiary based on market conditions and applicable rules and regulations.

Table – 24. IAH by Islamic financing product type (PD-1.3.33 (h))

The following table summarises the percentage of IAH financing for each type of Shari'a-compliant contract to total IAH financing as of:

	31 December 2014 %	*31 December 2013 %*
Receivables	**81**	84
Mudaraba and Musharaka financing	**10**	8
Ijarah Muntahia Bittamleek	**9**	8

6 EQUITY OF INVESTMENT ACCOUNTHOLDERS DISCLOSURES (continued)

Table – 25. IAH by Counterparty Type (PD-1.3.33 (i))

The following table summarises the percentage of financing for each category of counterparty to total financing as of:

	31 December 2014 %	*31 December 2013 %*
Sovereign	**3**	2
Bank	**3**	3
Investment Firms	**8**	9
Corporates	**12**	15
Retail	**74**	71

IAH Share of Profit (PD-1.3.33 (e) & (q))

The Group's share of profit as a Mudarib for managing IAH and the IAHs' share of income is based on the terms and conditions of the related Mudaraba agreements. These Mudaraba agreements are done at the individual subsidiary level. The rates and return are highly variable based on each of the subsidiaries' local environment as well as local rules and regulations. Detailed disclosures on IAH returns are analysed at the local level.

Table – 26. IAH by type of Assets (PD-1.3.33 (r) & (s))

The following table summarises the types of assets in which the funds are invested, the actual allocation among various types of assets and the changes in the asset allocation in the last six months of the year ended:

	31 December 2014			*31 December 2013*		
	Opening actual allocation US$ '000	***Movement US$ '000***	***Closing actual allocation US$ '000***	*Opening actual allocation US$ '000*	*Movement US$ '000*	*Closing actual allocation US$ '000*
Cash and balances with banks	**4,539,698**	**448,224**	**4,987,922**	3,823,239	504,908	4,328,147
Receivables	**6,032,543**	**66,537**	**6,099,080**	5,440,607	132,904	5,573,511
Mudaraba and Musharaka financing	**564,519**	**157,475**	**721,994**	508,736	12,245	520,981
Investments	**1,320,961**	**61,572**	**1,382,533**	1,121,502	137,889	1,259,391
Ijarah Muntahia Bittamleek	**576,363**	**108,790**	**685,153**	457,821	51,116	508,937
Other assets	**219,459**	**43,651**	**263,110**	215,968	(7,491)	208,477
	13,253,543	**886,249**	**14,139,792**	11,567,873	831,571	12,399,444

6 EQUITY OF INVESTMENT ACCOUNTHOLDERS DISCLOSURES (continued)

Table – 27. Treatment of Assets financed by Equity of IAH (PD-1.3.33 (v))

The following table summarises the treatment of assets financed by IAH in the calculation of risk weighted assets (RWA) for capital adequacy purposes as of:

	31 December 2014			*31 December 2013*		
Type of Claims	***RWA US$ '000***	***RWA for capital adequacy purposes US$ '000***	***Capital charges US$ '000***	*RWA US$ '000*	*RWA for capital adequacy purposes US$ '000*	*Capital charges US$ '000*
Claims on Sovereign	**1,439,036**	**431,711**	**51,805**	846,446	253,934	30,472
Claims on PSEs	**11,266**	**3,380**	**406**	1,845	554	66
Claims on MDBs	**-**	**-**	**-**	10,075	3,023	363
Claims on Banks	**308,160**	**92,448**	**11,094**	64,082	19,225	2,307
Claims on Corporates	**6,118,721**	**1,835,616**	**220,274**	5,139,529	1,541,859	185,023
Claims on Investment Firms	**760**	**228**	**27**	-	-	-
Regulatory Retail Portfolio	**843,874**	**253,162**	**30,379**	689,985	206,996	24,840
Mortgage	**857,823**	**257,347**	**30,882**	774,937	232,481	27,898
Past due facilities	**107,195**	**32,159**	**3,859**	158,001	47,400	5,688
Investment in securities	**334,446**	**100,334**	**12,040**	294,028	88,208	10,585
Holding of Real Estates	**254,820**	**76,446**	**9,174**	194,470	58,341	7,001
Other Assets	**341,660**	**102,498**	**12,300**	577,724	173,317	20,798
	10,617,761	**3,185,329**	**382,240**	8,751,122	2,625,338	315,041

7 OFF-BALANCE SHEET EQUITY OF INVESTMENT ACCOUNTHOLDERS

Off-balance sheet equity of investment accountholders funds are invested and managed in accordance with Shari'a requirements.

The Group as fund manager will manage and administer the investment account in a proper, diligent and efficient manner in accordance with applicable laws and local regulations.

The Group has appropriate procedures and controls in place commensurate to the size of its portfolio which includes:

(a) Organizing its internal affairs in a responsible manner, ensuring it has appropriate internal controls and risk management systems and procedures and controls designed to mitigate and manage such risks:

(b) Observing high standards of integrity and fair dealing in managing the scheme to the best interest of its investors; and

(c) Ensuring that the Group has the requisite level of knowledge and experience for the tasks that is undertaken and is competent for the work undertaken.

7 OFF-BALANCE SHEET EQUITY OF INVESTMENT ACCOUNTHOLDERS (continued)

Table – 28. Off-balance sheet equity of IAH by Islamic Financing product type (PD-1.3.33 (h))

The following table summarises the percentage of financing for each type of Shari'a-compliant contract to total financing as of:

	31 December 2014	*31 December 2013*
	%	*%*
Receivables	**38**	20
Mudaraba and Musharaka financing	**62**	80

Table – 29. Off-balance sheet equity of IAH by Counterparty Type (PD-1.3.33 (i))

The following table summarises the percentage of financing for each category of counterparty to total financing as of:

	31 December 2014	*31 December 2013*
	%	*%*
Sovereign	**18**	2
Investment Firms	**5**	6
Bank	**28**	39
Corporates	**19**	11
Retail	**30**	42

Off-Balance Sheet Equity of IAH Share of Profit (PD-1.3.33 (e) & (q))

The Group's share of profit as a Mudarib for managing IAH and off-balance sheet IAH's share of income is based on the terms and conditions of the related mudaraba agreements. These mudaraba agreements are done at the individual subsidiary level. The rates and return are highly variable based on each of the subsidiaries' local environment as well as local rules and regulations. Detailed disclosures on off-balance sheet equity of investment accountholders' returns are analysed at the local level.