

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**31 MARCH 2013 (UNAUDITED)**

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF  
AL BARAKA BANKING GROUP B.S.C.**

*Introduction*

We have reviewed the accompanying interim consolidated statement of financial position of Al Baraka Banking Group B.S.C. (the "Bank") and its subsidiaries (the "Group") as at 31 March 2013, and the related interim consolidated statements of income, cash flows, changes in owners' equity and changes in off-balance sheet equity of investment accountholders for the three month period then ended and explanatory notes. The Board of Directors and management are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies in note 2. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

*Scope of Review*

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

*Conclusion*

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



12 May 2013  
Manama, Kingdom of Bahrain


# Al Baraka Banking Group B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013 (Unaudited)

		<i>Audited</i>
	<b>31 March</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
<i>Notes</i>	<b>US\$ '000</b>	<b>US\$ '000</b>
<b>ASSETS</b>		
Cash and balances with banks	<b>4,319,395</b>	3,927,583
Receivables	<b>10,547,937</b>	10,462,501
Mudaraba and Musharaka financing	<b>897,882</b>	953,554
Investments	<b>2,092,315</b>	2,183,754
Ijarah Muntahia Bittamleek	<b>783,920</b>	719,619
Property and equipment	<b>391,188</b>	386,496
Other assets	<b>435,070</b>	421,624
<b>TOTAL ASSETS</b>	<b>19,467,707</b>	<b>19,055,131</b>
<b>LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY</b>		
<b>LIABILITIES</b>		
Customer current and other accounts	<b>3,879,134</b>	3,820,735
Due to banks	<b>1,125,537</b>	972,280
Other liabilities	<b>786,690</b>	689,808
<b>Total liabilities</b>	<b>5,791,361</b>	<b>5,482,823</b>
<b>EQUITY OF INVESTMENT ACCOUNTHOLDERS</b>	<b>11,730,474</b>	<b>11,604,628</b>
<b>OWNERS' EQUITY</b>		
Share capital	<b>1,048,291</b>	1,014,475
Treasury shares	<b>(8,415)</b>	(8,475)
Share premium	<b>16,492</b>	16,352
Reserves	<b>119,047</b>	121,253
Cumulative changes in fair values	<b>(1,701)</b>	(3,636)
Foreign currency translations	<b>(154,806)</b>	(133,591)
Retained earnings	<b>255,008</b>	218,222
Proposed appropriations	<b>-</b>	69,323
<b>Equity attributable to parent's shareholders</b>	<b>1,273,916</b>	<b>1,293,923</b>
Non-controlling interest	<b>671,956</b>	673,757
<b>Total owners' equity</b>	<b>1,945,872</b>	<b>1,967,680</b>
<b>TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY</b>	<b>19,467,707</b>	<b>19,055,131</b>

  
 Saleh Abdullah Kamel  
 Chairman

  
 Adnan Ahmed Yousif  
 Member of the Board and  
 President and Chief Executive

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

# Al Baraka Banking Group B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three months ended 31 March 2013 (Unaudited)

	<i>Three months ended</i>	
	<b>31 March 2013 US\$ '000</b>	<b>31 March 2012 US\$ '000</b>
<b>Income</b>		
Net income from jointly financed contracts and investments	261,519	232,727
Return on equity of investment accountholders before Group's share as a Mudarib	(223,168)	(204,882)
Group's share as a Mudarib	77,313	54,075
Return on equity of investment accountholders	(145,855)	(150,807)
Group's share of income from equity of investment accountholders (as a Mudarib and Rabalmaal)	115,664	81,920
Mudarib share for managing off-balance sheet equity of investment accountholders	406	420
Net income from self financed contracts and investments	53,820	48,500
Other fees and commission income	42,049	48,074
Other operating income	21,130	22,576
<b>TOTAL OPERATING INCOME</b>	<b>233,069</b>	<b>201,490</b>
Staff expenses	73,100	61,599
Depreciation and amortisation	9,435	7,750
Other operating expenses	34,981	34,617
<b>TOTAL OPERATING EXPENSES</b>	<b>117,516</b>	<b>103,966</b>
<b>NET INCOME FOR THE PERIOD BEFORE PROVISIONS AND TAXATION</b>	<b>115,553</b>	<b>97,524</b>
Provisions	(24,268)	(21,728)
<b>NET INCOME FOR THE PERIOD BEFORE TAXATION</b>	<b>91,285</b>	<b>75,796</b>
Taxation	(25,537)	(18,411)
<b>NET INCOME FOR THE PERIOD</b>	<b>65,748</b>	<b>57,385</b>
Attributable to:		
Equity holders of the parent	36,815	32,610
Non-controlling interest	28,933	24,775
	<b>65,748</b>	<b>57,385</b>
Basic and diluted earnings per share - US cents (note 11)	<b>3.54</b>	<b>3.13</b>



Saleh Abdullah Kamel  
Chairman



Adnan Ahmed Yousif  
Member of the Board and  
President and Chief Executive

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

# Al Baraka Banking Group B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2013 (Unaudited)

	<b>31 March 2013 US\$ '000</b>	<b>31 March 2012 US\$ '000</b>
<b>OPERATING ACTIVITIES</b>		
Net income for the period before taxation	91,285	75,796
Adjustments for:		
Depreciation and amortisation	9,435	7,750
Depreciation on Ijarah Muntahia Bittamleek	44,354	41,830
Unrealised gain on equity-type instruments at fair value through statement of income	(459)	(709)
Gain on sale of property and equipment	(567)	(1,391)
Gain on sale of investment properties	(264)	(420)
Gain on equity-type instruments at fair value through statement of income	(5)	-
Provisions	24,268	21,728
Income from associates	(388)	(870)
Operating profit before changes in operating assets and liabilities	<u>167,659</u>	<u>143,714</u>
Net changes in operating assets and liabilities:		
Reserves with Central Banks	(231,466)	(81,359)
Receivables	(82,248)	(806,520)
Mudaraba and Musharaka financing	54,277	91,574
Ijarah Muntahia Bittamleek	(108,655)	(73,839)
Other assets	(14,555)	(45,776)
Customer current and other accounts	58,399	(57,004)
Due to banks	153,257	64,096
Other liabilities	20,312	(37,236)
Equity of investment accountholders	125,774	272,853
Taxation paid	(14,080)	(42,876)
Net cash from (used in) operating activities	<u>128,674</u>	<u>(572,373)</u>
<b>INVESTING ACTIVITIES</b>		
Net disposal (purchase) of investments	96,555	186,877
Net purchase of property and equipment	(12,491)	(30,172)
Dividend received from associates	653	870
Net purchase of investment in associates	(2,404)	-
Net cash from investing activities	<u>82,313</u>	<u>157,575</u>
<b>FINANCING ACTIVITIES</b>		
Net movement in treasury shares	200	259
Net changes in non-controlling interest	(16,048)	(15,154)
Net cash used in financing activities	<u>(15,848)</u>	<u>(14,895)</u>
Foreign currency translation adjustments	(34,793)	26,077
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>160,346</u>	<u>(403,616)</u>
Cash and cash equivalents at 1 January	1,950,294	2,996,990
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<u><u>2,110,640</u></u>	<u><u>2,593,374</u></u>
For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents comprise of the following:		
Balances with Central Banks (excluding mandatory reserves)	864,964	1,375,686
Balances with other banks	877,476	793,137
Cash and cash in transit	368,200	424,551
	<u><u>2,110,640</u></u>	<u><u>2,593,374</u></u>

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the three months ended 31 March 2013 (Unaudited)

	Attributable to the equity holders of the parent											
	Reserves				Cumulative changes in fair values US\$ '000	Foreign currency translation US\$ '000	Retained earnings US\$ '000	Proposed appropriations US\$ '000	Total US\$ '000	Non-controlling interest US\$ '000	Total owners' equity US\$ '000	
	Share capital US\$ '000	Treasury shares US\$ '000	Share premium US\$ '000	Statutory reserve US\$ '000								Other reserves US\$ '000
At 1 January 2013	1,014,475	(8,475)	16,352	78,687	42,566	(3,636)	(133,591)	218,222	69,323	1,293,923	673,757	1,967,680
Dividends declared (note 11)	-	-	-	-	-	-	-	-	(35,507)	(35,507)	-	(35,507)
Bonus shares issued (note 11)	33,816	-	-	-	-	-	-	-	(33,816)	-	-	-
Net movement in treasury shares	-	60	140	-	-	-	-	-	-	200	-	200
Net movement in cumulative change in fair value	-	-	-	-	-	1,935	-	-	-	1,935	333	2,268
Net movement in other reserves	-	-	-	-	(2,206)	-	-	-	-	(2,206)	(1,470)	(3,676)
Foreign currency translation	-	-	-	-	-	-	(21,215)	-	-	(21,215)	(13,578)	(34,793)
Net income for the period	-	-	-	-	-	-	-	36,815	-	36,815	28,933	65,748
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(16,048)	(16,048)
Effects of acquisition of non-controlling interest	-	-	-	-	-	-	-	(29)	-	(29)	29	-
<b>At 31 March 2013</b>	<b>1,048,291</b>	<b>(8,415)</b>	<b>16,492</b>	<b>78,687</b>	<b>40,360</b>	<b>(1,701)</b>	<b>(154,806)</b>	<b>255,008</b>	<b>-</b>	<b>1,273,916</b>	<b>671,956</b>	<b>1,945,872</b>

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

AI Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the three months ended 31 March 2013 (Unaudited)

	Attributable to the equity holders of the parent											
	Reserves											
	Share capital US\$ '000	Treasury Shares US\$ '000	Share premium US\$ '000	Statutory reserve US\$ '000	Other reserves US\$ '000	Cumulative changes in fair values US\$ '000	Foreign currency translation US\$ '000	Retained earnings US\$ '000	Proposed appropriations US\$ '000	Total US\$ '000	Non-controlling interest US\$ '000	Total owners' equity US\$ '000
At 1 January 2012	869,550	(7,319)	16,420	65,384	39,223	(10,910)	(112,163)	167,584	175,359	1,203,128	596,022	1,799,150
Dividends declared (note 11)	-	-	-	-	-	-	-	-	(30,434)	(30,434)	-	(30,434)
Bonus shares issued (note 11)	144,925	-	-	-	-	-	-	-	(144,925)	-	-	-
Net movement in treasury shares	-	(1,179)	(23)	-	-	-	-	1,461	-	259	-	259
Net movement in cumulative change in fair value	-	-	-	-	-	1,372	-	-	-	1,372	346	1,718
Net movement in other reserves	-	-	-	-	872	-	-	(514)	-	358	185	543
Foreign currency translation	-	-	-	-	-	-	18,647	-	-	18,647	7,431	26,078
Net income for the period	-	-	-	-	-	-	-	32,610	-	32,610	24,775	57,385
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(15,155)	(15,155)
Effects of acquisition of non-controlling interest	-	-	-	-	-	-	-	26	-	26	(26)	-
At 31 March 2012	1,014,475	(8,498)	16,397	65,384	40,095	(9,538)	(93,516)	201,167	-	1,225,966	613,578	1,839,544

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

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

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

For the three months ended 31 March 2013 (Unaudited)

	Cash US\$ '000	Sales receivables US\$ '000	Mudaraba financing US\$ '000	Investment in real estate US\$ '000	Investments US\$ '000	Others US\$ '000	Total US\$ '000
<b>At 1 January 2013</b>	<b>57,403</b>	<b>84,056</b>	<b>206,123</b>	<b>34,220</b>	<b>153,856</b>	<b>63,137</b>	<b>598,795</b>
Deposits	62,051	11,759	255,268	2,292	45,528	90,136	467,034
Withdrawals	(30,521)	(28,069)	(231,808)	(9)	(51,450)	(76,252)	(418,109)
Income net of expenses	-	350	829	-	605	223	2,007
Mudarib's share	-	(238)	-	-	(19)	(149)	(406)
Foreign exchange translation	-	-	-	-	64	(4,150)	(4,086)
<b>At 31 March 2013</b>	<b>88,933</b>	<b>67,858</b>	<b>230,412</b>	<b>36,503</b>	<b>148,584</b>	<b>72,945</b>	<b>645,235</b>
<b>At 1 January 2012</b>	<b>17,189</b>	<b>105,361</b>	<b>200,702</b>	<b>35,310</b>	<b>126,381</b>	<b>38,185</b>	<b>523,128</b>
Deposits	63,246	199,583	231,030	-	26,151	39,295	559,305
Withdrawals	(2,920)	(188,565)	(286,321)	(3,770)	(26,272)	(23,261)	(531,109)
Income net of expenses	-	489	576	-	468	144	1,677
Mudarib's share	-	(317)	-	-	(40)	(63)	(420)
Foreign exchange translation	-	-	-	-	9	(4,128)	(4,119)
<b>At 31 March 2012</b>	<b>77,515</b>	<b>116,551</b>	<b>145,987</b>	<b>31,540</b>	<b>126,697</b>	<b>50,172</b>	<b>548,462</b>

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.



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

31 March 2013 (Unaudited)

**1 ACTIVITIES**

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.

**2 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**Basis of Preparation**

The interim condensed consolidated financial statements for the three months ended 31 March 2013 have been prepared in accordance with the guidance given by the International Accounting Standard 34 - "Interim Financial Reporting". The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements as at 31 December 2012. In addition, results for the three months ended 31 March 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

The annual consolidated financial statements for the year ended 31 December 2012 were prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ('AAOIFI'), the Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Group, the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law and the CBB Rule Book (Volume 2 and applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions and rules and procedures of the Bahrain Bourse. For matters which are not covered by the AAOIFI standards including "Interim Financial Reporting," the Group uses the International Financial Reporting Standards.

The interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at and for the period ended 31 March 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, 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.

**Significant accounting policies**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2012 except for the following:

**New accounting standard**

During 2012, AAOIFI issued new Financial Accounting Standard (FAS 26) "Investment in real estate", which is effective as of 1 January 2013.

The adoption of FAS 26 had no effect on the classification and measurement of the Groups investments in real estate.

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

These interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 12 May 2013.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2013 (Unaudited)

**3 RECEIVABLES**

	<b>31 March 2013 US\$ '000</b>	<i>Audited</i> <b>31 December 2012 US\$ '000</b>
Sales (Murabaha) receivables	10,363,061	10,297,161
Ijarah receivables	21,409	32,587
Salam receivables	136,168	106,400
Istisna'a receivables	27,299	26,353
	<b>10,547,937</b>	<b>10,462,501</b>

**4 MUDARABA AND MUSHARAKA FINANCING**

	<b>31 March 2013 US\$ '000</b>	<i>Audited</i> <b>31 December 2012 US\$ '000</b>
Mudaraba financing	506,291	557,787
Musharaka financing	391,591	395,767
	<b>897,882</b>	<b>953,554</b>

**5 INVESTMENTS**

	<b>31 March 2013 US\$ '000</b>	<i>Audited</i> <b>31 December 2012 US\$ '000</b>
Equity-type instruments at fair value through statement of income (5.1)	45,440	14,492
Equity-type instruments at fair value through equity (5.2)	133,932	175,137
Debt-type instruments at amortised cost (5.3)	1,748,695	1,831,118
	<b>1,928,067</b>	<b>2,020,747</b>
Investment in real estate (5.4)	126,432	127,829
Investment in associates	37,816	35,178
	<b>2,092,315</b>	<b>2,183,754</b>

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

31 March 2013 (Unaudited)

**5 INVESTMENTS (continued)**

**5.1 Equity-type instruments at fair value through statement of income**

	<b>31 March 2013 US\$ '000</b>	<i>Audited</i> <b>31 December 2012 US\$ '000</b>
Quoted investments	<u>42,219</u>	<u>14,492</u>
Unquoted investments	<u>3,221</u>	<u>-</u>
	<u><b>45,440</b></u>	<u><b>14,492</b></u>

**5.2 Equity-type instruments at fair value through equity**

	<b>31 March 2013 US\$ '000</b>	<i>Audited</i> <b>31 December 2012 US\$ '000</b>
<b>Quoted investment</b>		
Equities	53,972	53,756
Managed funds	29,632	31,529
	<u>83,604</u>	<u>85,285</u>
<b>Unquoted investments</b>		
Equities	37,258	78,281
Managed funds	29,886	28,380
	<u>67,144</u>	<u>106,661</u>
Provisions	<u>(16,816)</u>	<u>(16,809)</u>
	<u><b>133,932</b></u>	<u><b>175,137</b></u>

**5.3 Debt-type instruments at amortised cost**

	<b>31 March 2013 US\$ '000</b>	<i>Audited</i> <b>31 December 2012 US\$ '000</b>
<b>Quoted investment</b>		
Sukook and similar items	827,318	763,903
	<u>827,318</u>	<u>763,903</u>
<b>Unquoted investments</b>		
Sukook and similar items	924,332	1,070,592
	<u>924,332</u>	<u>1,070,592</u>
Provisions	<u>(2,955)</u>	<u>(3,377)</u>
	<u><b>1,748,695</b></u>	<u><b>1,831,118</b></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2013 (Unaudited)

5 INVESTMENTS (continued)

5.3 Debt-type instruments at amortised cost (continued)

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 which have fair values amounting to USD 1,758 million).

5.4 Investment in real estate

	<b>31 March 2013 US\$ '000</b>	<i>Audited</i> <b>31 December 2012 US\$ '000</b>
Land	48,339	47,725
Buildings	78,093	80,104
	<b>126,432</b>	<b>127,829</b>

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

	<b>31 March 2013 US\$ '000</b>	<i>Audited</i> <b>31 December 2012 US\$ '000</b>
Beginning balance of the period/ year	127,829	128,111
Acquisition	4,179	15,595
Net loss from fair value adjustments	(288)	(93)
Disposal	(743)	(6,739)
Foreign exchange translation / others - net	(4,544)	(9,046)
	<b>(1,397)</b>	<b>(282)</b>
Ending balance of the period/ year	<b>126,432</b>	<b>127,829</b>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

STATEMENTS

31 March 2013 (Unaudited)

**6 OTHER ASSETS**

	<i>Audited</i>
	<i>31 March 2013</i>
	<i>31 December 2012</i>
	<i>US\$ '000</i>
Bills receivables	146,261
Goodwill and intangible assets	107,554
Collateral pending sale	80,792
Prepayments	49,206
Deferred taxation	31,445
Good faith qard fund	11,066
Others	24,177
	<b>450,501</b>
Provisions	<b>(15,431)</b>
	<b>435,070</b>

**7 OTHER LIABILITIES**

	<i>Audited</i>
	<i>31 March 2013</i>
	<i>31 December 2012</i>
	<i>US\$ '000</i>
Payables	399,877
Cash margins	124,987
Manager cheques	17,544
Other provisions	45,698
Current taxation	58,408
Deferred taxation	12,549
Accrued expenses	49,802
Charity fund	2,445
Others	75,380
	<b>786,690</b>

**8 COMMITMENTS AND CONTINGENCIES**

	<i>Audited</i>
	<i>31 March 2013</i>
	<i>31 December 2012</i>
	<i>US\$ '000</i>
Letters of credit	1,278,551
Guarantees	2,938,110
Acceptances	130,569
Undrawn Commitments	885,815
Others	217
	<b>5,233,262</b>

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

31 March 2013 (Unaudited)

**9 RELATED PARTY TRANSACTIONS**

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

The income and expenses in respect of 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	Three months ended	
					31 March 2013 US\$ '000	31 March 2012 US\$ '000
Net (loss) income from jointly financed contracts and investments	645	(1,827)	31	-	(1,151)	235
Net income from self financed contracts and investments	-	77	-	-	77	-
Return on equity of investment accountholders	-	22	129	-	151	248
Other fees and commission income	8	-	-	-	8	20

The significant balances with 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	Audited	
					31 March 2013 US\$ '000	31 December 2012 US\$ '000
<b>Assets</b>						
Receivables	48,930	-	660	-	49,590	60,451
Mudaraba and Musharaka financing	-	5,930	978	-	6,908	8,517
Investments	15,417	6,058	252	-	21,727	53,278
Ijarah Muntahia Bittamleek	-	-	470	-	470	502
Other assets	-	10,207	578	183	10,968	1,327
<b>Liabilities</b>						
Customer current and other accounts	4,003	3,632	1,388	142	9,165	9,488
Due to banks	-	29,688	-	-	29,688	20,086
Other liabilities	2,070	31	285	-	2,386	2,811
Equity of investment accountholders	6,290	5,986	9,071	68	21,415	20,526
Off-balance sheet equity of investment accountholders	10,189	8,785	2,113	700	21,787	20,934

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

All related party transactions were conducted on arm's length basis.



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

31 March 2013 (Unaudited)

**12 SEGMENTAL INFORMATION**

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

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

- Middle East
- North Africa
- Europe
- Others

The results reported for the geographic segments are based on the Group's internal financial reporting systems. The accounting policies of the segments are the same as those applied in the preparation of the Group's interim condensed consolidated financial statements as set out in note 2. Transactions between segments are conducted at estimated market rates on an arm's length basis.

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

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

Segment	31 March 2013			Audited 31 December 2012		
	Assets US\$ '000	Liabilities US\$ '000	Equity of investment accountholders US\$ '000	Assets US\$ '000	Liabilities US\$ '000	Equity of investment accountholders US\$ '000
Middle East	8,272,641	2,352,044	5,118,638	8,360,928	2,228,323	5,316,442
North Africa	2,378,546	1,044,331	1,015,502	2,385,801	979,449	1,060,280
Europe	7,363,496	2,006,432	4,647,881	6,874,838	1,936,161	4,250,096
Others	1,453,024	388,554	948,453	1,433,564	338,890	977,810
	<b>19,467,707</b>	<b>5,791,361</b>	<b>11,730,474</b>	<b>19,055,131</b>	<b>5,482,823</b>	<b>11,604,628</b>

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

Segment	Three months ended 31 March 2013			Three months ended 31 March 2012		
	Total operating income US\$ '000	Net operating income US\$ '000	Net income US\$ '000	Total operating income US\$ '000	Net operating income US\$ '000	Net income US\$ '000
Middle East	79,099	36,109	20,383	75,428	39,826	17,527
North Africa	31,926	18,988	12,973	30,938	19,004	13,812
Europe	105,531	55,232	30,466	79,022	35,793	23,694
Others	16,513	5,224	1,926	16,102	2,901	2,352
	<b>233,069</b>	<b>115,553</b>	<b>65,748</b>	<b>201,490</b>	<b>97,524</b>	<b>57,385</b>

**13 COMPARATIVE FIGURES**

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