

Al Baraka Banking Group B.S.C.
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
30 SEPTEMBER 2014 (REVIEWED)



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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 (together the "Group") as at 30 September 2014, and the related interim consolidated statements of income, cash flows, changes in owners' equity and changes in off-balance sheet equity of investment accountholders / sukuk holders for the nine-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 disclosed 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 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 disclosed in note 2.


10 November 2014
Manama, Kingdom of Bahrain


Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014 (Reviewed)

		<i>Audited</i>
	30 September	31 December
	2014	2013
<i>Notes</i>	US\$ '000	US\$ '000
ASSETS		
Cash and balances with banks	5,303,849	4,797,487
Receivables	11,342,707	10,818,219
Mudaraba and Musharaka financing	1,311,698	1,192,125
Investments	2,452,880	2,402,830
Ijarah Muntahia Bittamleek	1,325,662	942,048
Property and equipment	354,744	405,880
Other assets	453,722	408,970
TOTAL ASSETS	22,545,262	20,967,559
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY		
LIABILITIES		
Customer current and other accounts	4,349,832	4,249,181
Due to banks	1,202,146	1,095,868
Long term financing	492,181	540,680
Other liabilities	831,404	698,999
Total liabilities	6,875,563	6,584,728
EQUITY OF INVESTMENT ACCOUNTHOLDERS	13,638,585	12,399,444
OWNERS' EQUITY		
Share capital	1,093,869	1,048,291
Treasury shares	(8,442)	(8,123)
Share premium	17,327	16,753
Reserves	130,913	131,684
Cumulative changes in fair values	(2,263)	(2,380)
Foreign currency translations	(283,455)	(232,928)
Retained earnings	378,605	263,086
Proposed appropriations	-	82,268
Equity attributable to parent's shareholders	1,326,554	1,298,651
Non-controlling interest	704,560	684,736
Total owners' equity	2,031,114	1,983,387
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY	22,545,262	20,967,559


 Saleh Abdullah Kamel
 Chairman


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

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the nine months ended 30 September 2014 (Reviewed)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Income				
Net income from jointly financed contracts and investments	293,235	247,855	854,989	772,039
Return on equity of investment accountholders before Group's share as a Mudarib	(236,300)	(216,890)	(722,929)	(686,043)
Group's share as a Mudarib	57,871	74,379	211,808	231,841
Return on equity of investment accountholders	(178,429)	(142,511)	(511,121)	(454,202)
Group's share of income from equity of investment accountholders (as a Mudarib and Rabalmaal)	114,806	105,344	343,868	317,837
Mudarib share for managing off-balance sheet equity of investment accountholders and incentive fee	4,726	374	8,215	1,974
Net income from self financed contracts and investments	63,179	62,136	171,667	173,877
Profit paid on long term financing	(11,322)	(4,395)	(21,641)	(6,741)
Other fees and commission income	43,360	37,915	131,037	131,828
Other operating income	13,435	4,844	40,315	57,382
TOTAL OPERATING INCOME	228,184	206,218	673,461	676,157
Staff expenses	71,497	68,254	218,831	209,264
Depreciation and amortisation	11,258	9,650	32,371	28,843
Other operating expenses	41,970	35,450	125,191	117,855
TOTAL OPERATING EXPENSES	124,725	113,354	376,393	355,962
NET INCOME FOR THE PERIOD BEFORE NET PROVISIONS AND TAXATION	103,459	92,864	297,068	320,195
Net provisions	(14,076)	(14,093)	(14,754)	(51,711)
NET INCOME FOR THE PERIOD BEFORE TAXATION	89,383	78,771	282,314	268,484
Taxation	(25,384)	(21,558)	(75,453)	(71,349)
NET INCOME FOR THE PERIOD	63,999	57,213	206,861	197,135
Attributable to:				
Equity holders of the parent	35,059	33,385	115,518	112,448
Non-controlling interest	28,940	23,828	91,343	84,687
	63,999	57,213	206,861	197,135
Basic and diluted earnings per share - US cents (note 11)	3.23	3.08	10.64	10.36



Saleh Abdullah Kamel
Chairman



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

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2014 (Reviewed)

	<i>Nine months ended</i>	
	30 September 2014 US\$ '000	30 September 2013 US\$ '000
OPERATING ACTIVITIES		
Net income for the period before taxation	282,314	268,484
Adjustments for:		
Depreciation and amortisation	32,371	28,843
Depreciation on Ijarah Muntahia Bittamleek	68,622	29,772
Unrealised gain on equity and debt-type instruments at fair value through statement of income	(111)	(223)
Gain on disposal of property and equipment	(4,305)	(2,026)
Gain on disposal of investment in real estate	(600)	(458)
Gain on disposal of equity-type instruments at fair value through equity	(2,061)	(487)
Gain on disposal of equity and debt-type instruments at fair value through statement of income	(537)	(2,068)
Net provisions	14,753	51,711
Income from associates	(1,683)	(1,882)
Operating profit before changes in operating assets and liabilities	388,763	371,666
Net changes in operating assets and liabilities:		
Reserves with Central Banks	51,374	(172,005)
Receivables	(556,086)	(372,072)
Mudaraba and Musharaka financing	(116,275)	(77,686)
Ijarah Muntahia Bittamleek	(452,235)	(201,434)
Other assets	(45,458)	(16,991)
Customer current and other accounts	100,651	87,784
Due to banks	106,278	35,566
Other liabilities	138,895	94,567
Equity of investment accountholders	1,234,084	137,109
Taxation paid	(73,473)	(51,157)
Net cash from (used in) operating activities	776,518	(164,653)
INVESTING ACTIVITIES		
Net purchase of investments	(25,242)	(123,465)
Net disposal (purchase) of property and equipment	28,381	(20,925)
Dividend received from associates	1,281	938
Net purchase of investment in associates	(16,573)	(144)
Net cash used in investing activities	(12,153)	(143,596)
FINANCING ACTIVITIES		
Dividends paid to equity holders of the parent	(36,690)	(35,507)
Net movement in treasury shares	256	457
Long term financing	(48,499)	464,714
Net change in non-controlling interest	(33,862)	(25,674)
Net cash (used in) from financing activities	(118,795)	403,990
Foreign currency translation adjustments	(87,835)	(151,247)
NET CHANGE IN CASH AND CASH EQUIVALENTS	557,735	(55,506)
Cash and cash equivalents at 1 January	2,304,753	1,950,293
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER (note 14)	2,862,488	1,894,787

The attached notes 1 to 15 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 nine months ended 30 September 2014 (Reviewed)

	Attributable to the equity holders of the parent											
	Reserves			Cumulative changes in fair values		Foreign currency translation	Retained earnings	Proposed appropriations	Total	Non-controlling interest	Total owners' equity	
	Share capital	Treasury shares	Share premium	Statutory reserve	Other reserves	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
At 1 January 2014	1,048,291	(8,123)	16,753	93,138	38,546	(2,380)	(232,928)	263,086	82,268	1,298,651	684,736	1,983,387
Dividends declared (note 12)	-	-	-	-	-	-	-	-	(36,690)	(36,690)	-	(36,690)
Bonus shares issued (note 12)	45,578	-	-	-	-	-	-	-	(45,578)	-	-	-
Net movement in treasury shares	-	(319)	574	-	-	-	-	-	-	255	-	255
Net movement in cumulative changes in fair values	-	-	-	-	-	117	-	-	-	117	38	155
Net movement in other reserves	-	-	-	-	(771)	-	-	-	-	(771)	(385)	(1,156)
Foreign currency translation	-	-	-	-	-	(50,527)	-	-	-	(50,527)	(37,308)	(87,835)
Net income for the period	-	-	-	-	-	-	-	115,518	-	115,518	91,343	206,861
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(37,952)	(37,952)
Effects of acquisition of non-controlling interest	-	-	-	-	-	-	-	1	-	1	(1)	-
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	-	4,089	4,089
At 30 September 2014	1,093,869	(8,442)	17,327	93,138	37,775	(2,263)	(283,455)	378,605	-	1,326,554	704,560	2,031,114

The attached notes 1 to 15 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 nine months ended 30 September 2014 (Reviewed)

	Attributable to the equity holders of the parent											
	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 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 12)	-	-	-	-	-	-	-	-	(35,507)	(35,507)	-	(35,507)
Bonus shares issued (note 12)	33,816	-	-	-	-	-	-	-	(33,816)	-	-	-
Net movement in treasury shares	-	54	403	-	-	-	-	-	-	457	-	457
Net movement in cumulative changes in fair values	-	-	-	-	-	677	-	-	-	677	124	801
Net movement in other reserves	-	-	-	-	(1,652)	-	-	-	-	(1,652)	(1,142)	(2,794)
Foreign currency translation	-	-	-	-	-	-	(85,771)	-	-	(85,771)	(65,476)	(151,247)
Net income for the period	-	-	-	-	-	-	-	112,448	-	112,448	84,687	197,135
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(25,674)	(25,674)
Effects of acquisition of non-controlling interest	-	-	-	-	-	-	-	1	-	1	(1)	-
At 30 September 2013	1,048,291	(8,421)	16,755	78,687	40,914	(2,959)	(219,362)	330,671	-	1,284,576	666,275	1,950,851

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

AI Baraka Banking Group B.S.C.

INTERIM STATEMENT OF CHANGES IN OFF-BALANCE SHEET EQUITY OF INVESTMENT ACCOUNTHOLDERS /
SUKUK HOLDERS

For the nine months ended 30 September 2014 (Reviewed)

ACCOUNTHOLDERS:

	Cash US\$ '000	Sales receivables US\$ '000	Mudaraba financing US\$ '000	Investment in real estate US\$ '000	Ijarah Muntahia Bittamleek US\$ '000	Investments US\$ '000	Others US\$ '000	Total US\$ '000
At 1 January 2014	106,868	69,860	282,380	50,459	27,835	155,608	21,238	714,248
Deposits	50,137	130,434	994,647	33	11,690	109,665	78,594	1,375,200
Withdrawals	(74,104)	(76,758)	(913,394)	(13,110)	(2,183)	(109,841)	(69,097)	(1,258,487)
Income net of expenses	-	5,629	3,564	250	1,282	5,775	632	17,132
Mudarib's share	-	(2,926)	(337)	(30)	(154)	(893)	(348)	(4,688)
Foreign exchange translation	-	(7,231)	-	(16)	-	(311)	(5,984)	(13,542)
At 30 September 2014	82,901	119,008	366,860	37,586	38,470	160,003	25,035	829,863
At 1 January 2013	57,403	84,056	206,123	34,220	-	153,856	63,137	598,795
Deposits	138,379	152,562	756,837	10,458	-	91,960	260,765	1,410,961
Withdrawals	(46,121)	(220,839)	(763,164)	(247)	-	(87,887)	(252,575)	(1,370,833)
Income net of expenses	-	5,602	1,896	257	-	5,720	2,382	15,857
Mudarib's share	-	(1,414)	(2)	(43)	-	(101)	(414)	(1,974)
Foreign exchange translation	-	-	-	(91)	-	47	(15,528)	(15,572)
At 30 September 2013	149,661	19,967	201,690	44,554	-	163,595	57,767	637,234

SUKUK HOLDERS:

	Commodity murabaha US\$ '000	Ijarah sukuk US\$ '000	Total US\$ '000
At 1 January 2014	-	-	-
Subscriptions (note 9)	171,500	178,500	350,000
Net income	5,426	3,617	9,043
Incentive fees	(2,116)	(1,411)	(3,527)
At 30 September 2014	174,810	180,706	355,516

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

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

These interim condensed consolidated financial statements for the nine month period ended 30 September 2014 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 2013. In addition, results for the nine month period ended 30 September 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

The annual consolidated financial statements for the year ended 31 December 2013 were prepared in accordance with 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. In accordance with the requirements of AAOIFI, for matters for which no AAOIFI standards exist including "Interim Financial Reporting," the Group uses the relevant International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at and for the period ended 30 September 2014. 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 preparation of the interim condensed consolidated financial statements are consistent with those used in preparation of the annual consolidated financial statements for the year ended 31 December 2013, except for the following:

Off-balance sheet equity of sukuk holders

Off-balance sheet equity of sukuk holders represent funds received by the Group from third parties for investment in specified assets as governed by the terms of the underlying agreements. These assets are managed in a fiduciary capacity and the Group has no entitlement to these assets. Clients bear all of the risks and earn all of the rewards on these investments as per the terms of the underlying management agreement. Off-balance sheet equity of sukuk holders are not included in the consolidated statement of financial position since the Group does not have the right to use or dispose these assets except within the conditions of the contract between the Group and sukuk holders.

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 10 November 2014.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

3 RECEIVABLES

	<i>Audited</i>	
	<i>30 September 2014</i>	
	<i>31 December 2013</i>	
	<i>US\$ '000</i>	
	<i>US\$ '000</i>	
Sales (Murabaha) receivables	11,149,181	10,632,286
Ijarah receivables	19,979	20,504
Salam receivables	134,070	126,174
Istisna'a receivables	39,477	39,255
	<u>11,342,707</u>	<u>10,818,219</u>

4 MUDARABA AND MUSHARAKA FINANCING

	<i>Audited</i>	
	<i>30 September 2014</i>	
	<i>31 December 2013</i>	
	<i>US\$ '000</i>	
	<i>US\$ '000</i>	
Mudaraba financing	844,541	809,178
Musharaka financing	467,157	382,947
	<u>1,311,698</u>	<u>1,192,125</u>

5 INVESTMENTS

	<i>Audited</i>	
	<i>30 September 2014</i>	
	<i>31 December 2013</i>	
	<i>US\$ '000</i>	
	<i>US\$ '000</i>	
Equity and debt-type instruments at fair value through statement of income (5.1)	20,308	34,644
Equity-type instruments at fair value through equity (5.2)	95,572	97,087
Debt-type instruments at amortised cost (5.3)	2,134,764	2,093,920
	<u>2,250,644</u>	<u>2,225,651</u>
Investment in real estate (5.4)	146,428	139,350
Investment in associates	55,808	37,829
	<u>2,452,880</u>	<u>2,402,830</u>

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

	<i>Audited</i>	
	<i>30 September 2014</i>	
	<i>31 December 2013</i>	
	<i>US\$ '000</i>	
	<i>US\$ '000</i>	
Quoted investments		
Debts	17,499	31,684
Equities	2,809	2,960
	<u>20,308</u>	<u>34,644</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

5 INVESTMENTS (continued)**5.2 Equity-type instruments at fair value through equity**

	30 September 2014 US\$ '000	<i>Audited</i> 31 December 2013 US\$ '000
Quoted investments		
Equities	34,948	48,193
Managed funds	18,580	16,401
	<u>53,528</u>	<u>64,594</u>
Unquoted investments		
Equities	33,337	27,069
Managed funds	14,129	10,485
	<u>47,466</u>	<u>37,554</u>
Provisions	<u>(5,422)</u>	<u>(5,061)</u>
	<u><u>95,572</u></u>	<u><u>97,087</u></u>

5.3 Debt-type instruments at amortised cost

	30 September 2014 US\$ '000	<i>Audited</i> 31 December 2013 US\$ '000
Quoted investments		
Sukuk and similar items	1,013,860	967,999
	<u>1,013,860</u>	<u>967,999</u>
Unquoted investments		
Sukuk and similar items	1,124,551	1,128,902
	<u>1,124,551</u>	<u>1,128,902</u>
Provisions	<u>(3,647)</u>	<u>(2,981)</u>
	<u><u>2,134,764</u></u>	<u><u>2,093,920</u></u>

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

The Group's investments in sukuk and similar items held at amortised cost have fair values amounting to US\$ 2,351 million (31 December 2013: US\$ 2,123 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

5 INVESTMENTS (continued)

5.4 Investment in real estate

	<i>Audited</i> 30 September 2014 US\$ '000	<i>Audited</i> 31 December 2013 US\$ '000
Land	68,402	77,140
Buildings	78,026	62,210
	<u>146,428</u>	<u>139,350</u>

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

	<i>Audited</i> 30 September 2014 US\$ '000	<i>Audited</i> 31 December 2013 US\$ '000
Beginning balance of the period / year	139,350	127,829
Acquisition	30,671	11,290
Net (loss) gain from fair value adjustments	(1,751)	6,988
Disposal	(21,314)	(1,860)
Foreign exchange translation - net	(528)	(4,897)
	7,078	11,521
Ending balance of the period / year	<u>146,428</u>	<u>139,350</u>

6 OTHER ASSETS

	<i>Audited</i> 30 September 2014 US\$ '000	<i>Audited</i> 31 December 2013 US\$ '000
Bills receivable	154,264	109,102
Goodwill and intangible assets	104,824	104,946
Collateral pending sale	73,521	75,471
Prepayments	49,020	46,422
Deferred taxation	19,519	19,022
Good faith qard fund	12,481	24,359
Others	53,850	45,154
	<u>467,479</u>	<u>424,476</u>
Provisions	(13,757)	(15,506)
	<u>453,722</u>	<u>408,970</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

7 OTHER LIABILITIES

	<i>Audited</i>	
	<i>30 September 2014</i>	<i>31 December 2013</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Payables	318,538	254,266
Cash margins	266,376	202,313
Managers' cheques	14,494	9,256
Other provisions	18,118	30,306
Current taxation	62,735	61,723
Accrued expenses	59,428	78,301
Deferred taxation	2,152	686
Charity fund	6,068	7,432
Others	83,495	54,716
	831,404	698,999

8 COMMITMENTS AND CONTINGENCIES

	<i>Audited</i>	
	<i>30 September 2014</i>	<i>31 December 2013</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Letters of credit	888,881	1,111,881
Guarantees	3,017,204	2,881,336
Acceptances	140,476	180,282
Undrawn commitments	818,004	773,961
Others	205	207
	4,864,770	4,947,667

9 SUKUK ISSUANCE

During the period, Al Baraka Turk Participation Bank (ATPB) issued sukuk listed in Irish Stock Exchange for a tenure of 5 years through its fully owned subsidiary Bereket Varlık Kiralama A.Ş., amounting to US\$ 350 million. The profit payment of these sukuk will be on semi-annual basis with an expected profit rate of 6.25% per annum. The sukuk subscriptions to an extent of not less than 51% will be utilised to purchase asset portfolio, while the remaining portion to an extent of not more than 49% will be utilised as commodity murabaha. Further, as per the terms of the management agency agreement, any profit in excess of an expected profit rate of 6.25% per annum on sukuk assets principle amount will be recognised as an incentive fee by ATPB.

ATPB derecognised part of its investment assets (Ijarah sukuk) amounting to US\$ 178.5 million which were sold to sukuk holders, however, these assets will be managed by ATPB as per the terms of the management agency agreement. Moreover, ATPB has signed a purchase undertaking agreement to buy these assets after 5 years from the sukuk issuance date.

Further, ATPB has entered into a murabaha agreement with sukuk holders for an amount of US\$ 171.5 million payable in 5 years with a profit rate of 12.76% per annum to be paid on semi-annual basis. ATPB has recognised this murabaha as part of its long term financing.

Al Baraka Banking Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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10 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	Nine months ended	
					30 September 2014 US\$ '000	30 September 2013 US\$ '000
Net income from jointly financed contracts and investments	1,870	-	98	-	1,968	2,521
Net income from self financed contracts and investments	314	62	-	-	376	208
Return on equity of investment accountholders	-	65	477	-	542	680
Other fees and commission income	625	-	-	-	625	34

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	
					30 September 2014 US\$ '000	31 December 2013 US\$ '000
Assets						
Receivables	8,226	2	751	-	8,979	8,918
Mudaraba and Musharaka financing investments	-	-	1,180	-	1,180	2,657
Ijarah Muntahia Bittamleek	55,229	64	-	270	55,563	38,062
Other assets	738	59	965	-	965	1,097
			614	68	1,479	762
Liabilities						
Customer current and other accounts	7,403	7,170	1,348	86	16,007	12,011
Due to banks	-	15,017	-	-	15,017	15,430
Other liabilities	2,093	11,955	2	-	14,050	2,098
	15,253	9,405	9,161	63	33,882	29,707
Equity of investment accountholders						
Off-balance sheet equity of investment accountholders	11,657	8,567	658	-	20,882	13,322

All related party exposures are performing and are free of any provision for possible credit losses. All related party transactions were conducted on an arm's length basis.

Al Baraka Banking Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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11 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	30 September 2014	<i>30 September 2013</i>	30 September 2014	<i>30 September 2013</i>
Net income attributable to the equity holders of the parent for the period - US\$ '000	35,059	33,385	115,518	112,448
Weighted average number of shares outstanding at beginning of the period (in thousands)	1,085,423	1,039,870	1,085,469	1,040,005
Treasury shares effect (in thousands)	-	-	86	(140)
Bonus shares effect (in thousands)*	-	45,578	-	45,578
Weighted average number of shares outstanding at end of the period - (in thousands)	1,085,423	1,085,448	1,085,555	1,085,443
Earnings per share - US cents	3.23	3.08	10.64	10.36

*The weighted average number of shares of the previous period has been adjusted on account of the bonus issue made during 2014.

12 OWNERS' EQUITY

	<i>Audited</i>	
	30 September 2014 US\$ '000	<i>31 December 2013</i> US\$ '000
<i>Share capital</i>		
Authorised:		
Ordinary shares 1,500,000,000 (2013: 1,500,000,000) of US\$ 1 each	1,500,000	1,500,000
Issued and fully paid up:		
At beginning of the period / year		
1,048,291,833 (2013: 1,014,475,000) shares of US\$1 each	1,048,291	1,014,475
Issued during the period / year		
45,577,906 bonus shares (2013: 33,816,000) of US\$1 each	45,578	33,816
At end of the period / year		
1,093,869,739 (2013: 1,048,291,833) shares of US\$1 each	1,093,869	1,048,291

Proposed appropriations

At the Annual General Meeting held on 23 March 2014 (2013: 19 March 2013), the shareholders of the Group resolved to distribute US\$ 36,690 thousand (2013: US\$ 35,507 thousand) as cash dividends and US\$ 45,578 thousand (2013: US\$ 33,816 thousand) as bonus shares.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

13 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	30 September 2014			Audited 31 December 2013		
	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	9,261,851	2,629,994	5,868,683	8,746,346	2,463,265	5,458,582
North Africa	2,541,765	983,976	1,144,760	2,588,865	1,099,882	1,136,874
Europe	9,141,104	2,836,229	5,579,557	8,076,290	2,593,951	4,790,278
Others	1,600,542	425,364	1,045,585	1,556,058	427,630	1,013,710
	22,545,262	6,875,563	13,638,585	20,967,559	6,584,728	12,399,444

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

Segment	Nine months ended 30 September 2014			Nine months ended 30 September 2013		
	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	247,670	111,530	75,418	254,853	127,967	69,726
North Africa	80,751	39,624	30,179	89,753	49,147	35,312
Europe	292,115	132,948	93,635	282,336	129,399	86,584
Others	52,925	12,966	7,629	49,215	13,682	5,513
	673,461	297,068	206,861	676,157	320,195	197,135

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

14 CASH AND CASH EQUIVALENTS

	<i>Nine months ended</i>	
	30 September	<i>30 September</i>
	2014	<i>2013</i>
	US\$ '000	<i>US\$ '000</i>
Balances with central banks excluding mandatory reserve	1,355,857	916,329
Balances with other banks	1,088,491	599,132
Cash and cash in transit	418,140	379,326
	<u>2,862,488</u>	<u>1,894,787</u>

15 COMPARATIVE FIGURES

Certain 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.