

Al Baraka Banking Group B.S.C.

Additional Public Disclosures

30 June 2011

(Unaudited)

Al Baraka Banking Group B.S.C.
ADDITIONAL PUBLIC DISCLOSURES

30 June 2011

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Al Baraka Banking Group B.S.C.

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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:

<i>Bank</i>	<i>Ownership for Jun 2011</i>	<i>Ownership for Dec 2010</i>	<i>Year of incorporation</i>	<i>Country of incorporation</i>
<i>Held directly by the Bank</i>				
Banque Al Baraka D'Algerie (BAA)	55.90%	55.90%	1991	Algeria
Al Baraka Islamic Bank - Bahrain (AIB)	91.12%	91.12%	1984	Bahrain
Al Baraka Bank Tunis (ABT)	78.40%	78.40%	1983	Tunisia
Al Baraka Bank Egypt (ABE)	73.68%	73.68%	1980	Egypt
Al Baraka Bank Lebanon (ABBL)	98.50%	98.50%	1991	Lebanon
Jordan Islamic Bank (JIB)	66.01%	66.01%	1979	Jordan
Al Baraka Turk Participation Bank (ATPB)	56.64%	56.64%	1985	Turkey
Al Baraka Bank Limited (ABL)	61.77%	56.29%	1989	South Africa
Al Baraka Bank Sudan (ABS)	82.08%	82.08%	1984	Sudan
Al Baraka Bank Syria (ABBS)	23.00%	23.00%	2009	Syria

<i>Company/ Bank</i>	<i>Subsidiary held through</i>	<i>Effective Ownership for Jun 2011</i>	<i>Effective Ownership for Dec 2010</i>	<i>Year of incorporation</i>	<i>Country of incorporation</i>
<i>Held indirectly by the Bank</i>					
Al Baraka Bank (Pakistan) Limited	AIB	58.90%	58.90%	2010	Pakistan
Al- Rizq Trading Company	JIB	59.40%	59.40%	1994	Jordan
Al-Omariya School Company	JIB	62.04%	62.31%	1987	Jordan
Al-Samaha Real Estate Company	JIB	66.01%	66.01%	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	61.77%	56.29%	1991	South Africa

This documents contains disclosures required under the guidelines of the semi-annual public disclosures required by Islamic banks. The period covered is from 1 January 2011 to 30 June 2011.

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2 FINANCIAL HIGHLIGHTS

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

	June 2011	Dec 2010	Dec 2009	Dec 2008	Dec 2007
EARNINGS (US\$ Millions)					
Total operating income	353	659	634	586	444
Net operating income	170	316	325	314	215
Net income	110	193	167	201	201
Net income attributable to equity shareholders of the parent	64	106	92	114	144
Basic and diluted earnings per share - US cents	7.46	12.23	10.55	13.08	16.58
FINANCIAL POSITION (US\$ Millions)					
Total assets	16,461	15,878	13,166	10,920	10,104
Total financing and investments	11,804	11,390	9,431	8,088	7,389
Total deposits	14,079	13,571	10,999	8,872	8,084
Total owners' equity	1,830	1,817	1,737	1,550	1,570
Equity attributable to parent's shareholders	1,229	1,224	1,214	1,131	1,144
CAPITAL (US\$ Millions)					
Authorised	1,500	1,500	1,500	1,500	1,500
Subscribed and fully paid-up	869.6	790.5	744.0	697.5	651.0
PROFITABILITY **					
Return on average equity	12.1%	10.9%	10.2%	13.0%	14.0%
Return on average shareholders equity *	10.4%	8.7%	7.8%	10.0%	14.0%
Return on average assets	1.4%	1.3%	1.4%	1.9%	2.3%
Operating expenses to operating income	51.8%	52.0%	48.7%	46.4%	51.6%
FINANCIAL POSITION					
Equity to assets ratio	11.1%	11.4%	13.2%	14.2%	15.5%
Total financing and investments as a multiple of equity (times)	6.5	6.3	5.4	5.2	4.7
Net book value per share (US\$)	1.43	1.56	1.54	1.43	1.45
OTHER INFORMATION					
Total number of employees	8,683	8,503	7,250	6,746	6,128
Total number of branches	386	370	289	283	243

* Return based on parent's share of income and equity.

** Figures are annualised, where applicable.

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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 the equity of investment accountholders. From regulation's perspective, the significant amount of the Group's capital are in Tier 1 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 summarizes the eligible capital after deductions for calculation as of:

	30 June 2011		31 December 2010	
	Tier 1 US\$ '000	Tier 2 US\$ '000	Tier 1 US\$ '000	Tier 2 US\$ '000
Tier 1 Capital Components				
Issued and fully paid up ordinary shares	862,399	-	783,972	-
Disclosed reserves				
Legal / statutory reserves	53,547	-	53,547	-
Share premium	16,443	-	15,866	-
Others	1,502	-	137,335	-
Retained profit brought forward	236,952	-	236,739	-
Unrealized gains arising from fair valuing equities (45% only)	-	-	5	-
Non-controlling interest in consolidated subsidiaries	601,122	-	593,525	-
Less:				
Goodwill	82,097	-	83,792	-
Unrealized gross losses arising from fair valuing equity securities	42,726	-	38,545	-
Tier 1 Capital before PCD deductions	1,647,142	-	1,698,652	-
Tier 2 Capital Components				
Current interim profits (reviewed by external auditors)	-	63,529	-	-
Unrealized gains arising from fair valuing equities (45% only)	-	16,704	-	16,083
Profit equalization reserve	-	2,758	-	2,667
Investment risk reserve	-	95,608	-	87,004
Tier 2 Capital before PCD deductions	-	178,599	-	105,754
Total Available Capital	-	1,825,741	-	1,804,406

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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)

	<i>30 June 2011</i>		<i>31 December 2010</i>	
	<i>Tier 1 US\$ '000</i>	<i>Tier 2 US\$ '000</i>	<i>Tier 1 US\$ '000</i>	<i>Tier 2 US\$ '000</i>
Deduction				
Investment in insurance entity greater than or equal to 20%	(4,319)	(4,319)	(4,521)	(4,521)
Net Available Capital	1,642,823	174,280	1,694,131	101,233
TOTAL ELIGIBLE CAPITAL		1,817,103		1,795,364

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:

	<i>30 June 2011</i>		<i>31 December 2010</i>	
	<i>Risk weighted assets US\$ '000</i>	<i>Minimum capital requirements US\$ '000</i>	<i>Risk weighted assets US\$ '000</i>	<i>Minimum capital requirements US\$ '000</i>
Credit Risk	6,963,160	835,579	7,197,042	863,645
Market Risk	972,575	116,709	754,821	90,579
Operational Risk	1,167,578	140,109	1,167,578	140,109
	9,103,313	1,092,397	9,119,441	1,094,333

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:

	<i>30 June 2011</i>		<i>31 December 2010</i>	
	<i>Risk weighted assets US\$ '000</i>	<i>Minimum capital requirements US\$ '000</i>	<i>Risk weighted assets US\$ '000</i>	<i>Minimum capital requirements US\$ '000</i>
<u>Islamic financing contracts</u>				
Receivables	3,592,712	431,125	3,041,284	364,954
Mudaraba and Musharaka financing	397,422	47,691	617,380	74,086
Ijarah Muntahia Bittamleek	219,796	26,376	166,694	20,003
	4,209,930	505,192	3,825,358	459,043

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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:

	30 June 2011	31 December 2010
Total capital ratio	19.96%	19.69%
Tier 1 capital ratio	18.05%	18.58%

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 CBB requirements, which may differ from the local requirements of the countries in which the subsidiaries operate, as of:

	<u>30 June 2011</u>		<u>31 December 2010</u>	
	<i>Tier 1 capital ratio</i>	<i>Total capital ratio</i>	<i>Tier 1 capital ratio</i>	<i>Total capital ratio</i>
Head Office	48%	48%	47%	47%
Banque Al Baraka D'Algerie	24%	28%	29%	30%
Al Baraka Islamic Bank	20%	20%	21%	21%
Al Baraka Bank Tunis	22%	23%	22%	22%
Al Baraka Bank Egypt	23%	25%	19%	19%
Al Baraka Bank Lebanon	39%	39%	52%	52%
Jordan Islamic Bank	17%	19%	23%	23%
Al Baraka Turk Participation Bank	17%	19%	17%	20%
Al Baraka Bank Limited	30%	32%	22%	23%
Al Baraka Bank Sudan	18%	22%	19%	20%
Al Baraka Bank Syria	46%	46%	42%	42%

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4 RISK MANAGEMENT

Risk management is an integral part of the Group's decision-making process. The management committee and executive committees guide and assist with overall management of the Group's balance sheet risks. The Group manages exposure by setting limits approved by the Board of Directors. These risks and the processes to mitigate these risks have not significantly altered from the year end.

a) Liquidity risk

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

Table – 6. Liquidity Ratios (PD-1.3.37)

The following table summarises the liquidity ratios as of:

	<i>30 June</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>
Short term assets to short term liabilities	95%	92%
Liquid assets to total assets	27%	27%

Table – 7. Residual Contractual Maturity Breakdown (PD-1.3.23(g), PD-1.3.24(a) & PD-1.3.38)

The table on the next page summarises the maturity profile of the Group's assets and liabilities based on contractual repayment arrangements. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date and do not take account of the stress-testing based on the Group's retention history of its investment accountholders and the availability of bank lines.

4 RISK MANAGEMENT (continued)

a) Liquidity risk (continued)

Table – 7. Residual Contractual Maturity Breakdown (PD-1.3.23(g), PD-1.3.24(a) & PD-1.3.38) (continued)

The consolidated maturity profile at 30 June 2011 was as follows:

	Up to 1 month US\$ '000	1 to 3 months US\$ '000	3 to 6 months US\$ '000	6 months to 1 year US\$ '000	1 to 3 years US\$ '000	3 to 5 years US\$ '000	5 to 10 years US\$ '000	10 to 20 years US\$ '000	20 years and above US\$ '000	Undated US\$ '000	Total US\$ '000
ASSETS											
Cash and balances with banks	3,051,141	-	-	-	-	-	-	-	-	858,075	3,909,216
Receivables	1,313,644	1,058,164	1,308,474	1,319,384	2,161,905	954,855	246,750	4,676	1,200	-	8,369,052
Mudaraba and Musharaka financing	301,793	15,656	175,692	110,145	97,830	205,616	7,632	7,495	-	-	921,859
Investments	638,187	48,570	368,496	344,521	426,409	98,052	4,814	11,823	4,891	81,365	2,027,128
Ijarah Muntahia Bittamleek	7,382	9,706	54,806	27,044	64,374	83,696	116,010	120,964	1,488	-	485,470
Property and equipment	-	-	-	-	-	-	-	-	-	307,559	307,559
Other assets	153,470	25,820	11,552	11,049	77,496	14,743	2,502	-	37,079	107,218	440,929
Total Assets	5,465,617	1,157,916	1,919,020	1,812,143	2,828,014	1,356,962	377,708	144,958	44,658	1,354,217	16,461,213
LIABILITIES											
Customer current and other accounts	3,039,800	-	-	-	-	-	-	-	-	-	3,039,800
Due to banks	594,484	-	-	-	-	-	-	-	-	-	594,484
Other liabilities	179,467	17,120	15,844	26,323	120,872	18,006	308	-	174,554	-	552,494
Total Liabilities	3,813,751	17,120	15,844	26,323	120,872	18,006	308	-	174,554	-	4,186,778
Equity of investment accountholders	2,699,937	1,436,591	969,538	1,959,037	2,492,096	823,940	63,409	-	-	-	10,444,548
Total liabilities and equity of investment accountholders	6,513,688	1,453,711	985,382	1,985,360	2,612,968	841,946	63,717	-	174,554	-	14,631,326
Net liquidity gap	(1,048,071)	(295,795)	933,638	(173,217)	215,046	515,016	313,991	144,958	(129,896)	1,354,217	1,829,887
Cumulative net liquidity gap	(1,048,071)	(1,343,866)	(410,228)	(583,445)	(368,399)	146,617	460,608	605,566	475,670	1,829,887	-
Off-balance sheet equity of investment accountholders	139,726	26,797	15,481	23,408	11,596	107,094	-	-	-	101,686	425,788

4 RISK MANAGEMENT (continued)**a) Liquidity risk (continued)****Table – 7. Residual Contractual Maturity Breakdown (PD-1.3.23(g), PD-1.3.24(a) & PD-1.3.38) (continued)**

The consolidated maturity profile at 31 December 2010 was as follows:

	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	10 to 20 years	20 years and above	Undated	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
ASSETS											
Cash and balances with banks	2,967,891	20,809	-	-	-	-	-	-	-	825,203	3,813,903
Receivables	1,165,644	1,050,981	1,154,247	1,484,525	2,034,115	990,869	177,865	3,787	1,298	-	8,063,331
Mudaraba and Musharaka financing	649,938	418,728	23,856	32,019	182,736	136,647	88,954	5,754	-	-	1,538,632
Investments	426,072	45,935	62,296	96,525	254,513	120,366	-	8,551	255,359	79,255	1,348,872
Ijarah Muntahia Bittamleek	9,597	9,243	51,384	26,681	60,663	77,139	107,407	97,687	-	-	439,801
Property and equipment	-	-	-	-	-	-	-	-	-	298,852	298,852
Other assets	64,689	19,604	3,923	23,785	84,938	16,624	2,231	-	36,523	122,616	374,933
Total Assets	5,283,831	1,565,300	1,295,706	1,663,535	2,616,965	1,341,645	376,457	115,779	293,180	1,325,926	15,878,324
LIABILITIES											
Customer current and other accounts	2,906,172	-	-	-	-	-	-	-	-	-	2,906,172
Due to banks	424,477	-	-	-	-	-	-	-	-	-	424,477
Other liabilities	229,288	15,685	13,785	28,637	66,693	30,045	701	-	106,154	-	490,988
Total Liabilities	3,559,937	15,685	13,785	28,637	66,693	30,045	701	-	106,154	-	3,821,637
Equity of investment accountholders	3,569,685	1,157,237	772,190	1,597,402	2,225,289	870,070	48,233	-	-	-	10,240,106
Total liabilities and equity of investment accountholders	7,129,622	1,172,922	785,975	1,626,039	2,291,982	900,115	48,934	-	106,154	-	14,061,743
Net liquidity gap	(1,845,791)	392,378	509,731	37,496	324,983	441,530	327,523	115,779	187,026	1,325,926	1,816,581
Cumulative net liquidity gap	(1,845,791)	(1,453,413)	(943,682)	(906,186)	(581,203)	(139,673)	187,850	303,629	490,655	1,816,581	
Off-balance sheet equity of investment accountholders	89,420	68,823	35,591	47,993	11,903	106,061	-	-	-	95,547	455,338

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4 RISK MANAGEMENT (continued)

b) Credit risk

Credit risk is the risk that one party to a financial contract will fail to discharge an obligation and cause the other party to incur a financial loss.

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:

	30 June 2011			31 December 2010				
	Self financed		Financed by IAH	Self financed		Financed by IAH		
	Total gross credit exposure US\$ '000	*Average gross credit exposure over the period 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
Funded Exposure								
Receivables	3,485,075	3,325,317	4,883,977	5,031,929	3,184,754	2,712,278	4,878,577	4,779,995
Mudaraba and Musharaka financing	383,804	375,800	538,055	539,454	526,778	404,504	1,011,854	767,929
Investments	932,133	904,496	1,094,995	1,025,518	820,213	722,124	528,659	493,798
Ijarah Muntahia Bittamleek	198,130	193,844	287,340	281,040	180,818	161,218	258,983	238,074
Other assets	116,617	108,332	93,489	75,377	75,262	58,357	77,544	101,587
Unfunded Exposure								
Commitments and contingencies	4,698,601	4,626,266	-	-	4,391,687	4,510,846	58,541	43,387
	9,814,360	9,534,055	6,897,856	6,953,318	9,179,512	8,569,327	6,814,158	6,424,770

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

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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 30 June 2011, broken down into significant areas by major types of credit exposure:

	Self financed					Financed by IAH						
	Middle East US\$ '000	North Africa US\$ '000	Europe US\$ '000	Others US\$ '000	Middle East US\$ '000	North Africa US\$ '000	Europe US\$ '000	Others US\$ '000	Middle East US\$ '000	North Africa US\$ '000	Europe US\$ '000	Others US\$ '000
Receivables	978,152	534,075	1,814,694	158,154	1,991,403	390,294	2,128,658	373,622				
Mudaraba and Musharaka financing	212,253	41,717	72,207	57,627	292,749	39,755	-	205,551				
Investments	429,185	10,823	299,195	192,930	921,170	-	-	173,825				
Ijarah Muntahia Bittamleek	124,109	59,586	6,023	8,412	220,955	39,019	3,614	23,752				
Other Assets	42,547	58,645	2,887	12,538	34,713	38,862	5,706	14,208				
	1,786,246	704,846	2,195,006	429,661	3,460,990	507,930	2,137,978	790,958				

The following table summarises the geographic distribution of gross funded exposure as of 31 December 2010, broken down into significant areas by major types of credit exposure:

	Self financed					Financed by IAH						
	Middle East US\$ '000	North Africa US\$ '000	Europe US\$ '000	Others US\$ '000	Middle East US\$ '000	North Africa US\$ '000	Europe US\$ '000	Others US\$ '000	Middle East US\$ '000	North Africa US\$ '000	Europe US\$ '000	Others US\$ '000
Receivables	895,205	505,340	1,646,763	137,426	1,839,866	370,892	2,329,793	338,026				
Mudaraba and Musharaka financing	313,274	66,925	85,150	61,429	731,457	77,099	-	203,298				
Investments	304,605	9,970	281,770	223,868	476,086	-	-	52,573				
Ijarah Muntahia Bittamleek	105,188	57,191	9,875	8,564	190,974	34,906	6,913	26,190				
Other Assets	32,781	19,485	2,660	20,336	31,433	12,759	5,643	27,709				
	1,651,053	658,911	2,026,238	451,623	3,269,816	495,656	2,342,349	647,796				

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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 30 June 2011:

	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
	US\$ '000	IAH	US\$ '000	IAH	US\$ '000	IAH	US\$ '000	IAH	US\$ '000	IAH	US\$ '000	IAH	US\$ '000	IAH		
Claims on sovereigns	77,407	-	-	5,228	-	624,220	898,485	-	156	-	-	92,282	-	-	793,909	987,124
Claims on multi-lateral development banks	738	4,529	-	248	-	-	-	-	20,065	-	-	-	-	-	738	24,842
Claims on investment firms	176	-	-	-	-	-	-	-	-	-	-	-	-	-	176	-
Claims on banks	167,858	423,400	41,124	99,923	-	14,875	16,223	-	-	-	-	122,353	-	-	346,210	539,546
Claims on corporates	2,473,392	2,802,252	11,975	33,724	-	-	-	47,043	76,970	-	-	4,404,565	-	-	6,936,975	2,912,946
Claims on retails	700,973	1,438,977	-	3,839	-	-	-	148,580	188,618	-	-	79,401	-	-	928,954	1,631,434
Past dues receivables	64,531	131,564	-	16,674	-	-	520	2,507	1,531	-	-	-	-	-	67,038	150,289
Equity investment	-	-	14,229	11,643	179,299	61,838	-	-	-	-	-	-	-	-	193,528	73,481
Investment in Funds	-	-	-	-	69,385	41,164	-	-	-	-	-	-	-	-	69,385	41,164
Specialized Lending	-	-	316,266	366,776	-	-	-	-	-	-	-	-	-	-	316,266	366,776
Other assets	-	-	210	-	44,354	76,765	-	-	116,617	93,489	-	-	-	-	161,181	170,254
Total	3,485,075	4,883,977	383,804	538,055	932,133	1,094,995	287,340	198,130	116,617	93,489	4,898,601	-	-	9,814,360	6,897,856	

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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 2010:

	Funded Exposures												Unfunded Exposures		Funded and Unfunded Exposures				
	Receivables				Mudaraba and Musharaka financing				Investments				Ijarah Muntahia Bittamleek		Other Assets		Commitments and contingencies		Total
	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	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Claims on sovereigns	89,571	152,869	9,964	-	151,767	80,119	-	-	-	-	-	-	-	88,701	-	-	-	340,003	232,988
Claims on multi-lateral development banks	1,691	4,181	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,691	4,181
Claims on investment firms	87,219	127,173	-	65,050	5,030	-	-	-	-	-	-	-	-	6	-	-	-	92,255	192,223
Claims on banks	138,979	470,852	34,105	70,317	14,825	3,876	2,194	87,475	-	-	-	-	-	65,212	-	-	-	255,315	632,520
Claims on corporates	2,089,279	2,681,966	210	22,604	-	-	51,197	40,912	-	-	-	-	-	4,033,497	28,033	-	-	6,174,183	2,773,515
Claims on retails	708,336	1,290,027	-	-	-	-	125,795	129,599	-	-	-	-	-	204,271	30,508	-	-	1,038,402	1,450,134
Past dues receivables	69,679	151,509	-	11,033	-	-	1,632	997	-	-	-	-	-	-	-	-	-	71,311	163,539
Equity investment	-	-	96,353	77,758	541,685	325,025	-	-	-	-	-	-	-	-	-	-	-	638,038	402,783
Investment in Funds	-	-	-	-	53,764	56,477	-	-	-	-	-	-	-	-	-	-	-	53,764	56,477
Specialized Lending	-	-	386,146	765,092	-	-	-	-	-	-	-	-	-	-	-	-	-	386,146	765,092
Other assets	-	-	-	-	53,142	63,162	-	-	-	75,262	77,544	-	-	-	-	-	-	128,404	140,706
Total	3,184,754	4,878,577	526,778	1,011,854	820,213	528,659	180,818	258,983	75,262	77,544	4,391,687	58,541	9,179,512	6,814,158					

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

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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.

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 receivables, neither past due nor non performing, past due but performing, non performing and Islamic financing contracts and aging of non performing Islamic financing contracts disclosed by counterparty type as of 30 June 2011:

	Total US\$ '000	Neither past due nor non performing US\$ '000	Past due but performing US\$ '000	non performing Islamic financing contracts US\$ '000	Aging of non performing Islamic financing contracts				
					90 days to 1 year US\$ '000		1 year to 3 years US\$ '000		Over 3 years US\$ '000
Sovereign	215,656	214,782	874	-	-	-	-	-	
Bank	1,313,170	1,312,587	-	583	-	-	-	583	
Investment Firms	145,582	98,325	2,111	45,146	7,774	37,372	-	-	
Corporates	5,367,102	5,035,969	35,064	296,069	65,478	123,716	106,875	106,875	
Retail	2,827,384	2,550,374	84,492	192,518	73,182	92,460	26,876	26,876	
	9,868,894	9,212,037	122,541	534,316	146,434	253,548	134,334	134,334	

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 receivables, neither past due nor non performing, past due but performing, non performing and Islamic financing contracts and aging of non performing Islamic financing contracts disclosed by counterparty type as of 31 December 2010:

	Total US\$ '000	Neither past due nor non performing US\$ '000	Past due but performing US\$ '000	non performing Islamic financing contracts US\$ '000	Aging of non performing Islamic financing contracts		
					90 days to	1 year to	Over 3
					US\$ '000	US\$ '000	US\$ '000
Sovereign	687,628	687,037	591	-	-	-	-
Bank	969,222	967,887	752	583	-	-	583
Investment Firms	119,855	74,711	-	45,144	7,772	37,372	-
Corporates	5,293,315	4,957,434	20,286	315,595	87,825	120,788	106,982
Retail	3,048,414	2,788,510	86,732	173,172	80,770	69,318	23,084
	10,118,434	9,475,579	108,361	534,494	176,367	227,478	130,649

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

The following table summarises the total specific provisions and charges for specific impairment provisions and charge-offs (write-offs) disclosed by counterparty type during the period ended 30 June 2011:

	Opening Balance US\$ '000	Charges during the period US\$ '000	Write-Back during the period US\$ '000	Write-offs during the period US\$ '000	Appropriation from (to) IAH during the period US\$ '000	Foreign	
						exchange translations/ others US\$ '000	Balance at the end of the period US\$ '000
Bank	2,832	293	(302)	(4)	-	49	2,868
Investment Firms	3,440	1,911	-	(96)	-	(4)	5,251
Corporates	277,547	32,251	(22,767)	(9,273)	2,571	(3,718)	276,611
Retail	89,987	3,133	(2,268)	(83)	6,444	(2,153)	95,060
	373,806	37,588	(25,337)	(9,456)	9,015	(5,826)	379,790

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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 and charges for specific impairment provisions and charge-offs (write-offs) disclosed by counterparty type during the period ended 30 June 2010:

	Specific provisions					Foreign exchange translations/ others US\$ '000	Balance at the end of the period US\$ '000
	Opening Balance US\$ '000	Charges during the period US\$ '000	Write-Back during the period US\$ '000	Write-offs during the period US\$ '000	Appropriation from (to) IAH during the period US\$ '000		
Bank	3,171	166	(120)	(2)	36	(96)	3,155
Investment Firms	2,814	500	-	(80)	(2,518)	(215)	501
Corporates	222,459	38,527	(15,830)	(1,752)	2,485	(8,439)	237,450
Retail	80,345	2,814	(2,663)	(80)	9,668	(1,548)	88,536
	308,789	42,007	(18,613)	(1,914)	9,671	(10,298)	329,642

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 period ended:

	30 June 2011 US\$ '000	30 June 2010 US\$ '000
Opening Balance	12,128	6,180
Charges during the period	12,966	3,153
Write-Back during the period	-	-
Write-offs during the period	-	(27)
Foreign exchange translations/ others	(716)	(14)
Balance at the end of the period	24,378	9,292

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

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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:

	30 June 2011		31 December 2010			
	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	298,414	195,637	13,774	300,282	187,598	11,598
North Africa	74,259	40,738	4,632	68,529	40,938	513
Europe	121,350	107,966	100	120,548	103,219	18
Others	162,834	35,449	5,872	153,496	42,051	(1)
	656,857	379,790	24,378	642,855	373,806	12,128

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

Renegotiated Islamic financing contracts

	30 June 2011 US\$ '000	31 December 2010 US\$ '000
	34,011	173,879

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.

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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:

	<i>30 June 2011 US\$ '000</i>	<i>31 December 2010 US\$ '000</i>
Gross positive fair value of contracts	11,803,509	11,390,636
Netting Benefits	-	-
Netted Current Credit Exposure	11,803,509	11,390,636
Collateral held:		
-Cash	373,993	418,215
-Others	2,518,513	2,415,825
-Real Estate	8,244,687	7,944,054
	11,137,193	10,778,094

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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:

	30 June 2011		31 December 2010	
	<i>Equity position risk</i> US\$ '000	<i>Foreign exchange risk</i> US\$ '000	<i>Equity position risk</i> US\$ '000	<i>Foreign exchange risk</i> US\$ '000
Risk weighted exposure (RWE)	6,913	965,662	6,023	748,798
Capital requirements (12%)	830	115,879	723	89,856
Maximum value of RWE	6,988	1,054,250	6,023	1,449,100
Minimum value of RWE	6,913	965,662	2,625	748,798

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 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.

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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 30 June 2011:

	<i>Total gross exposure US\$ '000</i>	<i>Average gross exposure over the period US\$ '000</i>	<i>Publicly held US\$ '000</i>	<i>Privately held US\$ '000</i>	<i>Capital requirement US\$ '000</i>
Sukook and similar items	1,641,925	1,425,914	689,099	952,826	30,973
Equity Investment	197,456	190,147	78,594	118,862	19,336
Funds	63,172	192,632	42,416	20,756	18,020
	1,902,553	1,808,693	810,109	1,092,444	68,329

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 2010:

	<i>Total gross exposure US\$ '000</i>	<i>Average gross exposure over the year US\$ '000</i>	<i>Publicly held US\$ '000</i>	<i>Privately held US\$ '000</i>	<i>Capital requirement US\$ '000</i>
Sukook and similar items	1,001,491	844,386	54,249	947,242	4,904
Equity Investment	150,279	204,873	49,376	100,903	123,599
Funds	77,787	61,502	45,967	31,820	16,902
	1,229,557	1,110,761	149,592	1,079,965	145,405

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 period ended:

	<i>30 June 2011 US\$ '000</i>	<i>30 June 2010 US\$ '000</i>
Cumulative realised gains arising from sales or liquidations in the reporting period	215	25
Total unrealized (losses) gains recognised in the consolidated statement of financial positions but not through consolidated statement of income	(6,486)	142
Unrealised gross losses included in Tier One Capital	42,726	5,149
Unrealised gains included in Tier Two Capital (45% only)	16,704	6,872

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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.

Table – 20. Foreign currency translation risk (PD-1.3.42)

Following is the Group's exposure to different currencies in equivalent US dollars as of:

Currency	30 June 2011			31 December 2010		
	Operational equivalent Long (short) US\$ '000	Strategic equivalent Long (short) US\$ '000	Total equivalent Long (short) US\$ '000	Operational equivalent Long (short) US\$ '000	Strategic equivalent Long (short) US\$ '000	Total equivalent Long (short) US\$ '000
	Turkish Lira	(8,027)	320,313	312,286	4,363	316,155
Jordanian Dinar	(86,198)	185,069	98,871	(29,982)	186,241	156,259
Egyptian Pound	(9,943)	96,335	86,392	(19,017)	98,681	79,664
Sudanese Pound	2,154	36,585	38,739	(3,264)	39,373	36,109
Algerian Dinar	-	135,648	135,648	-	131,192	131,192
Lebanese Pound	11,794	17,844	29,638	1,468	16,551	18,019
Pound Sterling	569	-	569	43	-	43
Tunisian Dinar	55	-	55	2,104	-	2,104
Euro	7,587	-	7,587	8,162	-	8,162
South African Rand	-	30,943	30,943	-	19,758	19,758
Pakistani Rupees	121	40,363	40,484	(892)	40,363	39,471
Syrian Pound	(26,577)	10,661	(15,916)	(39,223)	10,983	(28,240)
Others	1,763	-	1,763	1,856	-	1,856

Foreign currency risk sensitivity analysis

In order to measure its exposures to currency risk, the Group stress tests its exposures following the standard shocks adopted by Derivatives Policy Group in this respect which calculates the effect on assets and income of the Group as a result of appreciation and depreciation in foreign currencies in relation to the reporting currency of the Group. This is done using various percentages based upon the judgement of the management of the Group.

Al Baraka Banking Group B.S.C.
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4 RISK MANAGEMENT (continued)

c) Market risk (continued)

Table – 21. Foreign currency risk sensitivity analysis (PD-1.3.42)

Following is the sensitivity analysis that calculates the effect of a reasonable possible movement of the currency exchange rate against the US Dollar with all other variables held constant on the consolidated statement of income and the consolidated statement of equity. The impact of a similar increase in exchange rates will be approximately opposite to the impact disclosed below.

At 30 June 2011

Currency	Particular	Exposures in US\$ '000	Variance %	Change in net income and equity US\$ '000
Algerian Dinar	Net Income	29,188	(5%)	(1,390)
	Total Equity	107,018	(5%)	(11,556)
Egyptian Pound	Net Income	14,056	(15%)	(1,833)
	Total Equity	34,411	(15%)	(17,054)
Turkish Lira	Net Income	47,113	(15%)	(6,145)
	Total Equity	245,165	(15%)	(73,758)
Sudanese Pound	Net Income	2,892	(5%)	(138)
	Total Equity	7,989	(5%)	(2,123)
S.African Rand	Net Income	1,192	(15%)	(155)
	Total Equity	19,154	(15%)	(6,534)
Syrian Pound	Net Income	(798)	(10%)	73
	Total Equity	35,691	(10%)	(4,214)
Pakistani Rupees	Net Income	2,007	(15%)	(262)
	Total Equity	24,296	(15%)	(8,434)

At 31 December 2010

Currency	Particular	Exposures in US\$ '000	Variance %	Change in net income and equity US\$ '000
Algerian Dinar	Net Income	55,599	(5%)	(2,648)
	Total Equity	103,502	(5%)	(11,176)
Egyptian Pound	Net Income	14,636	(15%)	(1,909)
	Total Equity	35,249	(15%)	(17,469)
Turkish Lira	Net Income	103,482	(15%)	(13,498)
	Total Equity	241,983	(15%)	(72,801)
Sudanese Pound	Net Income	5,875	(5%)	(280)
	Total Equity	8,598	(5%)	(2,284)
S.African Rand	Net Income	1,572	(15%)	(205)
	Total Equity	15,344	(15%)	(4,578)
Syrian Pound	Net Income	(2,568)	(10%)	233
	Total Equity	36,768	(10%)	(4,341)
Pakistani Rupees	Net Income	108	(15%)	(14)
	Total Equity	22,589	(15%)	(8,211)

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4 RISK MANAGEMENT (continued)

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 - 22. 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:

	<i>Gross income</i>		
	<i>2010</i>	<i>2009</i>	<i>2008</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Total Gross Income	648,741	633,513	585,871
		<i>June</i>	<i>Dec</i>
		<i>2011</i>	<i>2010</i>
Indicators of operational risk			
Average Gross income (US\$ '000)		622,708	622,708
Multiplier		12.5	12.5
		7,783,850	7,783,850
Eligible Portion for the purpose of the calculation		15%	15%
TOTAL OPERATIONAL RISK WEIGHTED EXPOSURE (US\$ '000)		1,167,578	1,167,578

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

30 June 2011

5 EQUIT OF INVESTMENT ACCOUNTHOLDERS DISCLOSURES

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

Table – 23. Equity of Investment Accountholders (PD-1.3.33 (a), (b), (c))

The following table summarises the breakdown of equity of IAH and the analysis of profit equalisation reserve, investment risk reserve and return on IAH as of:

	<i>30 June</i> 2011 <i>US\$ '000</i>	<i>31 December</i> 2010 <i>US\$ '000</i>
IAH - Banks	239,403	269,704
IAH - Non-banks	10,101,132	9,871,277
Profit equalisation reserve (PER) - Banks	65	71
Profit equalisation reserve (PER) - Non-banks	2,693	2,596
Investment risk reserve (IRR) - Banks	2,238	2,314
Investment risk reserve (IRR) - Non-banks	93,370	84,690
Cumulative changes in fair value attributable to IAH	5,647	9,454
	<u>10,444,548</u>	<u>10,240,106</u>

Table - 24. Return on average IAH (PD-1.3.33 (d))

The following table summarises the return on average IAH equity and assets for the period ended:

	<i>30 June</i> 2011 %	<i>30 June</i> 2010 %
Return on average IAH Equity	3%	3%
Return on average IAH Assets	4%	4%

Table - 25. Ratio by type of IAH (PD-1.3.33 (g))

The following table summarises the ratio of financing by type of IAH as of:

	<i>30 June</i> 2011 %	<i>31 December</i> 2010 %
IAH - Banks	2	3
IAH - Non-banks	98	97

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.

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5 EQUIT OF INVESTMENT ACCOUNTHOLDERS DISCLOSURES (continued)

Table - 26. Investment Accountholders 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:

	30 June	31 December
	2011	2010
	%	%
Receivables	86	80
Mudaraba and Musharaka financing	9	16
Ijarah Muntahia Bittamleek	5	4

Table - 27. Investment Accountholders 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:

	30 June	31 December
	2011	2010
	%	%
Sovereign	3	2
Bank	5	8
Investment Firms	6	3
Corporates	17	22
Retail	69	65

Table - 28. Movement in Profit Equalisation Reserve and Investment Risk Reserve (PD-1.3.33 (o), (p))

The following table summarises the movement on profit equalisation reserve (PER) and utilization and computation of PER during the six months period ended 30 June 2011 and 30 June 2010:

Movement in profit equalisation reserve	2011	2010
	US\$ '000	US\$ '000
Balance at 1 January	2,667	2,304
Amount apportioned from income allocable to equity of investment accountholders	35	207
Foreign exchange translations investment accountholders	56	(66)
Balance at 30 June	<u>2,758</u>	<u>2,445</u>

The following table summarises the movement on profit equalisation reserve (PER) and utilization and computation of PER during the six months period ended 30 June 2011 and 30 June 2010:

Movement in investment risk reserve	2011	2010
	US\$ '000	US\$ '000
Balance at 1 January	87,004	65,226
Amount appropriated to provision	(9,015)	(9,671)
Amount apportioned from income allocable to equity of investment accountholders	20,879	19,211
Foreign exchange translations	(3,260)	(2,625)
Balance at 30 June	<u>95,608</u>	<u>72,141</u>

Al Baraka Banking Group B.S.C.
ADDITIONAL PUBLIC DISCLOSURES

30 June 2011

5 EQUIT OF INVESTMENT ACCOUNTHOLDERS DISCLOSURES (continued)

Investment Accountholders Share of Profit (PD-1.3.33 (e) & (q))

The Group's share of profit as a Mudarib for managing equity of IAH and the IAHs' share of income is based on the terms and conditions of the related Mudarib agreements. These Mudarib 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 - 29. Equity of Investment Accountholders 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 six months ended:

	30 June 2011			31 December 2010		
	Opening Actual Allocation	Movement	Closing Actual Allocation	Opening Actual Allocation	Movement	Closing Actual Allocation
	US\$ '000		US\$ '000	US\$ '000		US\$ '000
Cash and balances						
with banks	3,375,960	58,943	3,434,903	2,827,499	548,461	3,375,960
Receivables	4,878,577	5,400	4,883,977	4,349,289	529,288	4,878,577
Mudaraba and						
Musharaka financing	1,011,854	(473,799)	538,055	639,942	371,912	1,011,854
Investments	528,659	566,336	1,094,995	460,974	67,685	528,659
Ijarah Muntahia						
Bittamleek	258,983	28,357	287,340	228,194	30,789	258,983
Other assets	186,073	19,205	205,278	143,371	42,702	186,073
	10,240,106	204,442	10,444,548	8,649,269	1,590,837	10,240,106

Table - 30. Treatment of Assets financed by Equity of Investment Accountholders (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:

Type of Claims	30 June 2011			31 December 2010		
	RWA	RWA for Capital adequacy purposes	Capital Charges	RWA	RWA for Capital adequacy purposes	Capital Charges
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Claims on Sovereign	304,834	91,450	10,974	14,783	4,435	532
Claims on PSEs	632	190	23	37,577	11,273	1,353
Claims on MDBs	438	131	16	2,091	627	75
Claims on Banks	479,914	143,974	17,277	281,675	84,503	10,140
Claims on Corporates	4,138,226	1,241,468	148,976	4,373,018	1,311,905	157,429
Regulatory Retail						
Portfolio	689,616	206,885	24,826	679,158	203,747	24,450
Mortgage	538,280	161,484	19,378	392,520	117,756	14,131
Past due facilities	172,055	51,617	6,194	170,497	51,149	6,138
Investment in securities	169,888	50,966	6,116	629,825	188,948	22,674
Holding of Real Estates	171,713	51,514	6,182	156,606	46,982	5,638
Other Assets	578,043	173,413	20,810	907,099	272,130	32,656
	7,243,639	2,173,092	260,772	7,644,849	2,293,455	275,216

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6 OFF-BALANCE SHEET EQUITY OF INVESTMENT ACCOUNTHOLDERS

Table - 31. Off-balance sheet equity of Investment Accountholders 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:

	<i>30 June</i> 2011	<i>31 December</i> 2010
	%	%
Receivables	75	76
Mudaraba and Musharaka financing	25	24

Table - 32. Off-balance sheet equity of Investment Accountholders 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:

	<i>30 June</i> 2011	<i>31 December</i> 2010
	%	%
Sovereigns	29	-
Multinational Development Banks	-	5
Bank	38	31
Investment firms	1	-
Corporates	12	19
Retail	20	45

Off-balance sheet equity of Investment Accountholders share of profit (PD-1.3.33 (e) & (q))

The Group's share of profit as a Mudarib for managing equity of IAH and off-balance sheet equity of IAH's share of income is based on the terms and conditions of the related mudarib agreements. These mudarib 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.