

Al Baraka Banking Group B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 JUNE 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 30 June 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 six 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.



4 August 2013
Manama, Kingdom of Bahrain

Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013 (Unaudited)

		<i>Audited</i>
		<i>30 June 31 December</i>
		<i>2013 2012</i>
	<i>Notes</i>	<i>US\$ '000 US\$ '000</i>
ASSETS		
Cash and balances with banks		3,980,039 3,927,583
Receivables	3	10,768,853 10,462,501
Mudaraba and Musharaka financing	4	1,024,361 953,554
Investments	5	2,096,545 2,183,754
Ijarah Muntahia Bittamleek	6	830,920 719,619
Property and equipment		382,759 386,496
Other assets	7	418,304 421,624
TOTAL ASSETS		19,501,781 19,055,131
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY		
LIABILITIES		
Customer current and other accounts		3,849,725 3,820,735
Due to banks		1,347,888 972,280
Other liabilities	8	794,855 689,808
Total liabilities		5,992,468 5,482,823
EQUITY OF INVESTMENT ACCOUNTHOLDERS		11,567,873 11,604,628
OWNERS' EQUITY		
Share capital	12	1,048,291 1,014,475
Treasury shares		(8,415) (8,475)
Share premium		16,627 16,352
Reserves		119,514 121,253
Cumulative changes in fair values		(2,723) (3,636)
Foreign currency translations		(191,917) (133,591)
Retained earnings		297,286 218,222
Proposed appropriations	12	- 69,323
Equity attributable to parent's shareholders		1,278,663 1,293,923
Non-controlling interest		662,777 673,757
Total owners' equity		1,941,440 1,967,680
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY		19,501,781 19,055,131



Saleh Abdullah Kamel
Chairman



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

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the six months ended 30 June 2013 (Unaudited)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i> <i>2013</i> <i>US\$ '000</i>	<i>30 June</i> <i>2012</i> <i>US\$ '000</i>	<i>30 June</i> <i>2013</i> <i>US\$ '000</i>	<i>30 June</i> <i>2012</i> <i>US\$ '000</i>
Income				
Net income from jointly financed contracts and investments	290,057	253,466	551,576	486,193
Return on equity of investment accountholders before Group's share as a Mudarib	(273,376)	(221,522)	(496,544)	(426,404)
Group's share as a Mudarib	80,149	67,420	157,462	121,495
Return on equity of investment accountholders	(193,227)	(154,102)	(339,082)	(304,909)
Group's share of income from equity of investment accountholders (as a Mudarib and Rabalmal)	96,830	99,364	212,494	181,284
Mudarib share for managing off-balance sheet equity of investment accountholders	1,194	1,788	1,600	2,208
Net income from self financed contracts and investments	57,921	51,662	111,741	104,249
Other fees and commission income	51,864	46,882	93,913	94,956
Other operating income	31,407	6,706	52,537	29,282
TOTAL OPERATING INCOME	239,216	206,402	472,285	411,979
Staff expenses	67,909	62,223	141,009	123,822
Depreciation and amortisation	9,758	8,110	19,193	15,860
Other operating expenses	49,770	41,365	84,751	80,069
TOTAL OPERATING EXPENSES	127,437	111,698	244,953	219,751
NET INCOME FOR THE PERIOD BEFORE PROVISIONS AND TAXATION	111,779	94,704	227,332	192,228
Provisions	(13,351)	(7,665)	(37,619)	(29,393)
NET INCOME FOR THE PERIOD BEFORE TAXATION	98,428	87,039	189,713	162,835
Taxation	(24,254)	(23,828)	(49,791)	(42,239)
NET INCOME FOR THE PERIOD	74,174	63,211	139,922	120,596
Attributable to:				
Equity holders of the parent	42,248	38,217	79,063	70,827
Non-controlling interest	31,926	24,994	60,859	49,769
	74,174	63,211	139,922	120,596
Basic and diluted earnings per share - US cents (note 11)	4.06	3.68	7.60	6.81



Saleh Abdullah Kamel
Chairman



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

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013 (Unaudited)

	30 June 2013 US\$ '000	30 June 2012 US\$ '000
OPERATING ACTIVITIES		
Net income for the period before taxation	189,713	162,835
Adjustments for:		
Depreciation and amortisation	19,193	15,860
Depreciation on Ijarah Muntahia Bittamleek	15,670	59,976
Unrealised gain on equity-type instruments at fair value through statement of income	(270)	(476)
Gain on sale of property and equipment	(1,264)	(3,121)
Gain on sale of investment properties	(1,185)	(1,096)
Gain on sale of equity-type instruments at fair value through equity	(24)	(110)
Gain on equity-type instruments at fair value through statement of income	(1,300)	-
Provisions	37,619	29,393
Income from associates	(1,764)	(1,260)
Operating profit before changes in operating assets and liabilities	<u>256,388</u>	<u>262,001</u>
Net changes in operating assets and liabilities:		
Reserves with Central Banks	(186,559)	(107,803)
Receivables	(332,118)	(1,212,395)
Mudaraba and Musharaka financing	(66,185)	84,171
Ijarah Muntahia Bittamleek	(126,971)	(130,056)
Other assets	(2,255)	(49,497)
Customer current and other accounts	28,990	84,927
Due to banks	375,608	134,279
Other liabilities	76,907	(47,189)
Equity of investment account holders	(37,257)	249,224
Taxation paid	(36,826)	(49,272)
Net cash used in operating activities	<u>(50,278)</u>	<u>(781,610)</u>
INVESTING ACTIVITIES		
Net disposal of investments	92,049	260,955
Net purchase of property and equipment	(11,999)	(31,648)
Dividend received from associates	663	2
Net (purchase) sale of investment in associates	(144)	545
Net cash from investing activities	<u>80,569</u>	<u>229,854</u>
FINANCING ACTIVITIES		
Dividends paid to equity holders of the parent	(35,507)	(30,434)
Net movement in treasury shares	335	227
Dividends paid to non-controlling interest	(25,674)	(23,667)
Net cash used in financing activities	<u>(60,846)</u>	<u>(53,874)</u>
Foreign currency translation adjustments	(103,548)	(25,303)
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(134,103)</u>	<u>(630,933)</u>
Cash and cash equivalents at 1 January	1,950,294	2,996,990
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u><u>1,816,191</u></u>	<u><u>2,366,057</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)	827,760	1,193,518
Balances with other banks	645,548	821,129
Cash and cash in transit	342,883	351,410
	<u><u>1,816,191</u></u>	<u><u>2,366,057</u></u>

The attached notes 1 to 14 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 six months ended 30 June 2013 (Unaudited)

	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 paid (note 12)	-	-	-	-	-	-	-	-	(35,507)	(35,507)	-	(35,507)
Bonus shares issued (note 12)	33,816	-	-	-	-	-	-	-	(33,816)	-	-	-
Net movement in treasury shares	-	60	275	-	-	-	-	-	-	335	-	335
Net movement in cumulative change in fair value	-	-	-	-	-	913	-	-	-	913	282	1,195
Net movement in other reserves	-	-	-	-	(1,739)	-	-	-	-	(1,739)	(1,224)	(2,963)
Foreign currency translation	-	-	-	-	-	-	(58,326)	-	-	(58,326)	(45,222)	(103,548)
Net income for the period	-	-	-	-	-	-	-	79,063	-	79,063	60,859	139,922
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(25,674)	(25,674)
Effects of acquisition of non-controlling interest	-	-	-	-	-	-	-	1	-	1	(1)	-
At 30 June 2013	1,048,291	(8,415)	16,627	78,687	40,827	(2,723)	(191,917)	297,286	-	1,278,663	662,777	1,941,440

The attached notes 1 to 14 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 six months ended 30 June 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 paid (note 12)	-	-	-	-	-	-	-	-	(30,434)	(30,434)	-	(30,434)
Bonus shares issued (note 12)	144,925	-	-	-	-	-	-	-	(144,925)	-	-	-
Net movement in treasury shares	-	(1,198)	(38)	-	-	-	-	1,463	-	227	-	227
Net movement in cumulative change in fair value	-	-	-	-	-	3,965	-	-	-	3,965	625	4,590
Net movement in other reserves	-	-	-	-	(436)	-	-	(514)	-	(950)	(56)	(1,006)
Foreign currency translation	-	-	-	-	-	-	(17,829)	-	-	(17,829)	(7,474)	(25,303)
Net income for the period	-	-	-	-	-	-	-	70,827	-	70,827	49,769	120,596
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(23,667)	(23,667)
Effects of acquisition of non-controlling interest	-	-	-	-	-	-	-	26	-	26	(26)	-
At 30 June 2012	1,014,475	(8,517)	16,382	65,384	38,787	(6,945)	(129,992)	239,386	-	1,228,960	615,193	1,844,153

The attached notes 1 to 14 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 six months ended 30 June 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
At 1 January 2013	57,403	84,056	206,123	34,220	153,856	63,137	598,795
Deposits	97,394	65,415	522,552	2,316	55,637	270,275	1,013,589
Withdrawals	(41,793)	(92,756)	(531,988)	(247)	(43,443)	(229,807)	(940,034)
Income net of expenses	-	5,588	1,376	257	1,478	1,323	10,022
Mudarib's share	-	(1,102)	-	(43)	(102)	(353)	(1,600)
Foreign exchange translation	-	-	-	-	75	(28,943)	(28,868)
At 30 June 2013	113,004	61,201	198,063	36,503	167,501	75,632	651,904
At 1 January 2012	17,189	105,361	200,702	35,310	126,381	38,185	523,128
Deposits	99,620	619,607	566,430	44	39,687	56,188	1,381,576
Withdrawals	(30,469)	(593,745)	(590,022)	(6,702)	(45,796)	(53,421)	(1,320,155)
Income net of expenses	-	7,027	1,507	307	5,588	1,097	15,526
Mudarib's share	-	(1,351)	(1)	(134)	(522)	(200)	(2,208)
Foreign exchange translation	-	-	-	-	(3,689)	(3,270)	(6,959)
At 30 June 2012	86,340	136,899	178,616	28,825	121,649	38,579	590,908

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 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 six months ended 30 June 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 six months ended 30 June 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 30 June 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 4 August 2013.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2013 (Unaudited)

3 RECEIVABLES

	<i>30 June</i> <i>2013</i> <i>US\$ '000</i>	<i>Audited</i> <i>31 December</i> <i>2012</i> <i>US\$ '000</i>
Sales (Murabaha) receivables	10,623,555	10,297,161
Ijarah receivables	17,649	32,587
Salam receivables	98,107	106,400
Istisna'a receivables	29,542	26,353
	10,768,853	10,462,501

4 MUDARABA AND MUSHARAKA FINANCING

	<i>30 June</i> <i>2013</i> <i>US\$ '000</i>	<i>Audited</i> <i>31 December</i> <i>2012</i> <i>US\$ '000</i>
Mudaraba financing	654,052	557,787
Musharaka financing	370,309	395,767
	1,024,361	953,554

5 INVESTMENTS

	<i>30 June</i> <i>2013</i> <i>US\$ '000</i>	<i>Audited</i> <i>31 December</i> <i>2012</i> <i>US\$ '000</i>
Equity-type instruments at fair value through statement of income (5.1)	39,214	14,492
Equity-type instruments at fair value through equity (5.2)	123,524	175,137
Debt-type instruments at amortised cost (5.3)	1,765,128	1,831,118
	1,927,866	2,020,747
Investment in real estate (5.4)	131,917	127,829
Investment in associates	36,762	35,178
	2,096,545	2,183,754

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2013 (Unaudited)

5 INVESTMENTS (continued)

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

	<i>30 June 2013 US\$ '000</i>	<i>Audited 31 December 2012 US\$ '000</i>
Quoted investments	35,993	14,492
Unquoted investments	3,221	-
	39,214	14,492

5.2 Equity-type instruments at fair value through equity

	<i>30 June 2013 US\$ '000</i>	<i>Audited 31 December 2012 US\$ '000</i>
Quoted investments		
Equities	49,942	53,756
Managed funds	21,503	31,529
	71,445	85,285
Unquoted investments		
Equities	27,981	78,281
Managed funds	33,540	28,380
	61,521	106,661
Provisions	(9,442)	(16,809)
	123,524	175,137

5.3 Debt-type instruments at amortised cost

	<i>30 June 2013 US\$ '000</i>	<i>Audited 31 December 2012 US\$ '000</i>
Quoted investments		
Sukook and similar items	793,084	763,903
	793,084	763,903
Unquoted investments		
Sukook and similar items	975,576	1,070,592
	975,576	1,070,592
Provisions	(3,532)	(3,377)
	1,765,128	1,831,118

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 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 1,528 million).

5.4 Investment in real estate

	30 June 2013 US\$ '000	<i>Audited</i> 31 December 2012 US\$ '000
Land	49,399	47,725
Buildings	82,518	80,104
	131,917	127,829

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

	30 June 2013 US\$ '000	<i>Audited</i> 31 December 2012 US\$ '000
Beginning balance of the period/ year	127,829	128,111
Acquisition	6,157	15,595
Net gain (loss) from fair value adjustments	4,168	(93)
Disposal	(1,630)	(6,739)
Foreign exchange translation / others - net	(4,607)	(9,045)
	4,088	(282)
Ending balance of the period/ year	131,917	127,829

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2013 (Unaudited)

6 IJARAH MUNTAHIA BITTAMLEEK

	30 June 2013			Audited 31 December 2012		
	Self financed US\$ '000	Jointly financed US\$ '000	Total US\$ '000	Self financed US\$ '000	Jointly financed US\$ '000	Total US\$ '000
	Land and building					
Cost	-	796,508	796,508	-	737,870	737,870
Accumulated depreciation	-	(151,194)	(151,194)	-	(178,911)	(178,911)
Net book value	-	645,314	645,314	-	558,959	558,959
Equipment						
Cost	21,754	174,010	195,764	33,719	334,562	368,281
Accumulated depreciation	(2,462)	(26,019)	(28,481)	(10,705)	(218,756)	(229,461)
Net book value	19,292	147,991	167,283	23,014	115,806	138,820
Others						
Cost	2,714	27,112	29,826	2,714	30,845	33,559
Accumulated depreciation	(2,714)	(8,789)	(11,503)	(2,714)	(9,005)	(11,719)
Net book value	-	18,323	18,323	-	21,840	21,840
TOTAL						
Cost	24,468	997,630	1,022,098	36,433	1,103,277	1,139,710
Accumulated depreciation	(5,176)	(186,002)	(191,178)	(13,419)	(406,672)	(420,091)
Net book value	19,292	811,628	830,920	23,014	696,605	719,619

7 OTHER ASSETS

	Audited	
	30 June 2013 US\$ '000	31 December 2012 US\$ '000
	Bills receivables	128,630
Goodwill and intangible assets	104,906	107,784
Collateral pending sale	75,947	73,166
Prepayments	46,534	56,531
Deferred taxation	31,682	31,897
Good faith qard fund	28,996	11,058
Others	18,955	35,286
	435,650	433,243
Provisions	(17,346)	(11,619)
	418,304	421,624

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2013 (Unaudited)

8 OTHER LIABILITIES

	30 June	<i>Audited</i>
	2013	<i>31 December</i>
	US\$ '000	<i>2012</i>
		<i>US\$ '000</i>
Payables	354,161	392,831
Cash margins	128,846	108,336
Manager cheques	93,587	7,172
Other provisions	24,648	18,210
Current taxation	60,163	47,949
Deferred taxation	12,537	12,003
Accrued expenses	52,888	59,817
Charity fund	1,774	3,803
Others	66,251	39,687
	794,855	689,808

9 COMMITMENTS AND CONTINGENCIES

	30 June	<i>Audited</i>
	2013	<i>31 December</i>
	US\$ '000	<i>2012</i>
		<i>US\$ '000</i>
Letters of credit	1,245,670	1,110,826
Guarantees	2,861,926	2,943,529
Acceptances	130,010	94,014
Undrawn Commitments	866,585	601,625
Others	219	3,600
	5,104,410	4,753,594

Al Baraka Banking Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2013 (Unaudited)

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	Six months ended	
					30 June 2013 US\$ '000	30 June 2012 US\$ '000
Net (loss) income from jointly financed contracts and investments	1,708	(1,715)	46	-	39	1,167
Net income from self financed contracts and investments	-	139	-	-	139	224
Return on equity of investment accountholders	-	45	281	-	326	251
Other fees and commission income	21	-	29	-	50	12

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	30 June 2013 US\$ '000	31 December 2012 US\$ '000
Assets						
Receivables	38,554	-	667	-	39,221	60,451
Mudaraba and Musharaka financing	-	6,028	982	-	7,010	8,517
Investments	15,501	-	-	256	15,757	53,278
Ijarah Muntahia Bittamleek	-	-	444	-	444	502
Other assets	-	10,207	615	142	10,964	1,327
Liabilities						
Customer current and other accounts	4,502	5,923	821	138	11,384	9,488
Due to banks	-	29,718	-	-	29,718	20,086
Other liabilities	2,089	31	1,540	-	3,660	2,811
Equity of investment accountholders	6,151	5,002	9,790	60	21,003	20,526
Off-balance sheet equity of investment accountholders	10,189	8,567	2,756	-	21,512	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

30 June 2013 (Unaudited)

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>Six months ended</i>	
	30 June 2013	<i>30 June 2012</i>	30 June 2013	<i>30 June 2012</i>
Net income attributable to the equity holders of the parent for the period - US\$ '000	42,248	38,217	79,063	70,827
Weighted average number of shares outstanding at the beginning of the period (in thousands)	1,039,836	1,007,232	1,040,005	1,007,460
Treasury shares effect (in thousands)	51	(1,264)	(143)	(1,105)
Bonus shares effect (in thousands)*	-	33,816	-	33,816
Weighted average number of shares outstanding during the period - (in thousands)	1,039,887	1,039,784	1,039,862	1,040,171
Earnings per share - US cents	4.06	3.68	7.60	6.81

*The weighted average number of shares of the previous period has been adjusted on account of the bonus issue made during 2013.

12 OWNERS' EQUITY

	<i>Audited</i>	
	30 June 2013 US\$ '000	<i>31 December 2012 US\$ '000</i>
<i>Share capital</i>		
Authorised 1,500,000,000 shares of US\$ 1 each	1,500,000	1,500,000
		<i>Audited</i>
	30 June 2013 US\$ '000	<i>31 December 2012 US\$ '000</i>
Issued and fully paid up		
At beginning of the period/ year 1,014,475,000 (2012: 869,550,000) shares of US\$1 each	1,014,475	869,550
Issued during the period/ year 33,816,000 Bonus shares (2012: 144,925,000) of US\$1 each	33,816	144,925
At end of the period/ year 1,048,291,000 (2012: 1,014,475,000) shares of US\$1 each	1,048,291	1,014,475

Proposed appropriations

At the Annual General Meeting held on 19 March 2013 (2012: 21 March 2012), the shareholders of the Group resolved to distribute US\$ 35,507 thousand (2011: US\$ 30,434 thousand) as cash dividends and US\$ 33,816 thousand (2011: US\$ 144,925 thousand) as bonus shares.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2013 (Unaudited)

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 June 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	8,231,280	2,332,484	5,096,276	8,360,928	2,228,323	5,316,442
North Africa	2,380,039	999,493	1,050,276	2,385,801	979,449	1,060,280
Europe	7,327,991	2,229,530	4,406,299	6,874,838	1,936,161	4,250,096
Others	1,562,471	430,961	1,015,022	1,433,564	338,890	977,810
	19,501,781	5,992,468	11,567,873	19,055,131	5,482,823	11,604,628

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

Segment	Six months ended 30 June 2013			Six months ended 30 June 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	181,886	94,321	46,991	148,151	75,448	39,419
North Africa	70,770	42,187	29,830	62,391	39,598	26,227
Europe	186,090	80,901	57,764	171,472	72,861	53,247
Others	33,539	9,923	5,337	29,965	4,321	1,703
	472,285	227,332	139,922	411,979	192,228	120,596

14 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.