

Al Baraka Banking Group B.S.C.

Additional Public Disclosures

31 December 2013

(Unaudited)

Al Baraka Banking Group B.S.C.

ADDITIONAL PUBLIC DISCLOSURES

31 December 2013

	Content	Page
1	INTRODUCTION	3
2	FINANCIAL HIGHLIGHTS	4
3	CAPITAL STRUCTURE AND CAPITAL ADEQUACY	5
4	RISK MANAGEMENT	8
5	CORPORATE GOVERNANCE	23
6	EQUITY OF INVESTMENT ACCOUNTHOLDERS	24
7	OFF-BALANCE SHEET EQUITY OF INVESTMENT ACCOUNTHOLDERS	27

Al Baraka Banking Group B.S.C.

ADDITIONAL PUBLIC DISCLOSURES

31 December 2013

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:

Bank	Ownership for 2013	Ownership for 2012	Year of incorporation	Country of incorporation	No. of branches/offices at 2013
Held directly by the Bank					
Banque Al Baraka D'Algerie (BAA)	55.90%	55.90%	1991	Algeria	26
Al Baraka Islamic Bank - Bahrain (AIB)	91.12%	91.12%	1984	Bahrain	117
Al Baraka Bank Tunis (ABT)	78.40%	78.40%	1983	Tunisia	8
Al Baraka Bank Egypt (ABE)	73.68%	73.68%	1980	Egypt	26
Al Baraka Bank Lebanon (ABBL)	98.86%	98.71%	1991	Lebanon	7
Jordan Islamic Bank (JIB)	66.01%	66.01%	1978	Jordan	80
Al Baraka Turk Participation Bank (ATPB)	56.64%	56.64%	1985	Turkey	167
Al Baraka Bank Limited (ABL)	62.15%	62.15%	1989	South Africa	11
Al Baraka Bank Sudan (ABS)	76.09%	82.08%	1984	Sudan	27
Al Baraka Bank Syria (ABBS)	23.00%	23.00%	2009	Syria	9

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

Company/ Bank	Subsidiary held through	Effective Ownership for 2013	Effective Ownership for 2012	Year of incorporation	Country of incorporation
Held indirectly by the Bank					
Al Baraka Bank (Pakistan) Limited	AIB	58.90%	58.90%	2010	Pakistan
Itqan Capital	AIB	54.67%	54.67%	2007	Saudi Arabia
Al- Rizq Trading Company	JIB	-	59.40%	1994	Jordan
Al-Omariya School Company	JIB	62.31%	62.31%	1987	Jordan
Al-Samaha Real Estate	JIB	65.15%	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	62.15%	62.15%	1991	South Africa

This documents contains certain disclosures required under the guidelines of the annual public disclosures required by Islamic banks. The period covered is from 1 January 2013 to 31 December 2013.

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

31 December 2013

2 FINANCIAL HIGHLIGHTS

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

EARNINGS (US\$ Millions)	2013	2012	2011	2010	2009
Total Operating Income	909	880	730	659	634
Net Operating Income	420	422	344	316	325
Net Income	258	235	212	193	167
Net Income Attributable to Equity Holders of the Parent	145	133	118	106	92
Basic and diluted earnings per share - US cents	13.90	12.79	11.39	10.16	8.75
FINANCIAL POSITION (US\$ Millions)					
Total Assets	20,968	19,055	17,154	15,878	13,166
Total Financing and Investments	15,355	14,319	11,818	11,391	9,431
Total Deposits	17,744	16,398	14,680	13,571	10,999
Total Owners' Equity	1,983	1,968	1,799	1,817	1,737
Equity Attributable to Parent's Shareholders	1,299	1,294	1,203	1,224	1,214
CAPITAL (US\$ Millions)					
Authorised	1,500	1,500	1,500	1,500	1,500
Subscribed and Fully Paid-up	1,048.3	1,014.5	869.6	790.5	744.0
PROFITABILITY					
Return on Average Owner's Equity	13.1%	12.5%	11.7%	10.9%	10.2%
Return on Average Parent's Shareholders Equity *	11.2%	10.7%	9.7%	8.7%	7.8%
Return on Average Assets	1.3%	1.3%	1.3%	1.3%	1.4%
Operating Expenses to Operating Income	53.8%	52.1%	52.8%	52.0%	48.7%
FINANCIAL POSITION					
Owner's Equity to Assets Ratio	9.5%	10.3%	10.5%	11.4%	13.2%
Total Financing and Investments as a Multiple of Equity (times)	7.7	7.3	6.6	6.3	5.4
Net Book Value per Share (US\$)	1.25	1.24	1.16	1.18	1.16
OTHER INFORMATION					
Total number of employees	9,891	9,398	9,021	8,503	7,250
Total number of branches	479	425	399	370	289

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

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

31 December 2013

3 CAPITAL STRUCTURE AND CAPITAL ADEQUACY

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

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

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

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

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

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

	31 December 2013		31 December 2012	
	Tier 1	Tier 2	Tier 1	Tier 2
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Tier 1 Capital Components				
Issued and fully paid up ordinary shares	1,040,168	-	1,006,000	-
Disclosed reserves				
Legal / statutory reserves	93,138	-	78,687	-
Share premium	16,753	-	16,352	-
Others	(194,382)	-	(21,702)	-
Retained profit brought forward	345,071	-	217,892	-
Unrealized gains arising from fair valuing equities (45% only)	127	-	149	-
Non-controlling interest in consolidated subsidiaries	684,736	-	673,757	-
Less:				
Goodwill	87,548	-	93,785	-
Unrealized gross losses arising from fair valuing equity securities	51,056	-	47,840	-
Tier 1 Capital before PCD deductions	1,847,007	-	1,829,510	-
Tier 2 Capital Components				
Asset revaluation reserve - Property, plant, and equipment (45% only)	-	525	-	118
Unrealized gains arising from fair valuing equities (45% only)	-	21,379	-	19,773
Profit equalization reserve	-	12,126	-	9,444
Investment risk reserve	-	110,424	-	98,429
Tier 2 Capital before PCD deductions	-	144,454	-	127,764
Total Available Capital	-	1,991,461	-	1,957,274

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

31 December 2013

3 CAPITAL STRUCTURE AND CAPITAL ADEQUACY (continued)

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

	31 December 2013		31 December 2012	
	<i>Tier 1</i>	<i>Tier 2</i>	<i>Tier 1</i>	<i>Tier 2</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Deduction				
Investment in insurance entity greater than or equal to 20%	(5,454)	(5,454)	(4,136)	(4,136)
Net Available Capital	1,841,553	139,000	1,825,374	123,629
TOTAL ELIGIBLE CAPITAL		1,980,553		1,949,003

Table – 2. Capital requirement for different type of risks (PD - 1.3.18, 1.3.19)

The following table summarises the capital requirements for credit risk, market risk and operational risk as of:

	31 December 2013		31 December 2012	
	<i>Risk</i>	<i>Minimum</i>	<i>Risk</i>	<i>Minimum</i>
	<i>weighted</i>	<i>capital</i>	<i>weighted</i>	<i>capital</i>
	<i>assets</i>	<i>requirements</i>	<i>assets</i>	<i>requirements</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Credit Risk	9,327,487	1,119,298	8,227,452	987,294
Market Risk	1,107,128	132,855	915,231	109,828
Operational Risk	1,574,526	188,943	1,411,561	169,387
	12,009,141	1,441,096	10,554,244	1,266,509

Table – 3. Capital requirement by type of Islamic financing contracts (PD-1.3.17)

The following table summarises the capital requirements by type of Islamic financing contracts as of:

	31 December 2013		31 December 2012	
	<i>Risk</i>	<i>Minimum</i>	<i>Risk</i>	<i>Minimum</i>
	<i>weighted</i>	<i>capital</i>	<i>weighted</i>	<i>capital</i>
	<i>assets</i>	<i>requirements</i>	<i>assets</i>	<i>requirements</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Islamic financing contracts				
Receivables	5,912,093	709,451	5,566,662	667,999
Mudaraba and Musharaka financing	735,269	88,232	674,390	80,927
Ijarah Muntahia Bittamleek	654,938	78,593	416,823	50,019
	7,302,300	876,276	6,657,875	798,945

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

31 December 2013

3 CAPITAL STRUCTURE AND CAPITAL ADEQUACY (continued)

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

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

	31 December 2013	<i>31 December 2012</i>
Total capital ratio	16.49%	18.47%
Tier 1 capital ratio	15.33%	17.30%

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:

	31 December 2013		<i>31 December 2012</i>	
	Tier 1 capital ratio	Total capital ratio	<i>Tier 1 capital ratio</i>	<i>Total capital ratio</i>
Head Office	28%	28%	31%	31%
Banque Al Baraka D'Algerie	29%	30%	28%	29%
Al Baraka Islamic Bank *	14%	14%	18%	18%
Al Baraka Bank Tunis	23%	41%	23%	23%
Al Baraka Bank Egypt	17%	17%	19%	19%
Al Baraka Bank Lebanon	12%	13%	14%	14%
Jordan Islamic Bank	16%	16%	18%	18%
Al Baraka Turk Participation Bank	14%	19%	14%	14%
Al Baraka Bank Limited	22%	26%	24%	25%
Al Baraka Bank Sudan	13%	14%	11%	11%
Al Baraka Bank Syria	17%	18%	14%	15%

* These ratios represents the consolidated ratios and Al Baraka Pakistan has tier 1 capital ratio of 17.07% (2012: 30%) and total capital ratio of 21.12% (2012: 30%).

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

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

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

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

Nationality/ Incorporation	31 December 2013	<i>31 December 2012</i>
	% holding	<i>% holding</i>
Bahraini	26.01	26.01
Saudi	42.74	42.71
Cayman Islands	19.32	19.32
Emirati	8.58	8.52
Kuwaiti	1.09	1.09
Others	2.26	2.35

31 December 2013

4 RISK MANAGEMENT

The Group's risk management strategies have been effectively implemented and the objectives outlined at the beginning of year 2013 across subsidiaries were successfully achieved. The Group is striving to bolster and instil the best practices of risk management in subsidiaries' risk management functions for the next reporting period by ensuring prudent implementation of risk management policies which entails risk identification, limit controls, monitoring and reporting.

The Group's risk management has the following objectives:

- a. Unified Group-wide risk management to enable the Group to produce risk adjusted return on
- b. Creation of professional risk management culture throughout the Group with prudent, disciplined approach to risk taking based on comprehensive Group-wide policies, processes and limits.
- c. Professionally qualified staff and ongoing credit training.
- d. Investing in technology and systems for best practice risk management.
- e. Throughout the Group, strict segregation of duties and reporting lines between personnel transacting business and personnel processing that business.
- f. Strict compliance with all Shari'a and legal requirements and regulatory directives.
- g. Maintaining clear, well documented policies via Group Risk Management Manual and also Risk Management Manuals by each of the Group's subsidiaries which incorporate the uniform policies and procedures of the Group in addition to the local requirements.

a) Liquidity risk

The liquidity management policy at a minimum includes the following:

- a. Provide clear guidance on the composition and role of the asset/liability committee or such other committee or department responsible for managing liquidity.
- b. Establish approval processes to ensure adherence to liquidity risk management processes.
- c. Require periodic calculations to determine the extent to which the subsidiary is funding long-term assets with short-term liabilities.
- d. Establish liquidity ratio benchmarks, e.g. parameters for the funding of long-term assets with short-term liabilities to guide liquidity management and the method for computing liquidity indicators.
- e. Establish limits on the degree of concentrations that are deemed acceptable. This should:
 - i) Ensure diversification of funding by origin and term structure by, for example, guarding against concentration by individuals or groups of depositors, types of deposit instruments, market sources of deposit, geographical sources, term to maturity, and deposit currencies. Where concentrations occur, the Group's subsidiaries manage their assets and liquidity profile to mitigate the risk; and
 - ii) Set procedures for the orderly restoration of the liquidity position in the event of loss of funding where such concentrations are unavoidable. In addition, the Group's subsidiaries conduct an impact analysis on its dependency on any such concentrations.
- f. Periodic review of the deposit structure. The review should include the volume and trend of various types of deposits offered, maturity distributions of time deposits, profit rate paid on each type of deposit, prevailing market profit rate, limits on large time deposits, public funds, and non-resident deposits.

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

31 December 2013

4 RISK MANAGEMENT (continued)

a) Liquidity risk (continued)

- g. Review of alternate funding sources including stand-by facilities and lines of credit.
- h. Establish a framework for the composition of assets.
- i. Assess the acceptable mismatch in combination with currency commitments. The Group's subsidiaries undertake separate analysis of their strategy for each currency individually. They set and regularly review limits on the size of cash flow mismatches over particular time horizons for foreign currencies in aggregate, and for each significant currency.

Table – 7. Liquidity Ratios (PD-1.3.37)

The following table summarises the liquidity ratios as of:

	31 December	<i>31 December</i>
	2013	<i>2012</i>
Short term assets to short term liabilities	78%	<i>78%</i>
Liquid assets to total assets	27%	<i>25%</i>

b) Credit risk

General credit policies and guiding principles

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

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

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

31 December 2013

4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

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

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

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

	31 December 2013				31 December 2012			
	Self financed		Financed by IAH		Self financed		Financed by IAH	
	Total gross credit exposure	*Average gross credit exposure over the year	Total gross credit exposure	*Average gross credit exposure over the year	Total gross credit exposure	*Average gross credit exposure over the year	Total gross credit exposure	*Average gross credit exposure over the year
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
<u>Funded Exposure</u>								
Receivables	5,244,708	5,212,360	5,573,511	5,519,545	4,730,290	4,384,945	5,732,211	5,304,102
Mudaraba and Musharaka financing	671,144	536,011	520,981	501,280	473,187	428,714	480,367	463,810
Investments	1,143,439	1,047,987	1,259,391	1,176,131	924,761	776,455	1,258,993	1,177,784
Ijarah Muntahia Bittamleek	433,111	391,118	508,937	470,924	322,250	295,314	397,369	367,366
Other assets	82,344	84,784	80,765	79,454	78,091	111,120	74,155	93,592
<u>Unfunded Exposure</u>								
Commitments and contingencies	4,947,667	5,074,194	-	-	4,753,594	4,953,716	-	-
	12,522,413	12,346,453	7,943,585	7,747,334	11,282,173	10,950,264	7,943,095	7,406,653

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

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

31 December 2013

4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

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

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

	<i>Self financed</i>				<i>Financed by IAH</i>			
	<i>Middle East</i> <i>US\$ '000</i>	<i>North Africa</i> <i>US\$ '000</i>	<i>Europe</i> <i>US\$ '000</i>	<i>Others</i> <i>US\$ '000</i>	<i>Middle East</i> <i>US\$ '000</i>	<i>North Africa</i> <i>US\$ '000</i>	<i>Europe</i> <i>US\$ '000</i>	<i>Others</i> <i>US\$ '000</i>
Receivables	1,428,990	416,541	3,208,996	190,181	2,524,366	324,324	2,389,776	335,045
Mudaraba and Musharaka financing	457,075	91,945	61,621	60,503	223,840	81,870	-	215,271
Investments	444,010	83,864	474,078	141,487	1,078,657	60,321	-	120,413
Ijarah Muntahia Bittamleek	219,137	171,442	34,073	8,459	359,381	126,355	77	23,124
Other Assets	52,038	8,493	5,876	15,937	46,147	6,507	8,046	20,065
	2,601,250	772,285	3,784,644	416,567	4,232,391	599,377	2,397,899	713,918

The following table summarises the geographic distribution of gross funded exposure as of 31 December 2012, broken down into significant areas by major types of credit exposure:

	<i>Self financed</i>				<i>Financed by IAH</i>			
	<i>Middle East</i> <i>US\$ '000</i>	<i>North Africa</i> <i>US\$ '000</i>	<i>Europe</i> <i>US\$ '000</i>	<i>Others</i> <i>US\$ '000</i>	<i>Middle East</i> <i>US\$ '000</i>	<i>North Africa</i> <i>US\$ '000</i>	<i>Europe</i> <i>US\$ '000</i>	<i>Others</i> <i>US\$ '000</i>
Receivables	1,430,948	490,337	2,670,772	138,233	2,653,778	425,964	2,336,523	315,946
Mudaraba and Musharaka financing	297,692	46,175	67,126	62,194	196,387	54,330	-	229,650
Investments	469,117	17,647	293,100	144,897	1,063,940	4,596	-	190,457
Ijarah Muntahia Bittamleek	172,601	119,509	23,141	6,999	292,207	83,771	195	21,196
Other Assets	42,439	14,434	7,278	13,940	33,717	10,563	11,171	18,704
	2,412,797	688,102	3,061,417	366,263	4,240,029	579,224	2,347,889	775,953

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

31 December 2013

4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

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

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

	Funded Exposures								Unfunded Exposures		Funded and Unfunded Exposures			
	Receivables		Mudaraba and Musharaka financing		Investments		Ijarah Muntahia Bittamleek		Other Assets		Commitments and contingencies		Total	
	Self	IAH	Self	IAH	Self	IAH	Self	IAH	Self	IAH	Self	IAH	Self	IAH
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Claims on sovereigns	350,718	619,417	-	1,845	969,573	1,039,089	-	26,157	-	-	18,785	-	1,339,076	1,686,508
Claims on multi-lateral development banks	2,992	10,075	-	-	-	-	-	-	-	-	-	-	2,992	10,075
Claims on investment firms	-	-	-	-	31,038	-	-	-	-	-	-	-	31,038	-
Claims on banks	147,295	318,891	162,681	58,442	16,659	56,947	186	3,010	-	-	116,762	-	443,583	437,290
Claims on corporates	3,997,081	3,003,431	6,209	61,782	7,092	23,438	93,207	146,268	-	-	4,542,304	-	8,645,893	3,234,919
Claims on retail	703,737	1,477,774	-	956	-	-	337,478	329,905	-	-	260,257	-	1,301,472	1,808,635
Past dues receivables	42,885	143,923	-	3,391	-	-	2,240	3,597	-	-	9,559	-	54,684	150,911
Equity investment	-	-	347,623	100,233	57,701	43,855	-	-	-	-	-	-	405,324	144,088
Investment in Funds	-	-	-	-	15,141	8,496	-	-	-	-	-	-	15,141	8,496
Specialized Lending	-	-	154,631	294,332	-	-	-	-	-	-	-	-	154,631	294,332
Other assets	-	-	-	-	46,235	87,566	-	-	82,344	80,765	-	-	128,579	168,331
Total	5,244,708	5,573,511	671,144	520,981	1,143,439	1,259,391	433,111	508,937	82,344	80,765	4,947,667	-	12,522,413	7,943,585

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

31 December 2013

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 2012:

	Funded Exposures										Unfunded Exposures		Funded and Unfunded Exposures			
	Receivables		Mudaraba and Musharaka financing				Investments		Ijarah Muntahia Bittamleek		Other Assets		Commitments and contingencies		Total	
	Self	IAH	Self	IAH	Self	IAH	Self	IAH	Self	IAH	Self	IAH	Self	IAH		
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000		
Claims on sovereigns	393,242	629,787	-	-	715,739	1,032,046	-	23,403	-	-	57,644	-	1,166,625	1,685,236		
Claims on multi-lateral development banks	3,850	14,603	-	-	-	-	-	-	-	-	-	-	3,850	14,603		
Claims on investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Claims on banks	167,099	332,314	16,948	67,383	37,907	34,416	-	43,483	-	-	42,311	-	264,265	477,596		
Claims on corporates	3,547,314	2,939,254	5,319	35,818	-	11,621	34,107	167,926	-	-	4,443,432	-	8,030,172	3,154,619		
Claims on retail	588,728	1,686,320	-	222	-	-	288,143	157,759	-	-	210,207	-	1,087,078	1,844,301		
Past dues receivables	30,057	129,933	-	10,885	-	-	-	4,798	-	-	-	-	30,057	145,616		
Equity investment	-	-	327,826	71,291	97,700	78,022	-	-	-	-	-	-	425,526	149,313		
Investment in Funds	-	-	-	-	31,819	19,860	-	-	-	-	-	-	31,819	19,860		
Specialized Lending	-	-	123,094	294,768	-	-	-	-	-	-	-	-	123,094	294,768		
Other assets	-	-	-	-	41,596	83,028	-	-	78,091	74,155	-	-	119,687	157,183		
Total	4,730,290	5,732,211	473,187	480,367	924,761	1,258,993	322,250	397,369	78,091	74,155	4,753,594	-	11,282,173	7,943,095		

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

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

31 December 2013

4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

Large Credit Exposure (PD - 1.3.23 (f))

The Group follows the CBB's guidelines with respect to the definition and measurement of large exposures at the consolidated level as stipulated in the CBB Rulebook for Islamic Banks.

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

Past due, non-performing Islamic financing contracts and provisions (PD-1.3.22 (a))

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

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

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

	<i>Total</i> <i>US\$ '000</i>	<i>Neither past due nor non performing</i> <i>US\$ '000</i>	<i>Past due but performing</i> <i>US\$ '000</i>	<i>Non performing Islamic financing contracts</i> <i>US\$ '000</i>	<i>Aging of non performing Islamic financing contracts</i>		
					<i>90 days to 1 year</i> <i>US\$ '000</i>	<i>1 year to 3 years</i> <i>US\$ '000</i>	<i>Over 3 years</i> <i>US\$ '000</i>
Sovereign	1,085,355	1,081,496	3,859	-	-	-	-
Bank	1,598,839	1,594,781	-	4,058	3,683	-	375
Investment Firms	70,563	33,860	-	36,703	-	155	36,548
Corporates	6,554,999	6,173,394	51,070	330,535	84,070	93,092	153,373
Retail	3,302,092	3,034,641	117,722	149,729	38,604	45,884	65,241
	12,611,848	11,918,172	172,651	521,025	126,357	139,131	255,537

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

31 December 2013

4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

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

The following table summarises the total past due, non performing and neither past due nor non performing Islamic financing contracts and aging of non performing Islamic financing contracts disclosed by counterparty type as of 31 December 2012:

	<i>Total</i> US\$ '000	<i>Neither past due nor non performing</i> US\$ '000	<i>Past due but performing</i> US\$ '000	<i>Non performing Islamic financing contracts</i> US\$ '000	<i>Aging of non performing Islamic financing contracts</i>		
					<i>90 days to 1 year</i> US\$ '000	<i>1 year to 3 years</i> US\$ '000	<i>Over 3 years</i> US\$ '000
Sovereign	1,040,093	1,039,738	355	-	-	-	-
Bank	1,453,394	1,450,605	-	2,789	2,228	-	561
Investment Firms	192,705	155,708	-	36,997	-	155	36,842
Corporates	5,898,080	5,525,352	37,878	334,850	110,688	101,888	122,274
Retail	3,426,260	3,131,783	91,326	203,151	61,671	98,987	42,493
	12,010,532	11,303,186	129,559	577,787	174,587	201,030	202,170

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

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

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

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

31 December 2013

4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

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

The following table summarises the total specific provisions disclosed by counterparty type as of 31 December 2012:

	<i>Specific provisions</i>						<i>Balance at the end of the year</i> <i>US\$ '000</i>
	<i>Opening Balance</i> <i>US\$ '000</i>	<i>Charges during the year</i> <i>US\$ '000</i>	<i>Write-Back during the year</i> <i>US\$ '000</i>	<i>Write-offs during the year</i> <i>US\$ '000</i>	<i>Appropriation from IAH during the year</i> <i>US\$ '000</i>	<i>Foreign exchange translations/ others - net</i> <i>US\$ '000</i>	
Bank	2,650	1,777	-	-	-	(1,464)	2,963
Investment Firms	7,994	2,683	-	-	-	(196)	10,481
Corporates	270,529	96,852	(24,246)	(13,438)	(2,601)	1,700	328,796
Retail	103,342	20,494	(3,509)	(1,127)	6,547	(5,570)	120,177
	384,515	121,806	(27,755)	(14,565)	3,946	(5,530)	462,417

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

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

	31 December 2013 US\$ '000	<i>31 December 2012</i> <i>US\$ '000</i>
Opening Balance	18,210	15,303
Charges during the year	8,974	5,583
Write-Back during the year	(1)	(311)
Write-offs during the year	(28)	(480)
Foreign exchange translations/ others	3,151	(1,885)
Balance at the end of the year	30,306	18,210

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

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

31 December 2013

4 RISK MANAGEMENT (continued)

b) Credit Risk (continued)

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

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

	31 December 2013			31 December 2012		
	<i>Past due and non performing Islamic financing contracts</i> <i>US\$ '000</i>	<i>Specific provision</i> <i>US\$ '000</i>	<i>General provision</i> <i>US\$ '000</i>	<i>Past due and non performing Islamic financing contracts</i> <i>US\$ '000</i>	<i>Specific provision</i> <i>US\$ '000</i>	<i>General provision</i> <i>US\$ '000</i>
Middle East	282,742	240,419	27,469	329,049	261,065	17,170
North Africa	73,834	43,652	2,837	81,600	47,940	1,040
Europe	132,453	121,009	-	124,923	111,633	-
Others	204,647	41,357	-	171,774	41,779	-
	693,676	446,437	30,306	707,346	462,417	18,210

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

	31 December 2013 US\$ '000	31 December 2012 US\$ '000
Renegotiated Islamic financing contracts	140,299	86,435

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.

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

31 December 2013

4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

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

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

	31 December 2013 US\$ '000	31 December 2012 US\$ '000
Gross positive fair value of contracts	15,355,222	14,319,428
Netting Benefits	-	-
Netted Current Credit Exposure	15,355,222	14,319,428
Collateral held:		
Cash	458,379	518,222
Others	4,668,140	4,235,862
Real Estate	9,900,605	10,327,654
	15,027,124	15,081,738

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

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

31 December 2013

4 RISK MANAGEMENT (continued)

c) Market risk

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

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

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

	31 December 2013		31 December 2012	
	Equity position risk	Foreign exchange risk	Equity position risk	Foreign exchange risk
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Risk weighted exposure (RWE)	-	1,107,128	-	915,231
Capital requirements (12%)	-	132,855	-	109,828
Maximum value of RWE	-	1,107,128	1,750	1,047,826
Minimum value of RWE	-	871,496	-	915,231

Profit rate risk

Profit rate risk is the risk that the Group will incur a financial loss as a result of mismatch in the profit rate on the Group's assets and IAH. The profit distribution to IAH is based on profit sharing agreements. Therefore, the Group is not subject to any significant profit rate risk.

Displaced Commercial Risk

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

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment portfolio.

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

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

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

31 December 2013

4 RISK MANAGEMENT (continued)

c) Market risk (continued)

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

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

	<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>
Sukuk and similar items	2,125,604	1,903,011	999,683	1,125,921	37,019
Equity Investment	113,037	142,516	72,015	41,022	45,275
Managed funds	24,839	45,706	16,401	8,438	6,075
	2,263,480	2,091,232	1,088,099	1,175,381	88,369

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 2012:

	<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	1,841,380	1,593,497	774,165	1,067,215	13,788
Equity Investment	162,273	179,755	78,514	83,759	44,834
Managed funds	52,272	50,241	31,529	20,743	6,528
	2,055,925	1,823,493	884,208	1,171,717	65,149

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

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

	31 December 2013 US\$ '000	31 December 2012 US\$ '000
Cumulative realised gains arising from sales or liquidations in the reporting year	3,391	310
Total unrealised losses recognised in the consolidated statement of financial positions but not through consolidated statement of income	(3,547)	(3,899)
Unrealised gross losses included in Tier 1 Capital	(51,056)	(47,840)
Unrealised gains included in Tier 1 Capital (45% only)	127	149
Unrealised gains included in Tier 2 Capital (45% only)	21,379	19,773

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

31 December 2013

4 RISK MANAGEMENT (continued)

c) Market risk (continued)

Foreign exchange risk

Foreign exchange risk arise from the movement of the rate of exchange over a period of time. Positions are monitored on a regular basis to ensure positions are maintained within established approved limits.

d) Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

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

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

	Gross income			
	2013	2012	2011	2010
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Total Gross Income	909,484	879,770	729,987	648,741
			2013	2012
Indicators of operational risk			839,747	752,833
Average Gross income (US\$ '000)			12.5	12.5
Multiplier			10,496,838	9,410,408
Eligible Portion for the purpose of the calculation			15%	15%
TOTAL OPERATIONAL RISK WEIGHTED EXPOSURE (US\$ '000)			1,574,526	1,411,561

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

The Group guidelines have the following sections: (1) Operational Risk Appetite, (2) Operational Risk Management – Structure and Rules (3) Risk and Control Assessment (4) Internal Audit (5) Operational Risk and Basel II (6) Operational Risk Capital Requirement.

The Group's Operational Risk Appetite is defined as the level of risk which the Group chooses to accept in its identified risk categories. Operational risk appetite is expressed in terms of both impact (direct loss) and the probability of occurrence.

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

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

31 December 2013

4 RISK MANAGEMENT (continued)

d) Operational Risk (continued)

Operational Risk Management Framework (continued)

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

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

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

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

31 December 2013

5 CORPORATE GOVERNANCE

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

Purpose:

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

Conflict of interest:

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

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

Confidentiality:

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

Compliance with Rules, Laws and Regulation:

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

Remuneration

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

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

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

31 December 2013

5 CORPORATE GOVERNANCE (continued)

	<i>31 December</i> 2013 <i>US\$ '000</i>	<i>31 December</i> 2012 <i>US\$ '000</i>
Directors remuneration	1,000	1,000
Executive Management		
Salary and other remuneration, including meeting allowance	3,505	3,177
Fees	135	82
Bonuses	876	777
Benefits-in-kind	1,012	863
	5,528	4,899
Shari'a Committee Members fee and remuneration	354	367
	6,882	6,266

Complaints

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

Related party transactions

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

External Auditors

The Board Audit Committee has continued to review the work carried out by the external auditors during the year, in particular timeliness of reporting, quality of work and related fees. Overall the Audit Committee believes that the work of the external auditors has been of a sufficiently high standard and that the fees are reasonable and therefore recommended to the Board and accordingly to the annual general meeting (AGM) to re-appoint the external auditors as auditor for the 2014 financial year. The AGM has approved the reappointment of the external auditor for the year 2013 on 19 March 2013 and the related regulatory approval were taken.

6 EQUITY OF INVESTMENT ACCOUNTHOLDERS DISCLOSURES

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

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

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

	<i>31 December</i> 2013 <i>US\$ '000</i>	<i>31 December</i> 2012 <i>US\$ '000</i>
IAH - Banks	441,176	214,622
IAH - Non-banks	11,827,042	11,274,356
Profit equalisation reserve (PER) - Banks	443	180
Profit equalisation reserve (PER) - Non-banks	11,683	9,264
Investment risk reserve (IRR) - Banks	4,038	1,873
Investment risk reserve (IRR) - Non-banks	106,386	96,556
Cumulative changes in fair value attributable to IAH	8,676	7,777
	12,399,444	11,604,628

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

31 December 2013

6 EQUITY OF INVESTMENT ACCOUNTHOLDERS DISCLOSURES (continued)

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

	2013	2012
	%	%
Return on average IAH Equity	5.0	5.6
Return on average IAH Assets	7.6	7.9

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

	31 December	31 December
	2013	2012
	%	%
IAH - Banks	4	2
IAH - Non-banks	96	98

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

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

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

	31 December	31 December
	2013	2012
	%	%
Receivables	84	87
Mudaraba and Musharaka financing	8	7
Ijarah Muntahia Bittamleek	8	6

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

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

	31 December	31 December
	2013	2012
	%	%
Sovereign	2	2
Bank	3	9
Investment Firms	9	1
Corporates	15	15
Retail	71	73

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

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

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

31 December 2013

6 EQUITY OF INVESTMENT ACCOUNTHOLDERS DISCLOSURES (continued)

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

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

	31 December 2013			31 December 2012		
	<i>Opening</i>		<i>Closing</i>	<i>Opening</i>		<i>Closing</i>
	<i>Actual</i>	<i>Movement</i>	<i>Actual</i>	<i>Actual</i>	<i>Movement</i>	<i>Actual</i>
	<i>Allocation</i>	<i>US\$ '000</i>	<i>Allocation</i>	<i>Allocation</i>	<i>US\$ '000</i>	<i>Allocation</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Cash and balances						
with banks	3,823,239	504,908	4,328,147	3,374,610	141,153	3,515,763
Receivables	5,440,607	132,904	5,573,511	5,195,684	536,527	5,732,211
Mudaraba and						
Musharaka financing	508,736	12,245	520,981	461,489	18,878	480,367
Investments	1,121,502	137,889	1,259,391	1,117,426	141,567	1,258,993
Ijarah Muntahia						
Bittamleek	457,821	51,116	508,937	352,412	44,957	397,369
Other assets	215,968	(7,491)	208,477	213,808	6,117	219,925
	11,567,873	831,571	12,399,444	10,715,429	889,199	11,604,628

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

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

Type of Claims	31 December 2013			31 December 2012		
	<i>RWA</i>	<i>RWA for</i>	<i>Capital</i>	<i>RWA</i>	<i>RWA for</i>	<i>Capital</i>
	<i>US\$ '000</i>	<i>adequacy</i>	<i>Charges</i>	<i>US\$ '000</i>	<i>adequacy</i>	<i>Charges</i>
	<i>US\$ '000</i>	<i>purposes</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
		<i>US\$ '000</i>	<i>US\$ '000</i>		<i>US\$ '000</i>	<i>US\$ '000</i>
Claims on Sovereign	846,446	253,934	30,472	573,041	171,912	20,629
Claims on PSEs	1,845	554	66	3,412	1,023	123
Claims on MDBs	10,075	3,023	363	-	-	-
Claims on Banks	64,082	19,225	2,307	67,781	20,334	2,440
Claims on Corporates	5,139,529	1,541,859	185,023	5,206,785	1,562,035	187,444
Regulatory Retail						
Portfolio	689,985	206,996	24,840	762,486	228,746	27,450
Mortgage	774,937	232,481	27,898	780,779	234,234	28,108
Past due facilities	158,001	47,400	5,688	157,308	47,192	5,663
Investment in securities	294,028	88,208	10,585	240,636	72,191	8,663
Holding of Real Estates	194,470	58,341	7,001	187,462	56,239	6,749
Other Assets	577,724	173,317	20,798	659,690	197,907	23,749
	8,751,122	2,625,338	315,041	8,639,380	2,591,813	311,018

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

31 December 2013

7 OFF-BALANCE SHEET EQUITY OF INVESTMENT ACCOUNTHOLDERS

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

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

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

- (a) Organizing its internal affairs in a responsible manner, ensuring it has appropriate internal controls and risk management systems and procedures and controls designed to mitigate and manage such risks;
- (b) Observing high standards of integrity and fair dealing in managing the scheme to the best interest of its investors; and
- (c) Ensuring that the Group has the requisite level of knowledge and experience for the tasks that is undertaken and is competent for the work undertaken.

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

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

	31 December 2013	31 December 2012
	%	%
Receivables	20	29
Mudaraba and Musharaka financing	80	71

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

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

	31 December 2013	31 December 2012
	%	%
Sovereign	2	1
Investment Firms	6	5
Bank	39	38
Corporates	11	14
Retail	42	42

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

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