

Al Baraka Banking Group B.S.C.

Public Disclosures

(Unaudited)

Al Baraka Banking Group B.S.C.

PUBLIC DISCLOSURES

30 June 2009

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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 Stock Exchange and NASDAQ Dubai.

The Bank operates under a 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 June 2009</i>	<i>Ownership Dec 2008</i>	<i>Year of incorporation</i>	<i>Country of incorporation</i>	
<i>Held directly by the Bank</i>					
Banque Albaraka D'Algerie (BAA)	55.9%	55.9%	1991	Algeria	
Albaraka Islamic Bank - Bahrain (AIB)	91.1%	91.1%	1984	Bahrain	
Bank Et-Tamweel Al-Tunisi Al-Saudi (BEST)	78.4%	78.4%	1983	Tunisia	
Egyptian Saudi Finance Bank (ESFB)	73.7%	73.7%	1980	Egypt	
Albaraka Bank Lebanon (ABBL)	98.0%	98.0%	1991	Lebanon	
Jordan Islamic Bank (JIB)	66.5%	58.7%	1978	Jordan	
Albaraka Turk Participation Bank (ATPB)	56.6%	55.6%	1985	Turkey	
Albaraka Bank Limited (ABL)	56.3%	53.6%	1989	South Africa	
Albaraka Bank Sudan (ABS)	82.3%	82.3%	1984	Sudan	
<i>Company</i>	<i>Subsidiary held through</i>	<i>Effective Ownership June 2009</i>	<i>Effective Ownership Dec 2008</i>	<i>Year of incorporation</i>	<i>Country of incorporation</i>
Al- Rizq Trading Company	JIB	59.9%	52.8%	1994	Jordan
Al-Omariya School Company	JIB	62.8%	55.4%	1987	Jordan
Al-Samaha Real Estate Company	JIB	66.5%	55.8%	1998	Jordan
Future Applied Computer Technology Company	JIB	66.5%	58.7%	1998	Jordan
Sanable Alkhair for Financial Investment	JIB	66.5%	58.7%	2006	Jordan
Dar AlBaraka	BAA	55.9%	55.9%	2003	Algeria
AlBaraka Properties (Pty) Ltd.	ABL	56.2%	53.5%	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 2009 to 30 June 2009.

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2 FINANCIAL HIGHLIGHTS

	June 2009	June 2008	June 2007	June 2006	June 2005
EARNINGS (US\$ Millions)					
Total Operating Income	302	308	197	149	142
Net Operating Income	161	175	97	76	73
Net Income	92	108	121	56	43
Net Income Attributable to Equity					
Shareholders of the Parent	49	62	98	33	27
BASIC AND DILUTED EARNINGS					
PER SHARE (US Cents) *	6.62	8.36	13.17	4.44	4.33
	June ** 2009	Dec 2008	Dec 2007	Dec 2006	Dec 2005
FINANCIAL POSITION (US\$ Millions)					
Total Assets	11,511	10,920	10,104	7,626	6,307
Total Financing and Investments	8,504	8,088	7,389	5,466	4,179
Total Customer Deposits	9,441	8,872	8,084	6,147	5,330
Total Equity	1,577	1,550	1,570	1,211	767
Equity Attributable to Shareholders of the Parent	1,160	1,131	1,144	979	566
CAPITALISATION (US\$ Millions)					
Authorised	1,500	1,500	1,500	1,500	1,500
Subscribed and Fully Paid-up	744	697.5	651	630	388
PROFITABILITY					
Return on Average Equity	12%	13%	14%	13%	15%
Return on Average Shareholders Equity ***	9%	10%	14%	10%	16%
Return on Average Assets	1.6%	1.9%	2.3%	1.8%	1.8%
Operating Expenses to Operating Income	47%	46%	52%	49%	51%
FINANCIAL POSITION					
Equity to Assets Ratio	14%	14%	16%	16%	12%
Total Financing and Investments as a multiple of Equity (times)	5.4	5.2	4.7	4.5	5.4
Net Book Value per Share (US\$)	1.56	1.52	1.54	1.57	1.01
OTHER INFORMATION					
Total Number of Employees	6,821	6,746	6,128	5,435	4,846
Total Number of Branches	283	283	243	216	185

* Earnings per share calculation has been adjusted for all bonus shares issued.

** Figures are annualised, where applicable.

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

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3 CAPITAL STRUCTURE AND CAPITAL ADEQUACY

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

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities.

The Bank's capital structure is primarily made of its paid-up capital, including the share premium and reserves, and the unrestricted investment account. From regulation's perspective, the significant amount of the Bank's capital are in tier I form as defined by the CBB, i.e., most of the consolidated capital are in permanent form of nature.

The classification of the Bank's capital in accordance to the regulatory requirements is as follows:

	Tier 1 <i>US\$ '000</i>	Tier 2 <i>US\$ '000</i>
Capital Components		
Issued and fully paid ordinary shares	744,000	
Legal/Statutory reserve	33,810	
Share premium	145,890	
Others	17,903	
Retained profit brought forward	154,777	
Unrealised gains arising from fair valuing equities (45% only)	5,007	
Minority interest in consolidated subsidiaries	416,418	
Less:		
Goodwill	62,718	
Unrealised loss arising from fair valuing equities	2,111	
Tier 1 Capital	1,452,976	
Current interim profits (reviewed by external auditors)		49,272
Unrealized gains arising from fair valuing equities (45% only)		2,511
Profit equalization reserve		2,237
Investment risk reserve		52,825
Tier 2 Capital		106,845
Total Eligible Capital		1,559,821

To assess its capital adequacy requirements in accordance to the CBB requirements, the Group adopts the standardized approach for its Credit Risk, Basic Indicator Approach for its Operational Risk and Standardized Measurement Approach for its Market Risk. To calculate its capital adequacy, the Group follows the accepted approaches approved by the CBB Rulebook in this respect. The Group aggregates the total risk weighted assets of its subsidiaries in Jordan and South Africa and consolidates the other subsidiaries. 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. The capital requirements for these risks are as follows:

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3 CAPITAL STRUCTURE AND CAPITAL ADEQUACY (continued)

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

	<i>Risk weighted assets</i>	<i>Minimum capital requirements</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Credit Risk	5,405,558	648,667
Market Risk	636,529	76,384
Operational Risk	856,183	102,742
Total Regulatory Risk Weighted Assets	6,898,270	827,792

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

	<i>Risk weighted assets</i>	<i>Minimum capital requirements</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Receivables	3,964,424	475,731
Mudaraba and Musharaka financing	365,538	43,865
Ijarah Muntahia Bittamleek	198,718	23,846

Capital Adequacy Ratios

Tier 1 Capital Adequacy Ratio	21.06%
Total Capital Adequacy Ratio	22.61%

Subsidiaries' Capital Adequacy Ratios

The following Capital Adequacy Ratios were prepared based on Central Bank of Bahrain requirements, which may differ from the local requirements of the countries in which the subsidiaries operate:

Albaraka Banking Group - Head Office	80.88%
Banque Albaraka D'Algerie	17.78%
Albaraka Islamic Bank	26.10%
Bank Et-Tamweel Al-Tunisi Al-Saudi	32.52%
Egyptian Saudi Finance Bank	22.32%
Albaraka Bank Lebanon	46.64%
Jordan Islamic Bank	30.84%
Albaraka Turk Participation Bank	17.25%
Albaraka Bank Limited	28.33%
Albaraka Bank Sudan	17.61%

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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 exposures 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.

4.1 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.

Liquidity ratios

Short term assets to short term liabilities	3.64
Liquid assets to total assets	0.26

Maturity profile

The table 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 balance sheet 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 account holders and the availability of bank lines.

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4 RISK MANAGEMENT (continued)

4.1 Liquidity risk (continued)

The consolidated maturity profile at 30 June 2009 was as follows:

	<i>Up to 1 Month US\$ '000</i>	<i>1 to 3 months US\$ '000</i>	<i>3 to 6 months US\$ '000</i>	<i>6 months to 1 year US\$ '000</i>	<i>1 to 3 years US\$ '000</i>	<i>3 to 5 years US\$ '000</i>	<i>5 to 10 years US\$ '000</i>	<i>Over 10 years US\$ '000</i>	<i>Undated US\$ '000</i>	<i>Total US\$ '000</i>
ASSETS										
Cash and balances with banks	2,229,402	29,841	11,990	8,527	94,953	19,493	30,407	-	21,104	2,445,717
Receivables	955,570	811,464	784,682	1,048,776	1,408,740	1,081,430	48,598	244,665	-	6,383,925
Musharaka and Mudaraba financing	518,661	26,625	23,710	21,038	70,663	127,738	4,661	16,191	20,419	829,706
Investments	367,398	43,635	30,510	167,081	208,606	97,489	2,578	20,842	32,092	970,231
Ijarah Muntahia Bittamleek	6,297	8,722	9,861	21,075	72,759	27,086	47,017	127,428	-	320,245
Property and equipment	-	-	-	434	10,734	663	16,362	16,801	164,722	209,716
Other assets	106,293	6,617	5,181	14,801	66,201	15,721	9,535	-	127,425	351,774
Total assets	4,183,621	926,904	865,934	1,281,732	1,932,656	1,369,620	159,158	425,927	365,762	11,511,314
LIABILITIES										
Customer current and other accounts	1,385,922	113,019	91,045	97,708	291,477	30,750	-	-	-	2,009,921
Due to banks	39,183	5,003	10,014	7,962	6,562	-	-	-	-	68,724
Other liabilities	187,988	17,585	11,619	27,049	19,784	53,821	18,883	144,972	11,646	493,347
Total Liabilities	1,613,093	135,607	112,678	132,719	317,823	84,571	18,883	144,972	11,646	2,571,992
Unrestricted investment accounts	2,545,064	1,017,024	652,890	1,084,046	1,781,111	244,157	38,364	-	-	1,362,656
Total liabilities and unrestricted investment accounts	4,158,157	1,152,631	765,568	1,216,765	2,098,934	328,728	57,247	144,972	11,646	9,934,648
Net liquidity gap	25,464	(225,727)	100,366	64,967	(166,278)	1,040,892	101,911	280,955	354,116	1,576,666
Cumulative net liquidity gap	25,464	(200,263)	(99,897)	(34,930)	(201,208)	839,684	941,595	1,222,550	1,576,666	

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4 RISK MANAGEMENT (continued)

4.2 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.

Gross funded exposures

The gross funded exposures (before credit risk mitigation) at 30 June 2009 were as follows:

	<i>US\$ '000</i>
<i>Islamic Products</i>	
Receivables	6,620,025
Mudaraba and Musharaka financing	832,788
Investments	976,454
Ijarah Muntahia Bitamleek	320,245

The period end position of the above exposures and the related risks are representative of the risk positions of the Group throughout the period. No average exposures are presented.

Geographic distribution of the gross funded exposures

The above credit exposures relate to the following geographical areas

	<i>Receivables</i>	<i>Mudaraba and Musharaka financing</i>	<i>Investments</i>	<i>Ijarah Muntahia Bittamleek</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Middle East	2,574,328	569,760	634,302	197,033	3,975,423
North Africa	1,123,268	104,867	11,750	51,909	1,291,794
Europe	2,547,712	19,477	214,987	49,761	2,831,937
Others	374,717	138,684	115,415	21,542	650,358
Total	6,620,025	832,788	976,454	320,245	8,749,512

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4 RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

Net credit exposures

Net credit exposures after considering provisions at 30 June 2009 were as follows:

<i>Islamic Products</i>	<i>Net Credit Exposures</i>		
	<i>Outstanding</i>		
	<i>Amount</i>	<i>Provision</i>	<i>Net Exposure</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Receivables	6,620,025	236,101	6,383,924
Mudaraba and Musharaka Financing	832,788	3,082	829,706
Investments	976,454	6,223	970,231
Ijarah Muntahia Bitamleek	320,245	-	320,245
<i>Total</i>	<i>8,749,512</i>	<i>245,406</i>	<i>8,504,106</i>

Exposures by counterparty type

The exposures by counterparty type at 30 June 2009 were as follows:

<i>Counterparty type</i>	<i>Receivables</i>	<i>Mudaraba and Musharaka financing</i>	<i>Investments</i>	<i>Ijarah Muntahia Bittamleek</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
	Claims on multi-lateral development banks	198,008	-	-	15
Claims on investment firms	137,199	36,349	-	-	173,548
Claims on banks	525,375	34,473	-	-	559,848
Claims on corporates	3,839,096	659,130	-	214,952	4,713,178
Claims on retails	1,670,697	-	-	105,279	1,775,975
Past dues receivables	249,650	-	-	-	249,650
Equity investment	-	102,836	232,626	-	335,462
Sukuk	-	-	674,852	-	674,852
Investment in Funds	-	-	59,137	-	59,137
Other assets	-	-	9,839	-	9,839
<i>Total</i>	<i>6,620,025</i>	<i>832,788</i>	<i>976,454</i>	<i>320,245</i>	<i>8,749,512</i>

Large Credit Exposures

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.

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4 RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

Restructured facilities

There were no major facilities which were restructured during the period ended 30 June 2009.

Assets sold under recourse agreements

The Group has not entered into any recourse agreement during the period ended 30 June 2009.

Aging of Non-Performing Facilities

Aging of non-performing facilities as of 30 June 2009 was as follows:

Country	<i>Less than 6</i>	<i>6-12 Months</i>	<i>1-3 Years</i>	<i>More than 3</i>	<i>Total</i>
	<i>Months</i>			<i>Years</i>	
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Middle East	36,889	7,970	21,971	134,202	201,032
North Africa	20,941	13,845	27,005	6,916	68,707
Europe	38,341	24,150	23,206	9,078	94,775
Others	17,340	7,305	10,387	4,411	39,443
Total	113,511	53,270	82,569	154,607	403,957

Counterparty	<i>Less than 6</i>	<i>6-12 Months</i>	<i>1-3 Years</i>	<i>More than 3</i>	<i>Total</i>
	<i>Months</i>			<i>Years</i>	
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Bank	-	-	23	561	584
Sovereign	21	49	35	-	105
Corporates	79,615	32,277	62,874	146,911	321,677
Retail	33,875	20,944	19,637	7,135	81,591
Total	113,511	53,270	82,569	154,607	403,957

Assets Type	<i>Less than 6</i>	<i>6-12 Months</i>	<i>1-3 Years</i>	<i>More than 3</i>	<i>Total</i>
	<i>Months</i>			<i>Years</i>	
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Receivables	108,877	50,924	81,521	153,859	395,181
Mudaraba and Musharaka financing	4,634	2,346	1,048	748	8,776
Total	113,511	53,270	82,569	154,607	403,957

Collateral Pending Sales

<i>Collateral</i>	<i>Market</i>	<i>Outstanding</i>
	<i>Value of the collateral</i>	<i>amount of the exposures</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Residential Real Estate	6,877	6,467
Commercial Real Estate	6,046	4,513
Others - Collateral	12,387	36,631
	25,310	47,611

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4 RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

Provision for impairment

Provision for impairment by type of counterparty at 30 June 2009 was as follows:

	<i>Provisions</i>				<i>Balance at the end of the period US\$ '000</i>
	<i>Balance at beginning of the period US\$ '000</i>	<i>Charges during the period US\$ '000</i>	<i>Charge-offs during the period US\$ '000</i>	<i>Others US\$ '000</i>	
Bank	122	19	-	-	141
Corporates	200,262	62,935	31,067	7,883	224,247
Retail	35,446	16,166	8,714	1,457	41,441
Total	235,830	79,119	39,781	9,340	265,828

These provisions relate to the following geographical areas:

	<i>US\$ '000</i>
Middle East	136,514
North Africa	40,024
Europe	66,719
Others	22,571
Total	265,828

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4 RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

Intra-group exposures at 30 June 2009

	<i>Albaraka Banking Group - Head Office</i>	<i>Bank Albaraka D'Algeria</i>	<i>Albaraka Bank Sudan</i>	<i>Albaraka Bahrain</i>	<i>Egyptian Saudi Finance Bank</i>	<i>Jordan Islamic Bank</i>	<i>Albaraka Bank Lebanon</i>	<i>Albaraka Bank Ltd</i>	<i>Albaraka Turk</i>	<i>Bank Et- Tamweel Al- Tunisi Al- Saudi</i>	<i>Total</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>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
ASSETS											
Cash and balances											
with banks	-	-	-	24,961	5,492	256	-	-	23,229	1,476	55,414
Receivables	-	-	-	5,009	-	-	5,002	-	59,395	-	69,406
Mudaraba and Musharaka											
financing	-	-	13,000	105,168	20,000	-	4,030	-	10,000	-	152,198
Investments	-	-	-	1,806	-	-	-	-	-	-	1,806
Ijarah Muntahia Bittamleek	-	-	-	-	-	-	-	-	-	1,652	1,652
Property and equipment	-	-	-	-	-	-	-	-	-	-	-
Other assets	420	731	3,074	67	13	14	42	14	8	20	4,403
LIABILITIES											
Customer current and											
other accounts	10	-	-	-	-	-	-	-	-	-	10
Due to banks	5,984	-	775	464	3,313	9,198	220	-	252	-	20,206
Other liabilities	81	-	15	-	-	-	-	-	-	-	96
UNRESTRICTED											
INVESTMENT											
ACCOUNTS	30,607	-	1,715	-	3,449	22,081	3,971	-	-	62,574	124,397
RESTRICTED											
INVESTMENT											
ACCOUNTS	16,100	-	-	-	8,773	16,044	-	-	5,038	41,499	87,454

All transactions have been made on an arm's length basis.

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4 RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

The significant balances with related parties were as follows:

	<i>30 June 2009 US\$ '000</i>
Assets:	
Cash and balances with banks	36
Receivables	15,975
Mudaraba and Musharaka financing	16,216
Investments	82,614
Other assets	790
	<u><u> </u></u>
Liabilities:	
Customer current and other accounts	828
	<u><u> </u></u>
Unrestricted investment accounts	3,111
	<u><u> </u></u>
Restricted investment accounts	8,130
	<u><u> </u></u>

All the above exposures are performing and are free of any provision for possible credit losses.

4.4 Market risk

The following table summarises the capital requirement for each category of market risk as of 30 June 2009;

	<i>Equity position risk US\$ '000</i>	<i>Foreign exchange risk US\$ '000</i>
Risk weighted exposure (RWE)	3,929	632,600
Capital requirements (12%)	471	75,912
	<u><u> </u></u>	<u><u> </u></u>
Maximum value of RWE	3,929	632,600
	<u><u> </u></u>	<u><u> </u></u>
Minimum value of RWE	3,501	561,795
	<u><u> </u></u>	<u><u> </u></u>

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 URIA. The profit distribution to URIA is based on profit sharing agreements. Therefore, the Group is not subject to any significant profit rate risk.

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 investment portfolio.

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4 RISK MANAGEMENT (continued)

4.4 Market risk (continued)

Equity price risk (continued)

The Group has total equity portfolio of US\$ 305,386 thousand comprising of available for sale investments amounting to US\$ 297,667 thousand and trading securities amounting to US\$ 7,719 thousand. Variation of 10% increase or decrease in the portfolio value will not have a significant impact on the Group's net income or equity.

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.

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

Currency	30 June 2009		
	Operational	Strategic	Total
	equivalent	equivalent	equivalent
	Long	Long	Long
	(short)	(short)	(short)
Turkish Lira	(19,044)	237,621	218,577
Jordanian Dinar	63,551	185,525	249,076
Egyptian Pound	(23,003)	84,304	61,301
Sudanese Pound	(21,348)	37,088	15,740
Algerian Dinar	(364)	69,471	69,107
Lebanese Pound	(22,133)	13,941	(8,192)
Saudi Riyal	9,734	-	9,734
Pound Sterling	(3,190)	-	(3,190)
Tunisia Dinar	(1,661)	-	(1,661)
Euro	(7,267)	-	(7,267)
South African Rand	445	15,756	16,201
Pakistani Rupees	(36,786)	36,884	98
Others	2,506	-	2,506

The strategic currency risk represents the amount of equity of the subsidiaries.

Foreign currency risk sensitivity analysis

Following is the sensitivity analysis that calculates the effect of a reasonable possible movement of the currency exchange rate against the US\$ with all other variables held constant on the consolidated statement of income and the consolidated statement of equity as of and for the period ended 30 June 2009. The impact of a similar increase in exchange rates will be approximately opposite to the impact disclosed below.

Currency	Particular	Exposures in US\$ '000	Variance %	Change in net income and equity
Algerian Dinar	Net Income	24,797	-5%	(1,181)
	Total Equity	54,806	-5%	(5,918)
Egyptian Pound	Net Income	4,232	-5%	(202)
	Total Equity	30,114	-5%	(5,448)
Turkish Lira	Net Income	43,059	-15%	(5,616)
	Total Equity	181,907	-15%	(54,721)
Sudanese Pound	Net Income	5,363	-5%	(255)
	Total Equity	8,005	-5%	(2,147)
S.African Rand	Net Income	910	-15%	(119)
	Total Equity	12,234	-15%	(3,651)

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4 RISK MANAGEMENT (continued)

4.5 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. The Group measures and allocates capital to its operational risk using the Basic Indicator Approach as illustrated below:

	<i>Gross income</i>		
	<i>2008</i>	<i>2007</i>	<i>2006</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
	585,871	444,454	339,567
<i>Total Gross Income</i>			
Average Gross Income	456,631		
Operational risk Weighted Assets	856,183		

5 UNRESTRICTED INVESTMENT ACCOUNT DISCLOSURES

Unrestricted Investment Account (URIA) by Counterparty Type and Islamic Product

<u>Counterparty</u>	<i>Receivables</i>		
	<i>Total exposures</i>	<i>Funded by URIA</i>	<i>% of URIA to Total</i>
Sovereign	198,008	146,526	74%
Bank	525,375	388,778	74%
Investment Firms	137,199	101,527	74%
Corporates	3,839,096	2,802,540	73%
Retail	1,920,346	1,401,853	73%
Total	6,620,025	4,841,224	

<u>Counterparty</u>	<i>Mudaraba and Musharaka financing</i>		
	<i>Total exposures</i>	<i>Funded by URIA</i>	<i>% of URIA to Total</i>
Bank	34,473	19,994	58%
Corporates	761,967	396,223	52%
Total	796,439	416,217	

<u>Counterparty</u>	<i>Ijarah Muntahia Bittamleek</i>		
	<i>Total exposures</i>	<i>Funded by URIA</i>	<i>% of URIA to Total</i>
Corporates	214,966	137,578	64%
Retail	105,279	67,378	64%
Total	320,245	204,957	

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5 UNRESTRICTED INVESTMENT ACCOUNT DISCLOSURES (continued)

Analysis of Profit Equalisation Reserve, Investment Risk Reserve and Return on URIA

	<i>US\$ '000</i>
Profit Equalisation Reserve	2,237
Investment risk reserve	52,825
URIA	7,362,656
URIA return before Mudarib share	354,429
URIA return after Mudarib share	239,524
Mudarib share *	114,905
Profit Equalisation Reserve to URIA	0.03%
Investment risk reserve to URIA	0.72%
URIA return after Mudarib share to URIA	3.25%

Movement in Profit Equalisation Reserve and Investment Risk Reserve

Movement in profit equalisation reserve

	<i>US\$ '000</i>
Balance at 1 January	2,271
Amount apportioned from income allocable to unrestricted investment account holders	25
Foreign exchange translations	(59)
Balance at 30 June	<u>2,237</u>

Movement in investment risk reserve

	<i>US\$ '000</i>
Balance at 1 January	58,371
Amount appropriated to provision	11,083
Amount apportioned from income allocable to unrestricted investment account holders	(16,545)
Foreign exchange translations	(84)
Balance at 30 June	<u>52,825</u>

* The Group's Mudarib share varies as it is determined at the level of each subsidiary and is based on the terms and conditions of the related agreements.