

Al Baraka Banking Group B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2015 (REVIEWED)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AL BARAKA BANKING GROUP B.S.C.

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Al Baraka Banking Group B.S.C. (the "Bank") and its subsidiaries (together the "Group") as at 30 September 2015, 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 nine-month period then ended and explanatory notes. The Board of Directors and management are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies disclosed in note 2. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with the accounting policies disclosed in note 2.



10 November 2015
Manama, Kingdom of Bahrain

Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015 (Reviewed)

		<i>Audited</i>
	30 September	31 December
	2015	2014
<i>Notes</i>	US\$ '000	US\$ '000
ASSETS		
Cash and balances with banks	5,191,001	5,011,262
Receivables	11,472,002	11,999,547
Mudaraba and Musharaka financing	1,632,556	1,549,786
Investments	3,134,535	2,580,034
Ijarah Muntahia Bittamleek	1,658,743	1,494,799
Property and equipment	376,465	379,323
Other assets	528,049	448,838
TOTAL ASSETS	23,993,351	23,463,589
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY		
LIABILITIES		
Customer current and other accounts	4,434,958	4,509,312
Due to banks	992,620	1,211,493
Long term financing	1,308,913	655,669
Other liabilities	872,117	872,700
Total liabilities	7,608,608	7,249,174
EQUITY OF INVESTMENT ACCOUNTHOLDERS	14,427,727	14,139,792
OWNERS' EQUITY		
Share capital	1,115,746	1,093,869
Treasury shares	(8,480)	(8,261)
Share premium	17,677	17,288
Reserves	152,216	147,621
Cumulative changes in fair values	2,245	3,073
Foreign currency translations	(467,781)	(313,602)
Retained earnings	464,023	343,398
Proposed appropriations	-	54,693
Equity attributable to parent's shareholders	1,275,646	1,338,079
Non-controlling interest	681,370	736,544
Total owners' equity	1,957,016	2,074,623
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY	23,993,351	23,463,589



Saleh Abdullah Kamel
Chairman



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

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

Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the nine months ended 30 September 2015 (Reviewed)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September 2015</i>	<i>30 September 2014</i>	<i>30 September 2015</i>	<i>30 September 2014</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
INCOME				
Net income from jointly financed contracts and investments	296,843	293,235	900,478	854,989
Return on equity of investment accountholders before Group's share as a Mudarib	(228,052)	(236,300)	(756,070)	(722,929)
Group's share as a Mudarib	73,216	57,871	257,796	211,808
Return on equity of investment accountholders	(154,836)	(178,429)	(498,274)	(511,121)
Group's share of income from equity of investment accountholders (as a Mudarib and Rabalmaal)	142,007	114,806	402,204	343,868
Mudarib share for managing off-balance sheet equity of investment accountholders	1,340	4,726	3,431	8,215
Net income from self financed contracts and investments	58,678	63,179	201,799	171,667
Other fees and commission income	49,937	43,360	142,848	131,037
Other operating (loss) income	(8,277)	13,435	24,983	40,315
	243,685	239,506	775,265	695,102
Profit paid on long term financing	(8,049)	(11,322)	(37,248)	(21,641)
TOTAL OPERATING INCOME	235,636	228,184	738,017	673,461
OPERATING EXPENSES				
Staff expenses	74,910	71,497	232,304	218,831
Depreciation and amortisation	12,387	11,258	34,593	32,371
Other operating expenses	42,951	41,970	137,658	125,191
TOTAL OPERATING EXPENSES	130,248	124,725	404,555	376,393
NET INCOME FOR THE PERIOD BEFORE NET PROVISIONS AND TAXATION	105,388	103,459	333,462	297,068
Net provisions	(11,042)	(14,076)	(34,249)	(14,754)
NET INCOME FOR THE PERIOD BEFORE TAXATION	94,346	89,383	299,213	282,314
Taxation	(30,646)	(25,384)	(85,126)	(75,453)
NET INCOME FOR THE PERIOD	63,700	63,999	214,087	206,861
Attributable to:				
Equity holders of the parent	36,400	35,059	121,072	115,518
Non-controlling interest	27,300	28,940	93,015	91,343
	63,700	63,999	214,087	206,861
Basic and diluted earnings per share - US cents (note 11)	3.29	3.17	10.93	10.43



Saleh Abdullah Kamel
Chairman



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

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

Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2015 (Reviewed)

	<i>Nine months ended</i>	
	30 September 2015 US\$ '000	30 September 2014 US\$ '000
OPERATING ACTIVITIES		
Net income for the period before taxation	299,213	282,314
Adjustments for:		
Depreciation and amortisation	34,593	32,371
Depreciation on Ijarah Muntahia Bittamleek	140,924	68,622
Unrealised gain on equity and debt-type instruments at fair value through statement of income	(66)	(111)
Gain on disposal of property and equipment	(5,544)	(4,305)
Gain on disposal of investment in real estate	(361)	(600)
Gain on disposal of equity-type instruments at fair value through equity	(2,334)	(2,061)
Gain on disposal of equity and debt-type instruments at fair value through statement of income	(1,295)	(537)
Net provisions	34,249	14,753
Income from associates	(1,006)	(1,683)
Operating profit before changes in operating assets and liabilities	498,373	388,763
Net changes in operating assets and liabilities:		
Reserves with central banks	139,373	51,374
Receivables	487,207	(556,086)
Mudaraba and Musharaka financing	(84,567)	(116,275)
Ijarah Muntahia Bittamleek	(304,868)	(452,235)
Other assets	(77,547)	(45,458)
Customer current and other accounts	(74,357)	100,651
Due to banks	(218,873)	106,278
Other liabilities	11,686	138,895
Equity of investment accountholders	291,947	1,234,084
Taxation paid	(96,098)	(73,473)
Net cash from operating activities	572,276	776,518
INVESTING ACTIVITIES		
Net purchase of investments	(560,602)	(25,242)
Net (purchase) disposal of property and equipment	(18,137)	28,381
Dividend received from associates	769	1,281
Net disposal (purchase) of investment in associates	7,458	(16,573)
Net cash used in investing activities	(570,512)	(12,153)
FINANCING ACTIVITIES		
Dividends paid to equity holders of the parent	(32,816)	(36,690)
Net movement in treasury shares	170	256
Long term financing	653,244	(48,499)
Net change in non-controlling interest	(33,494)	(33,862)
Net cash from (used in) financing activities	587,104	(118,795)
Foreign currency translation adjustments	(269,755)	(87,835)
NET CHANGE IN CASH AND CASH EQUIVALENTS	319,113	557,735
Cash and cash equivalents at 1 January	2,735,121	2,304,753
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER (note 14)	3,054,234	2,862,488

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

Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the nine months ended 30 September 2015 (Reviewed)

	Attributable to 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	Appropriations US\$ '000	Total US\$ '000	Non-controlling interest US\$ '000	Total owners' equity US\$ '000
At 1 January 2015	1,093,869	(8,261)	17,288	108,311	39,310	3,073	(313,602)	343,398	54,693	1,338,079	736,544	2,074,623
Dividends (note 12)	-	-	-	-	-	-	-	-	(32,816)	(32,816)	-	(32,816)
Bonus shares issued (note 12)	21,877	-	-	-	-	-	-	-	(21,877)	-	-	-
Net movement in treasury shares	-	(219)	389	-	-	-	-	-	-	170	-	170
Net movement in changes in fair values	-	-	-	-	-	(828)	-	-	-	(828)	(281)	(1,109)
Net movement in other reserves	-	-	-	-	4,595	-	-	-	-	4,595	716	5,311
Foreign currency translation	-	-	-	-	-	-	(154,179)	-	-	(154,179)	(115,577)	(269,756)
Net income for the period	-	-	-	-	-	-	-	121,072	-	121,072	93,015	214,087
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(33,494)	(33,494)
Effects of acquisition of non-controlling interest	-	-	-	-	-	-	-	(447)	-	(447)	447	-
At 30 September 2015	1,115,746	(8,480)	17,677	108,311	43,905	2,245	(467,781)	464,023	-	1,275,646	681,370	1,957,016

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

Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the nine months ended 30 September 2015 (Reviewed)

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

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

Al Baraka Banking Group B.S.C.

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

For the nine months ended 30 September 2015 (Reviewed)

ACCOUNTHOLDERS:

	Cash US\$ '000	Sales receivables US\$ '000	Mudaraba financing US\$ '000	Investment in real estate US\$ '000	Ijarah Muntahia Bittamleek US\$ '000	Investments US\$ '000	Others US\$ '000	Total US\$ '000
At 1 January 2015	82,015	353,749	313,924	37,588	41,747	328,644	20,232	1,177,899
Deposits	100,807	80,983	482,767	3,967	37,008	112,303	15,362	833,197
Withdrawals	(87,515)	(301,315)	(539,892)	(611)	(7,784)	(85,964)	(21,946)	(1,045,027)
Income net of expenses	-	6,898	3,433	241	2,000	2,936	69	15,577
Mudarib's share	-	(1,748)	(1)	-	-	(955)	(727)	(3,431)
Foreign exchange translation	-	(24,964)	-	-	-	(39,331)	(7,340)	(71,635)
At 30 September 2015	95,307	113,603	260,231	41,185	72,971	317,633	5,650	906,580
At 1 January 2014	106,868	69,860	282,380	50,459	27,835	155,608	21,238	714,248
Deposits	50,137	130,434	994,647	33	11,690	109,665	78,594	1,375,200
Withdrawals	(74,104)	(76,758)	(913,394)	(13,110)	(2,183)	(109,841)	(69,097)	(1,258,487)
Income net of expenses	-	5,629	3,564	250	1,282	5,775	632	17,132
Mudarib's share	-	(2,926)	(337)	(30)	(154)	(893)	(348)	(4,688)
Foreign exchange translation	-	(7,231)	-	(16)	-	(311)	(5,984)	(13,542)
At 30 September 2014	82,901	119,008	366,860	37,586	38,470	160,003	25,035	829,863

SUKUK HOLDERS:

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

1 ACTIVITIES

Al Baraka Banking Group B.S.C. (the "Bank") is a joint stock company incorporated in the Kingdom of Bahrain on 27 June 2002, under Commercial Registration (CR) number 48915. The Bank is engaged in banking activities in the Middle East, Europe, North African and South African region. The address of the Bank's registered office is P.O. Box 1882, Diplomatic Area, Manama, Kingdom of Bahrain. The Bank is listed on Bahrain Bourse and NASDAQ Dubai.

The Bank operates under an Islamic wholesale banking license issued by the Central Bank of Bahrain (the "CBB").

The principal activities of the Bank and its subsidiaries (the "Group") comprise of international and commercial banking, financing, treasury and investment activities. The Bank is supervised and regulated by the CBB.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

These interim condensed consolidated financial statements for the nine month period ended 30 September 2015 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 2014. In addition, results for the nine month period ended 30 September 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for investment in real estate, equity and debt-type instruments through statement of income and equity-type instruments through equity that have been measured at fair value. The interim condensed consolidated financial statements are presented in United States Dollars ('US\$') being the functional and reporting currency of the Group. All values are rounded to the nearest US\$ thousand ('US\$ '000') unless otherwise indicated.

Statement of compliance

The annual consolidated financial statements for the year ended 31 December 2014 were prepared in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ('AAOIFI'), the Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Group, the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law and the CBB Rule Book (Volume 2 and applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions and rules and procedures of the Bahrain Bourse. In accordance with the requirements of AAOIFI, for matters for which no AAOIFI standards exist including "Interim Financial Reporting," the Group uses the relevant International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), given it does not contradict with Shari'a Rules and Principles and the conceptual framework of AAOIFI.

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at and for the period ended 30 September 2015. The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Significant accounting policies

The accounting policies adopted in preparation of the interim condensed consolidated financial statements are consistent with those used in preparation of the annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of amendments and clarifications effective as of 1 January 2015.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

FAS 23 - Consolidation

The amendments introduced in FAS 23 is to give clarification on the way an Islamic financial institution (IFI) should determine if financial statements of an investee company, or a subsidiary, should be consolidated with its own. The amendment provides clarification that, in addition to the existing stipulations in the standard, control may also exist through rights arising from other contractual arrangement, voting rights of the IFI that give de facto power over an entity, potential voting rights, or a combination of these factors. In terms of voting rights, the amendments also clarify that an IFI shall consider only substantive voting rights in its assessment of whether the institution has power over an entity. In order to be substantive, the voting rights need to be exercisable when relevant decisions are required to be made and the holder of such rights must have the practical ability to exercise those rights. Determination of voting rights shall include current substantive voting rights and currently-exercisable voting rights.

The amendments and clarifications are effective for the annual financial periods ending on or after 31 December 2015. The transition provision requires retrospective application including restatement of previous period comparatives. The amendment had no impact on the consolidation of investments held by the Group.

Approval of the Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 10 November 2015.

3 RECEIVABLES

	<i>Audited</i>
	<i>30 September 2015</i>
	<i>31 December 2014</i>
	<i>US\$ '000</i>
Sales (Murabaha) receivables	11,258,548
Ijarah receivables	33,495
Salam receivables	121,517
Istisna'a receivables	58,442
	<u>11,472,002</u>
	<u>11,999,547</u>

4 MUDARABA AND MUSHARAKA FINANCING

	<i>Audited</i>
	<i>30 September 2015</i>
	<i>31 December 2014</i>
	<i>US\$ '000</i>
Mudaraba financing	1,128,994
Musharaka financing	503,562
	<u>1,632,556</u>
	<u>1,549,786</u>

Al Baraka Banking Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

5 INVESTMENTS

	<i>Audited</i>
	<i>31 December</i>
<i>30 September</i>	<i>2014</i>
<i>2015</i>	<i>2014</i>
<i>US\$ '000</i>	<i>US\$ '000</i>
Equity and debt-type instruments at fair value through statement of income (5.1)	17,510
Equity-type instruments at fair value through equity (5.2)	104,919
Debt-type instruments at amortised cost (5.3)	2,242,616
	<u>2,365,045</u>
Investment in real estate (5.4)	159,549
Investment in associates	55,440
	<u>2,580,034</u>
	<u><u>3,134,535</u></u>

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

	<i>Audited</i>
	<i>31 December</i>
<i>30 September</i>	<i>2014</i>
<i>2015</i>	<i>2014</i>
<i>US\$ '000</i>	<i>US\$ '000</i>
Quoted investments	
Debts	14,407
Equities	3,103
Unquoted investments	
Equities	-
	<u>17,510</u>
	<u><u>26,980</u></u>

5.2 Equity-type instruments at fair value through equity

	<i>Audited</i>
	<i>31 December</i>
<i>30 September</i>	<i>2014</i>
<i>2015</i>	<i>2014</i>
<i>US\$ '000</i>	<i>US\$ '000</i>
Quoted investments	
Equities	39,387
Managed funds	21,290
	<u>60,677</u>
Unquoted investments	
Equities	37,146
Managed funds	12,385
	<u>49,531</u>
Provisions	(5,289)
	<u>104,919</u>
	<u><u>105,546</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

5 INVESTMENTS (continued)

5.3 Debt-type instruments at amortised cost

	<i>Audited</i> 30 September 2015 US\$ '000	<i>Audited</i> 31 December 2014 US\$ '000
Quoted investments		
Sukuk and similar items	1,441,624	1,222,215
	<u>1,441,624</u>	<u>1,222,215</u>
Unquoted investments		
Sukuk and similar items	1,330,899	1,024,248
	<u>1,330,899</u>	<u>1,024,248</u>
Provisions	(1,907)	(3,847)
	<u><u>2,770,616</u></u>	<u><u>2,242,616</u></u>

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

The Group's investments in sukuk and similar items held at amortised cost have fair values amounting to US\$ 2,822 million (31 December 2014: US\$ 2,438 million).

5.4 Investment in real estate

	<i>Audited</i> 30 September 2015 US\$ '000	<i>Audited</i> 31 December 2014 US\$ '000
Land	94,932	83,048
Buildings	88,578	76,501
	<u>183,510</u>	<u>159,549</u>

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

	<i>Audited</i> 30 September 2015 US\$ '000	<i>Audited</i> 31 December 2014 US\$ '000
Beginning balance of the period / year	159,549	139,350
Acquisition	24,692	34,803
Net (loss) gain from fair value adjustments	(23)	9,050
Disposal	(53)	(21,413)
Foreign exchange translation - net	(655)	(2,241)
	<u>23,961</u>	<u>20,199</u>
Ending balance of the period / year	<u><u>183,510</u></u>	<u><u>159,549</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

6 OTHER ASSETS

	<i>Audited</i>	
	<i>30 September 2015</i>	<i>31 December 2014</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Bills receivable	204,543	170,898
Goodwill and intangible assets	104,890	103,773
Collateral pending sale	87,931	75,951
Prepayments	56,466	38,036
Deferred taxation	20,213	19,793
Good faith qard fund	13,803	12,122
Others	52,205	41,681
	540,051	462,254
Provisions	(12,002)	(13,416)
	528,049	448,838

7 LONG TERM FINANCING

Al Baraka Turk Participation Bank (ATPB) issued sukuk listed in Irish Stock Exchange for a tenure of 5 years through its fully owned subsidiary Bereket Varlık Kiralama A.Ş., amounting to US\$ 350 million. The sukuk subscriptions to an extent of not less than 51% will be utilised to purchase asset portfolio, while the remaining portion to an extent of not more than 49% will be utilised as commodity murabaha.

During the period, the Bank has voluntarily taken measures to manage the market risk of the sukuk holders with respect to the assets portfolio, therefore, the assets of US\$ 178.5 million, representing 51% of the total sukuk subscriptions, has been recognised as part of the Group's assets and the corresponding sukuk subscriptions to the extent of these assets has been classified as long term financing.

8 OTHER LIABILITIES

	<i>Audited</i>	
	<i>30 September 2015</i>	<i>31 December 2014</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Payables	256,900	327,615
Cash margins	250,172	268,959
Managers' cheques	87,786	74,071
Other provisions	14,428	11,521
Current taxation	66,388	72,606
Accrued expenses	67,344	82,225
Deferred taxation	5,197	9,531
Charity fund	5,372	4,296
Others	118,530	21,876
	872,117	872,700

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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9 COMMITMENTS AND CONTINGENCIES

	<i>Audited</i>	
	<i>30 September 2015</i>	<i>31 December 2014</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Letters of credit	756,540	877,685
Guarantees	3,031,520	3,388,857
Acceptances	71,169	142,917
Undrawn commitments	739,815	811,528
Others	260	83,552
	4,599,304	5,304,539

Al Baraka Banking Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

10 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise major shareholders, directors of the Group, entities owned or controlled, jointly controlled or significantly influenced by them and companies affiliated by virtue of shareholding in common with that of the Group and Shari'a supervisory board members.

The income and expenses in respect of related parties were as follows:

	Associated companies US\$ '000	Major shareholders US\$ '000	Directors and key management personnel US\$ '000	Other related parties US\$ '000	Nine months ended 30 September 2015 US\$ '000	30 September 2014 US\$ '000
Net income from jointly financed contracts and investments	1,727	-	47	-	1,774	1,968
Net income from self financed contracts and investments	180	13	40	-	233	376
Return on equity of investment accountholders	-	34	320	-	354	542
Other fees and commission income	610	-	-	-	610	625

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 September 2015 US\$ '000	Audited 31 December 2014 US\$ '000
Assets						
Receivables	10,157	-	568	-	10,725	8,794
Mudaraba and Musharaka financing	-	-	1,153	-	1,153	1,305
Investments	41,809	1,026	-	-	42,835	57,486
Ijarah Muntahia Bittamleek	-	-	793	-	793	933
Other assets	1,236	1	460	-	1,697	1,801
Liabilities						
Customer current and other accounts	4,952	2,938	1,009	73	8,972	14,878
Due to banks	204	18,396	-	-	18,600	15,101
Other liabilities	-	19,508	-	175	19,683	2,297
Equity of investment accountholders	8,845	9,065	9,700	65	27,675	34,578
Off-balance sheet equity of investment accountholders	14,670	9,380	642	-	24,692	22,860

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

Al Baraka Banking Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

11 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	30 September 2015	<i>30 September 2014</i>	30 September 2015	<i>30 September 2014</i>
Net income attributable to the equity holders of the parent for the period - US\$ '000	36,400	35,059	121,072	115,518
Weighted average number of shares outstanding at beginning of the period (in thousands)	1,107,333	1,085,395	1,107,357	1,085,469
Treasury shares effect (in thousands)	-	-	3	9
Bonus shares effect (in thousands)*	-	21,877	-	21,877
Weighted average number of shares outstanding at end of the period - (in thousands)	1,107,333	1,107,272	1,107,360	1,107,355
Earnings per share - US cents	3.29	3.17	10.93	10.43

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

12 OWNERS' EQUITY

	<i>Audited</i>	
	30 September 2015 US\$ '000	<i>31 December 2014 US\$ '000</i>
Share capital		
Authorised:		
Ordinary shares 1,500,000,000 (2014: 1,500,000,000) of US\$ 1 each	1,500,000	1,500,000
Issued and fully paid up:		
At beginning of the period / year		
1,093,868,695 (2014: 1,048,290,833) shares of US\$1 each	1,093,869	1,048,291
Issued during the period / year		
21,877,373 bonus shares (2014: 45,577,862) of US\$1 each	21,877	45,578
At end of the period / year		
1,115,746,068 (2014: 1,093,868,965) shares of US\$1 each	1,115,746	1,093,869

Appropriations

At the Annual General Meeting held on 23 March 2015 (2014: 23 March 2014), the shareholders of the Group resolved to distribute US\$ 32,816 thousand (2014: US\$ 36,690 thousand) as cash dividends and US\$ 21,877 thousand (2014: US\$ 45,578 thousand) as bonus shares.

Al Baraka Banking Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

12 OWNERS' EQUITY (continued)

Foreign currency translations

The foreign currency translations are used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The following table summarises the subsidiary wise foreign currency translation balance.

Subsidiary	Currency	30 September	Audited
		2015	31 December
		US\$ '000	US\$ '000
Banque Al Baraka D'Algerie (I	Algerian Dinar	45,085	23,964
Al Baraka Bank (Pakistan) Lin	Pakistani Rupees	10,055	8,173
Al Baraka Bank Egypt (ABE)	Egyptian Pound	41,188	28,717
Al Baraka Turk Participation E	Turkish Lira	283,033	180,354
Al Baraka Bank Limited (ABL	South African Rand	17,544	12,137
Al Baraka Bank Sudan (ABS)	Sudanese Pound	30,810	29,337
Al Baraka Bank Tunis (ABT)	Tunisian Dinar	12,377	8,994
Al Baraka Bank Syria (ABBS)	Syrian Pound	27,689	21,926
		467,781	313,602

13 SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's geographical segments. The geographical segments are based upon the location of the units responsible for recording the transactions and reflects the manner in which financial information is evaluated by management and the Board of Directors.

For financial reporting purposes, the Group is divided into the following geographic segments:

- Middle East
- North Africa
- Europe
- Others

The results reported for the geographic segments are based on the Group's internal financial reporting systems. The accounting policies of the segments are the same as those applied in the preparation of the Group's interim condensed consolidated financial statements as set out in note 2. Transactions between segments are conducted at estimated market rates on an arm's length basis.

No business segments are presented as that is not applicable to the Group.

Segment assets, liabilities and equity of investment accountholders were as follows:

Segment	30 September 2015			Audited 31 December 2014		
	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	10,525,852	2,834,213	6,771,623	9,668,236	2,630,783	6,157,725
North Africa	2,250,401	947,156	1,041,906	2,448,620	1,023,181	1,106,558
Europe	9,617,220	3,336,686	5,639,123	9,665,187	3,127,066	5,801,091
Others	1,599,878	490,553	975,075	1,681,546	468,144	1,074,418
	23,993,351	7,608,608	14,427,727	23,463,589	7,249,174	14,139,792

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

13 SEGMENTAL INFORMATION (continued)

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

	<i>Nine months ended</i>			<i>Nine months ended</i>		
	<i>30 September 2015</i>			<i>30 September 2014</i>		
	<i>Total operating income</i>	<i>Net operating income</i>	<i>Net income</i>	<i>Total operating income</i>	<i>Net operating income</i>	<i>Net income</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>
Segment						
Middle East	302,171	153,423	82,060	247,670	111,530	75,418
North Africa	76,411	34,648	30,309	80,751	39,624	30,179
Europe	298,824	129,215	89,947	292,115	132,948	93,635
Others	60,611	16,176	11,771	52,925	12,966	7,629
	738,017	333,462	214,087	673,461	297,068	206,861

14 CASH AND CASH EQUIVALENTS

	<i>Nine months ended</i>	
	<i>30 September 2015</i>	<i>30 September 2014</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Balances with central banks excluding mandatory reserve	1,592,262	1,355,857
Balances with other banks	751,728	1,088,491
Cash and cash in transit	710,244	418,140
	3,054,234	2,862,488

15 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period. Such reclassification did not affect previously reported consolidated income or consolidated owners' equity.