

Al Baraka Banking Group B.S.C.

**Additional Public Disclosures
30 June 2013**

(Unaudited)

Al Baraka Banking Group B.S.C.

ADDITIONAL PUBLIC DISCLOSURES

30 June 2013 (Unaudited)

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Al Baraka Banking Group B.S.C.

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1 INTRODUCTION

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

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

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

The following are the principal subsidiaries of the Bank, which are consolidated for all financial information presented unless otherwise stated:

<i>Bank</i>	<i>Ownership for Jun 2013</i>	<i>Ownership for Dec 2012</i>	<i>Year of incorporation</i>	<i>Country of incorporation</i>	<i>No. of branches/offices at 30 June 2013</i>
<i>Held directly by the Bank</i>					
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	101
Al Baraka Bank Tunis (ABT)	78.40%	78.40%	1983	Tunisia	8
Al Baraka Bank Egypt (ABE)	73.68%	73.68%	1980	Egypt	24
Al Baraka Bank Lebanon (ABBL)	98.86%	98.71%	1991	Lebanon	7
Jordan Islamic Bank (JIB)	66.01%	66.01%	1978	Jordan	77
Al Baraka Turk Participation Bank (ATPB)	56.64%	56.64%	1985	Turkey	138
Al Baraka Bank Limited (ABL)	62.15%	62.15%	1989	South Africa	11
Al Baraka Bank Sudan (ABS)	82.08%	82.08%	1984	Sudan	25
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:

<i>Company/ Bank</i>	<i>Subsidiary held through</i>	<i>Effective Ownership for Jun 2013</i>	<i>Effective Ownership for Dec 2012</i>	<i>Year of incorporation</i>	<i>Country of incorporation</i>
<i>Held indirectly by the Bank</i>					
Al Baraka Bank (Pakistan) Limited	AIB	58.90%	58.90%	2010	Pakistan
Itqan Capital	AIB	54.67%	54.67%	2007	Saudi Arabia
Al- Rizq Trading Company	JIB	59.40%	59.40%	1994	Jordan
Al-Omariya School	JIB	62.31%	62.31%	1987	Jordan
Al-Samaha Real Estate	JIB	62.97%	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%	61.98%	1991	South Africa

This documents contains disclosures required under the guidelines of the public disclosures required by Islamic banks. The period covered is from 1 January 2013 to 30 June 2013.

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2 FINANCIAL HIGHLIGHTS

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

	June 2013	<i>Dec 2012</i>	<i>Dec 2011</i>	<i>Dec 2010</i>	<i>Dec 2009</i>
EARNINGS (US\$ Millions)*					
Total Operating Income	472	880	730	659	634
Net Operating Income	227	422	344	316	325
Net Income	140	235	212	193	167
Net Income Attributable to Equity Holders of the Parent	79	133	118	106	92
Basic and diluted earnings per share - US cents	7.60	12.65	11.37	10.13	8.75
FINANCIAL POSITION (US\$ Millions)					
Total Assets	19,502	19,055	17,154	15,878	13,166
Total Financing and Investments	14,721	14,319	11,818	11,391	9,431
Total Deposits	16,765	16,398	14,680	13,571	10,999
Total Owners' Equity	1,941	1,968	1,799	1,817	1,737
Equity Attributable to Parent's Shareholders	1,279	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	1,048.0	1,014.5	869.6	790.5	744.0
PROFITABILITY ***					
Return on Average Owner's Equity	14.3%	12.5%	11.7%	10.9%	10.2%
Return on Average Parent's Shareholders Equity **	12.3%	10.7%	9.7%	8.7%	7.8%
Return on Average Assets	1.5%	1.3%	1.3%	1.3%	1.4%
Operating Expenses to Operating Income	51.9%	52.1%	52.8%	52.0%	48.7%
FINANCIAL POSITION					
Owner's Equity to Assets Ratio	10.0%	10.3%	10.5%	11.4%	13.2%
Total Financing and Investments as a Multiple of Equity (times)	7.6	7.3	6.6	6.3	5.4
Net Book Value per Share (US\$)	1.23	1.24	1.16	1.18	1.16
OTHER INFORMATION					
Total Number of Employees	9,572	9,398	9,021	8,503	7,250
Total Number of Branches	427	425	399	370	289

* June 2013 results relate to the six months period.

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

*** Figures are annualised for the period ended 30 June 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:

	30 June 2013		31 December 2012	
	Tier 1 US\$ '000	Tier 2 US\$ '000	Tier 1 US\$ '000	Tier 2 US\$ '000
Tier 1 Capital Components				
Issued and fully paid up ordinary shares	1,039,876	-	1,006,000	-
Disclosed reserves				
Legal / statutory reserves	78,687	-	78,687	-
Share premium	16,627	-	16,352	-
Others	(151,090)	-	(21,702)	-
Retained profit brought forward	218,223	-	217,892	-
Unrealized gains arising from fair valuing equities (45% only)	-	-	149	-
Non-controlling interest in consolidated subsidiaries	662,777	-	673,757	-
Less:				
Goodwill	(91,174)	-	(93,785)	-
Unrealized gross losses arising from fair valuing equity securities	(50,733)	-	(47,840)	-
Tier 1 Capital before PCD deductions	1,723,193	-	1,829,510	-
Tier 2 Capital Components				
Current interim profits	-	78,793	-	-
Asset revaluation reserve - Property, plant, and equipment (45% only)	-	353	-	118
Unrealized gains arising from fair valuing equities (45% only)	-	21,372	-	19,773
Profit equalization reserve	-	10,313	-	9,444
Investment risk reserve	-	111,716	-	98,429
Tier 2 Capital before PCD deductions	-	222,547	-	127,764
Total Available Capital	1,723,193	222,547	1,829,510	127,764

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3 CAPITAL STRUCTURE AND CAPITAL ADEQUACY (continued)

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

	<i>30 June 2013</i>		<i>31 December 2012</i>	
	<i>Tier 1</i> <i>US\$ '000</i>	<i>Tier 2</i> <i>US\$ '000</i>	<i>Tier 1</i> <i>US\$ '000</i>	<i>Tier 2</i> <i>US\$ '000</i>
Deduction				
Investment in insurance entity greater than or equal to 20%	(4,410)	(4,410)	(4,136)	(4,136)
Net Available Capital	1,718,783	218,137	1,825,374	123,628
TOTAL ELIGIBLE CAPITAL		1,936,920		1,949,002

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

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

	<i>30 June 2013</i>		<i>31 December 2012</i>	
	<i>Risk weighted assets</i> <i>US\$ '000</i>	<i>Minimum capital requirements</i> <i>US\$ '000</i>	<i>Risk weighted assets</i> <i>US\$ '000</i>	<i>Minimum capital requirements</i> <i>US\$ '000</i>
Credit Risk	9,318,427	1,118,211	8,227,452	987,294
Market Risk	871,496	104,580	915,231	109,828
Operational Risk	1,411,561	169,387	1,411,561	169,387
	11,601,484	1,392,178	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:

	<i>30 June 2013</i>		<i>31 December 2012</i>	
	<i>Risk weighted assets</i> <i>US\$ '000</i>	<i>Minimum capital requirements</i> <i>US\$ '000</i>	<i>Risk weighted assets</i> <i>US\$ '000</i>	<i>Minimum capital requirements</i> <i>US\$ '000</i>
<u>Islamic financing contracts</u>				
Receivables	4,703,186	564,382	3,966,561	475,987
Mudaraba and Musharaka financing	525,270	63,032	519,265	62,312
Ijarah Muntahia Bittamleek	394,184	47,302	248,911	29,869
	5,622,640	674,716	4,734,737	568,168

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3 CAPITAL STRUCTURE AND CAPITAL ADEQUACY (continued)

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

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

	30 June 2013	<i>31 December 2012</i>
Total capital ratio	16.70%	18.47%
Tier 1 capital ratio	14.82%	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:

	<u>30 June 2013</u>		<u>31 December 2012</u>	
	<i>Tier 1 capital ratio</i>	<i>Total capital ratio</i>	<i>Tier 1 capital ratio</i>	<i>Total capital ratio</i>
Head Office	28%	28%	31%	31%
Banque Al Baraka D'Algerie	23%	28%	28%	29%
Al Baraka Islamic Bank *	16%	16%	18%	18%
Al Baraka Bank Tunis	23%	24%	23%	23%
Al Baraka Bank Egypt	18%	19%	19%	19%
Al Baraka Bank Lebanon	13%	13%	14%	14%
Jordan Islamic Bank	17%	19%	18%	18%
Al Baraka Turk Participation Bank	14%	15%	14%	14%
Al Baraka Bank Limited	23%	23%	24%	25%
Al Baraka Bank Sudan	9%	12%	11%	11%
Al Baraka Bank Syria	8%	15%	14%	15%

* These ratios represents the consolidated ratios of Al Baraka Islamic Bank Bahrain and Al Baraka Pakistan has tier 1 capital ratio of 22% (2012: 30%) and total capital ratio of 22% (2012:30%).

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4 RISK MANAGEMENT

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

a) Liquidity risk

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

Table – 6. Liquidity Ratios (PD-1.3.37)

The following table summarises the liquidity ratios as of:

	30 June 2013	<i>31 December 2012</i>
Short term assets to short term liabilities	86%	78%
Liquid assets to total assets	26%	25%

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

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

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4 RISK MANAGEMENT (continued)

a) Liquidity risk (continued)

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

The consolidated maturity profile at 30 June 2013 was as follows:

	<i>Up to 1 month</i>	<i>1 to 3 months</i>	<i>3 to 6 months</i>	<i>6 months to 1 year</i>	<i>1 to 3 years</i>	<i>3 to 5 years</i>	<i>5 to 10 years</i>	<i>10 to 20 years</i>	<i>20 years and above</i>	<i>Undated</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	1,602,712	-	-	-	-	-	-	-	-	2,377,327	3,980,039
Receivables	1,619,703	1,481,086	1,599,644	1,880,131	2,779,593	954,138	389,235	5,014	221	60,088	10,768,853
Mudaraba and Musharaka financing	538,692	11,179	29,576	21,365	163,454	213,176	13,459	21,860	-	11,600	1,024,361
Investments	807,460	91,878	221,811	247,474	420,096	99,124	42,717	10,210	-	155,775	2,096,545
Ijarah Muntahia Bittamleek	11,828	8,036	120,371	25,334	107,769	161,398	175,557	216,949	2,667	1,011	830,920
Property and equipment	-	-	-	-	-	-	-	-	-	382,759	382,759
Other assets	95,776	9,580	14,473	17,677	59,895	35,406	3,921	2,164	-	179,412	418,304
Total Assets	4,676,171	1,601,759	1,985,875	2,191,981	3,530,807	1,463,242	624,889	256,197	2,888	3,167,972	19,501,781
LIABILITIES											
Customer current and other accounts	1,919,125	190,907	153,055	115,204	441,430	56,834	-	-	-	973,170	3,849,725
Due to banks	296,661	593,602	175,109	30,962	-	-	200,300	-	-	51,254	1,347,888
Other liabilities	312,124	53,486	35,962	16,017	95,270	25,087	23	-	-	256,886	794,855
Total Liabilities	2,527,910	837,995	364,126	162,183	536,700	81,921	200,323	-	-	1,281,310	5,992,468
Equity of investment accountholders	4,046,734	1,367,651	1,361,525	1,513,778	2,462,426	740,905	70,291	1,626	-	2,937	11,567,873
Total liabilities and equity of investment accountholders	6,574,644	2,205,646	1,725,651	1,675,961	2,999,126	822,826	270,614	1,626	-	1,284,247	17,560,341
Net liquidity gap	(1,898,473)	(603,887)	260,224	516,020	531,681	640,416	354,275	254,571	2,888	1,883,725	1,941,440
Cumulative net liquidity gap	(1,898,473)	(2,502,360)	(2,242,136)	(1,726,116)	(1,194,435)	(554,019)	(199,744)	54,827	57,715	1,941,440	
Off-balance sheet equity of investment accountholders	147,304	112,589	204,770	50,823	7,514	4,221	3,871	-	-	120,812	651,904

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4 RISK MANAGEMENT (continued)

a) Liquidity risk (continued)

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

The consolidated maturity profile at 31 December 2012 was as follows:

	<i>Up to 1 month</i>	<i>1 to 3 months</i>	<i>3 to 6 months</i>	<i>6 months to 1 year</i>	<i>1 to 3 years</i>	<i>3 to 5 years</i>	<i>5 to 10 years</i>	<i>10 to 20 years</i>	<i>20 years and above</i>	<i>Undated</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	1,950,294	-	-	-	-	-	-	-	-	1,977,289	3,927,583
Receivables	1,473,098	1,234,714	1,483,936	1,886,856	2,650,402	1,184,327	482,347	6,145	316	60,360	10,462,501
Mudaraba and Musharaka financing	441,016	10,658	11,128	27,215	99,840	216,256	118,108	10,908	7,183	11,242	953,554
Investments	813,016	179,056	187,036	261,056	418,758	62,781	76,608	8,408	-	177,035	2,183,754
Ijarah Muntahia Bittamleek	11,355	10,404	93,558	32,243	76,088	145,324	154,426	191,655	2,486	2,080	719,619
Property and equipment	-	-	-	-	-	-	-	-	-	386,496	386,496
Other assets	81,949	5,833	13,852	9,650	97,812	18,852	2,007	-	-	191,669	421,624
Total Assets	4,770,728	1,440,665	1,789,510	2,217,020	3,342,900	1,627,540	833,496	217,116	9,985	2,806,171	19,055,131
LIABILITIES											
Customer current and other accounts	3,820,735	-	-	-	-	-	-	-	-	-	3,820,735
Due to banks	592,170	104,315	44,927	227,636	3,232	-	-	-	-	-	972,280
Other liabilities	261,513	35,024	52,304	18,384	30,626	20,602	43,283	-	-	228,072	689,808
Total Liabilities	4,674,418	139,339	97,231	246,020	33,858	20,602	43,283	-	-	228,072	5,482,823
Equity of investment accountholders	2,528,078	1,260,004	1,457,831	2,740,540	2,745,716	801,290	69,560	1,609	-	-	11,604,628
Total liabilities and equity of investment accountholders	7,202,496	1,399,343	1,555,062	2,986,560	2,779,574	821,892	112,843	1,609	-	228,072	17,087,451
Net liquidity gap	(2,431,768)	41,322	234,448	(769,540)	563,326	805,648	720,653	215,507	9,985	2,578,099	1,967,680
Cumulative net liquidity gap	(2,431,768)	(2,390,446)	(2,155,998)	(2,925,538)	(2,362,212)	(1,556,564)	(835,911)	(620,404)	(610,419)	1,967,680	
Off-balance sheet equity of investment accountholders	153,504	154,632	32,855	58,832	5,396	113,404	5,305	-	-	74,867	598,795

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4 RISK MANAGEMENT (continued)

b) Credit risk

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

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

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

	30 June 2013				31 December 2012			
	Self financed		Financed by IAH		Self financed		Financed by IAH	
	Total gross credit exposure US\$ '000	*Average gross credit exposure over the period US\$ '000	Total gross credit exposure US\$ '000	*Average gross credit exposure over the period US\$ '000	Total gross credit exposure US\$ '000	*Average gross credit exposure over the year US\$ '000	Total gross credit exposure US\$ '000	*Average gross credit exposure over the year US\$ '000
Funded Exposure								
Receivables	5,328,246	5,105,462	5,440,607	5,552,933	4,730,290	4,384,945	5,732,211	5,304,102
Mudaraba and Musharaka financing	515,624	480,556	508,737	480,566	473,187	428,714	480,367	463,810
Investments	975,044	983,804	1,121,501	1,110,626	924,761	776,455	1,258,993	1,177,784
Ijarah Muntahia Bittamleek	373,099	364,595	457,821	442,825	322,250	295,314	397,369	367,366
Other assets	78,010	87,026	81,225	75,246	78,091	111,120	74,155	93,592
Unfunded Exposure								
Commitments and contingencies	5,104,410	5,168,836	-	-	4,753,594	4,953,716	-	-
	12,374,433	12,190,279	7,609,891	7,662,196	11,282,173	10,950,264	7,943,095	7,406,654

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

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4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

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

The following table summarises the geographic distribution of gross funded exposure as of 30 June 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>North Africa</i>	<i>Europe</i>	<i>Others</i>	<i>Middle East</i>	<i>North Africa</i>	<i>Europe</i>	<i>Others</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>
Receivables	1,452,639	494,629	3,188,189	192,789	2,569,674	408,394	2,123,447	339,092
Mudaraba and Musharaka financing	338,020	59,477	56,830	61,297	236,378	60,716	-	211,643
Investments	407,699	15,523	388,325	163,497	956,226	-	-	165,275
Ijarah Muntahia Bittamleek	199,242	146,346	19,382	8,129	329,885	105,731	128	22,077
Other Assets	44,046	9,909	6,838	17,217	39,871	7,626	9,711	24,017
	2,441,646	725,884	3,659,564	442,929	4,132,034	582,467	2,133,286	762,104

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>North Africa</i>	<i>Europe</i>	<i>Others</i>	<i>Middle East</i>	<i>North Africa</i>	<i>Europe</i>	<i>Others</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>
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

4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

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

The following table summarises the distribution of funded and unfunded exposure by counterparty type, broken down by major types of credit exposures as of 30 June 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	415,554	624,851	8,851	29,632	756,155	913,921	-	26,743	-	-	32,198	-	1,212,758	1,595,147
Claims on multi-lateral development banks	16,956	11,542	-	-	-	-	-	-	-	-	112	-	17,068	11,542
Claims on banks	170,456	298,311	27,249	91,047	29,662	27,586	-	4,980	-	-	28,376	-	255,743	421,924
Claims on corporates	3,995,797	2,929,296	7,939	45,176	7,747	26,032	169,623	138,394	-	-	4,840,891	-	9,021,997	3,138,898
Claims on retail	649,350	1,457,978	-	28	-	-	203,476	287,704	-	-	90,988	-	943,814	1,745,710
Past due receivables	80,133	118,629	-	11,456	-	-	-	-	-	-	111,845	-	191,978	130,085
Equity investment	-	-	388,110	46,999	104,962	43,179	-	-	-	-	-	-	493,072	90,178
Investment in funds	-	-	-	-	28,188	22,547	-	-	-	-	-	-	28,188	22,547
Specialized lending	-	-	83,475	284,399	-	-	-	-	-	-	-	-	83,475	284,399
Other assets	-	-	-	-	48,330	88,236	-	-	78,010	81,225	-	-	126,340	169,461
Total	5,328,246	5,440,607	515,624	508,737	975,044	1,121,501	373,099	457,821	78,010	81,225	5,104,410	-	12,374,433	7,609,891

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4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

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

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

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4 RISK MANAGEMENT (continued)**b) Credit risk (continued)****Large Credit Exposure (PD - 1.3.23 (f))**

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

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

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 30 June 2013:

	<i>Total</i> <i>US\$ '000</i>	<i>Neither</i> <i>past due</i> <i>nor non</i> <i>performing</i> <i>US\$ '000</i>	<i>Past due</i> <i>but</i> <i>performing</i> <i>US\$ '000</i>	<i>Non</i> <i>performing</i> <i>Islamic</i> <i>financing</i> <i>contracts</i> <i>US\$ '000</i>	<i>Aging of non performing Islamic financing contracts</i>		
					<i>90 days to</i> <i>1 year</i> <i>US\$ '000</i>	<i>1 year to</i> <i>3 years</i> <i>US\$ '000</i>	<i>Over 3</i> <i>years</i> <i>US\$ '000</i>
Sovereign	1,084,449	1,082,498	1,951	-	-	-	-
Bank	1,278,877	1,277,691	68	4,166	3,811	-	355
Investment Firms	164,047	117,716	9,634	36,697	917	155	35,625
Corporates	7,050,954	6,695,112	27,111	328,731	94,817	118,656	115,258
Retail	3,638,035	3,374,315	80,353	183,367	46,623	104,163	32,581
	13,216,362	12,547,332	119,117	552,961	146,168	222,974	183,819

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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
	<u>12,010,532</u>	<u>11,303,186</u>	<u>129,559</u>	<u>577,787</u>	<u>174,587</u>	<u>201,030</u>	<u>202,170</u>

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4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

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

The following table summarises the total specific provisions disclosed by counterparty type as of 30 June 2013:

	<i>Specific provisions</i>						<i>Balance at the end of the period</i> US\$ '000
	<i>Opening Balance</i> US\$ '000	<i>Charges during the period</i> US\$ '000	<i>Write-Back during the period</i> US\$ '000	<i>Write-offs during the period</i> US\$ '000	<i>Appropriation from IAH during the period</i> US\$ '000	<i>Foreign exchange translations/others</i> US\$ '000	
Bank	2,963	1,263	(13)	(7)	-	(269)	3,937
Investment Firms	10,481	109	-	(3,774)	-	(154)	6,662
Corporates	328,796	56,982	(38,036)	(28,181)	15,963	(19,533)	315,991
Retail	120,177	7,862	(2,816)	(543)	(618)	(1,638)	122,424
	462,417	66,216	(40,865)	(32,505)	15,345	(21,594)	449,014

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4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

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

The following table summarises the total specific provisions disclosed by counterparty type as of 30 June 2012:

	<i>Specific provisions</i>						<i>Balance at the end of the period</i> US\$ '000
	<i>Opening Balance</i> US\$ '000	<i>Charges during the period</i> US\$ '000	<i>Write-Back during the period</i> US\$ '000	<i>Write-offs during the period</i> US\$ '000	<i>Appropriation from IAH during the year</i> US\$ '000	<i>Foreign exchange translations/ others</i> US\$ '000	
Bank	2,650	311	(107)	-	-	(10)	2,844
Investment Firms	7,994	1,200	-	(26)	-	(174)	8,994
Corporates	270,529	30,516	(11,174)	(1,907)	(312)	2,668	290,320
Retail	103,342	11,720	(5,681)	(352)	927	514	110,470
	384,515	43,747	(16,962)	(2,285)	615	2,998	412,628

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

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

	30 June 2013 US\$ '000	<i>30 June</i> <i>2012</i> <i>US\$ '000</i>
Opening Balance	18,210	15,303
Charges during the period	12,269	2,933
Write-Back during the period	(1)	(325)
Write-offs during the period	(100)	(134)
Foreign exchange translations/ others	(5,730)	(1,600)
Balance at the end of the period	24,648	16,177

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

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4 RISK MANAGEMENT (continued)

b) Credit Risk (continued)

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

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

	<i>30 June 2013</i>			<i>31 December 2012</i>		
	<i>Past due and non performing Islamic financing contracts US\$ '000</i>	<i>Specific provision US\$ '000</i>	<i>General provision US\$ '000</i>	<i>Past due and non performing Islamic financing contracts US\$ '000</i>	<i>Specific provision US\$ '000</i>	<i>General provision US\$ '000</i>
Middle East	294,444	239,599	23,333	329,049	261,065	17,170
North Africa	80,638	52,922	1,315	81,600	47,940	1,040
Europe	136,668	111,220	-	124,923	111,633	-
Others	160,328	45,273	-	171,774	41,779	-
	672,078	449,014	24,648	707,346	462,417	18,210

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

	<i>30 June 2013 US\$ '000</i>	<i>31 December 2012 US\$ '000</i>
Renegotiated Islamic financing contracts	102,087	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.

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4 RISK MANAGEMENT (continued)

b) Credit risk (continued)

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

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

	30 June 2013 US\$ '000	<i>31 December 2012 US\$ '000</i>
Gross positive fair value of contracts	14,720,679	14,319,428
Netting Benefits	-	-
Netted Current Credit Exposure	14,720,679	14,319,428
Collateral held:		
Cash	395,390	518,222
Others	3,708,685	4,235,862
Real Estate	9,796,694	10,327,654
	13,900,769	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.

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4 RISK MANAGEMENT (continued)

c) Market risk

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

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

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

	30 June 2013		31 December 2012	
	<i>Equity position risk</i> US\$ '000	<i>Foreign exchange risk</i> US\$ '000	<i>Equity position risk</i> US\$ '000	<i>Foreign exchange risk</i> US\$ '000
Risk weighted exposure (RWE)	-	871,496	-	915,231
Capital requirements (12%)	-	104,580	-	109,828
Maximum value of RWE	-	942,582	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.

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4 RISK MANAGEMENT (continued)

c) Market risk (continued)

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

The following table summarises the total and average gross exposure of equity based financing structures by types of financing contracts and investments as of 30 June 2013:

	<i>Total gross exposure US\$ '000</i>	<i>Average gross exposure over the period US\$ '000</i>	<i>Publicly held US\$ '000</i>	<i>Privately held US\$ '000</i>	<i>Capital requirement US\$ '000</i>
Sukook and similar items	1,765,128	1,756,912	793,084	972,044	23,218
Equity Investment	148,430	156,869	106,804	41,626	45,570
Managed funds	51,070	51,476	21,502	29,568	4,701
	1,964,628	1,965,257	921,390	1,043,238	73,489

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	1,831,118	1,590,931	763,903	1,067,215	13,788
Equity Investment	172,535	182,321	88,776	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	65,150

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

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

	<i>30 June 2013 US\$ '000</i>	<i>30 June 2012 US\$ '000</i>
Cumulative realised gains arising from sales or liquidations in the reporting period	1,324	110
Total unrealized losses recognised in the consolidated statement of financial positions but not through consolidated statement of income	(3,509)	(6,929)
Unrealised gross losses included in Tier 1 Capital	(50,733)	46,085
Unrealised gains included in Tier 1 Capital (45% only)	-	-
Unrealised gains included in Tier 2 Capital (45% only)	21,372	17,620

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4 RISK MANAGEMENT (continued)

c) Market risk (continued)

Foreign exchange risk

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

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

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

	30 June 2013			31 December 2012		
	Operational equivalent Long (short) US\$ '000	Strategic equivalent Long (short) US\$ '000	Total equivalent Long (short) US\$ '000	Operational equivalent Long (short) US\$ '000	Strategic equivalent Long (short) US\$ '000	Total equivalent Long (short) US\$ '000
Currency						
Turkish Lira	(114,824)	392,072	277,248	(137,396)	390,044	252,648
Jordanian Dinar	(44,847)	226,644	181,797	34,044	220,726	254,770
Egyptian Pound	(24,413)	118,049	93,636	(33,434)	123,726	90,292
Sudanese Pound	993	24,158	25,151	882	18,814	19,696
Algerian Dinar	-	130,629	130,629	-	139,803	139,803
Lebanese Pound	(5,085)	18,517	13,432	165	17,825	17,990
Pound Sterling	(2,423)	-	(2,423)	(2,232)	-	(2,232)
Tunisian Dinar	48,051	-	48,051	117	-	117
Euro	(2,499)	-	(2,499)	29,310	-	29,310
South African Rand	(118)	23,562	23,444	-	26,445	26,445
Pakistani Rupees	(5,681)	43,131	37,450	2,517	41,181	43,698
Syrian Pound	(33,873)	7,033	(26,840)	(22,665)	8,488	(14,177)
Others	21,554	-	21,554	7,877	-	7,877

Foreign currency risk sensitivity analysis

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

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4 RISK MANAGEMENT (continued)

c) Market risk (continued)

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

Following is the sensitivity analysis that calculates the effect of a reasonable possible movement of the currency exchange rate against the US Dollar with all other variables held constant on the consolidated statement of income and the consolidated statement of equity.

At 30 June 2013

Currency	Particular	Exposures in US\$ '000	Maximum expected decrease %	Change in net income and equity US\$ '000	Maximum expected increase %	Change in net income and equity US\$ '000
Algerian Dinar	Net Income	25,821	(10%)	2,869	10%	(2,347)
	Total Equity	103,059	(10%)	25,965	10%	(21,244)
Egyptian Pound	Net Income	12,511	(15%)	2,208	20%	(2,085)
	Total Equity	42,168	(15%)	28,274	20%	(26,703)
Turkish Lira	Net Income	57,764	(20%)	14,441	20%	(9,627)
	Total Equity	300,090	(20%)	173,040	20%	(115,360)
Sudanese Pound	Net Income	4,717	(15%)	832	25%	(943)
	Total Equity	5,276	(15%)	5,194	25%	(5,887)
S.African Rand	Net Income	1,420	(10%)	158	10%	(129)
	Total Equity	14,350	(10%)	4,213	10%	(3,447)
Syrian Pound	Net Income	26,090	(10%)	2,899	25%	(5,218)
	Total Equity	23,545	(10%)	3,398	25%	(6,116)
Pakistani Rupees	Net Loss	(800)	(10%)	(89)	15%	73
	Total Equity	6,012	(10%)	5,679	15%	(4,249)

At 31 December 2012

Currency	Particular	Exposures in US\$ '000	Maximum expected decrease %	Change in net income and owners' equity US\$ '000	Maximum expected increase %	Change in net income and owners' equity US\$ '000
Algerian Dinar	Net Income	52,937	(10%)	5,882	10%	(4,812)
	Total Equity	110,296	(10%)	27,789	10%	(22,736)
Egyptian Pound	Net Income	26,203	(15%)	4,624	20%	(4,367)
	Total Equity	44,195	(15%)	29,633	20%	(27,987)
Turkish Lira	Net Income	118,186	(20%)	29,546	20%	(19,698)
	Total Equity	298,537	(20%)	172,145	20%	(114,763)
Sudanese Pound	Net Income	3,400	(15%)	600	25%	(680)
	Total Equity	4,109	(15%)	4,045	25%	(4,585)
S.African Rand	Net Income	2,769	(10%)	308	10%	(252)
	Total Equity	16,106	(10%)	4,728	10%	(3,868)
Syrian Pound	Net Income	6,656	(10%)	740	25%	(1,331)
	Total Equity	28,415	(10%)	4,100	25%	(7,380)
Pakistani Rupees	Net Income	(5,698)	(10%)	(633)	15%	743
	Total Equity	10,210	(10%)	5,710	15%	(6,703)

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4 RISK MANAGEMENT (continued)

d) Operational Risk

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

Table - 22. Operational risk exposure (PD-1.3.30 (a), (b) & (c))

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

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

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

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

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

	30 June 2013	31 December 2012
	US\$ '000	US\$ '000
IAH - Banks	370,611	214,622
IAH - Non-banks	11,067,297	11,274,356
Profit equalisation reserve (PER) - Banks	338	180
Profit equalisation reserve (PER) - Non-banks	9,975	9,264
Investment risk reserve (IRR) - Banks	3,665	1,873
Investment risk reserve (IRR) - Non-banks	108,051	96,556
Cumulative changes in fair value attributable to IAH	7,936	7,777
	11,567,873	11,604,628

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

	30 June 2013	30 June 2012
	%	%
Return on average IAH Equity	3	3
Return on average IAH Assets	4	4

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

	30 June 2013	31 December 2012
	%	%
IAH - Banks	3	2
IAH - Non-banks	97	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 – 26. 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:

	30 June 2013	31 December 2012
	%	%
Receivables	85	87
Mudaraba and Musharaka financing	8	7
Ijarah Muntahia Bittamleek	7	6

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5 EQUITY OF INVESTMENT ACCOUNTHOLDERS DISCLOSURES (continued)

Table – 27. 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:

	30 June	<i>31 December</i>
	2013	<i>2012</i>
	%	%
Sovereign	2	<i>2</i>
Bank	3	<i>9</i>
Investment Firms	8	<i>1</i>
Corporates	15	<i>15</i>
Retail	72	<i>73</i>

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

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

Movement in profit equalisation reserve	2013	<i>2012</i>
	US\$ '000	<i>US\$ '000</i>
Balance at 1 January	9,444	<i>8,034</i>
Amount apportioned from income allocable to equity of investment accountholders	1,115	<i>1,132</i>
Foreign exchange translations investment accountholders	(246)	<i>(439)</i>
Balance at 30 June	10,313	<i>8,727</i>

The following table summarises the movement on investment risk reserve (IRR) and utilization and computation of IRR during the six months period ended 30 June:

Movement in investment risk reserve	2013	<i>2012</i>
	US\$ '000	<i>US\$ '000</i>
Balance at 1 January	98,429	<i>93,653</i>
Amount appropriated to provision	(15,345)	<i>(615)</i>
Amount apportioned from income allocable to equity of investment accountholders	38,155	<i>19,348</i>
Foreign exchange translations	(9,523)	<i>(5,866)</i>
Balance at 30 June	111,716	<i>106,520</i>

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5 EQUITY OF INVESTMENT ACCOUNTHOLDERS DISCLOSURES (continued)

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.

Table – 29. 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 first six months of the period/year ended:

	30 June 2013			31 December 2012		
	<i>Opening Actual Allocation US\$ '000</i>	<i>Movement US\$ '000</i>	<i>Closing Actual Allocation US\$ '000</i>	<i>Opening Actual Allocation US\$ '000</i>	<i>Movement US\$ '000</i>	<i>Closing Actual Allocation US\$ '000</i>
Cash and balances						
with banks	3,515,763	307,476	3,823,239	3,374,610	141,153	3,515,763
Receivables	5,732,211	(291,604)	5,440,607	5,195,684	536,527	5,732,211
Mudaraba and						
Musharaka financing	480,367	28,369	508,736	461,489	18,878	480,367
Investments	1,258,993	(137,491)	1,121,502	1,117,426	141,567	1,258,993
Ijarah Muntahia						
Bittamleek	397,369	60,452	457,821	352,412	44,957	397,369
Other assets	219,925	(3,957)	215,968	213,808	6,117	219,925
	11,604,628	(36,755)	11,567,873	10,715,429	889,199	11,604,628

Table – 30. 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	30 June 2013			31 December 2012		
	<i>RWA US\$ '000</i>	<i>RWA for Capital adequacy purposes US\$ '000</i>	<i>Capital Charges US\$ '000</i>	<i>RWA US\$ '000</i>	<i>RWA for Capital adequacy purposes US\$ '000</i>	<i>Capital Charges US\$ '000</i>
Claims on Sovereign	1,320,239	396,072	47,529	573,041	171,912	20,629
Claims on PSEs	-	-	-	3,412	1,023	123
Claims on Banks	157,200	47,160	5,659	67,781	20,334	2,440
Claims on Corporates	4,943,068	1,482,920	177,950	5,206,785	1,562,035	187,444
Regulatory Retail						
Portfolio	726,135	217,841	26,141	762,486	228,746	27,450
Mortgage	635,478	190,643	22,877	780,779	234,234	28,108
Past due facilities	138,844	41,653	4,998	157,308	47,192	5,663
Investment in securities	282,135	84,641	10,157	240,636	72,191	8,663
Holding of Real Estates	189,705	56,912	6,829	187,462	56,239	6,749
Other Assets	580,021	174,006	20,881	659,690	197,907	23,749
	8,972,825	2,691,848	323,021	8,639,380	2,591,813	311,018

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6 OFF-BALANCE SHEET EQUITY OF INVESTMENT ACCOUNTHOLDERS

Table – 31. 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:

	30 June	31 December
	2013	2012
	%	%
Receivables	24	29
Mudaraba and Musharaka financing	76	71

Table – 32. 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:

	30 June	31 December
	2013	2012
	%	%
Sovereign	1	1
Investment Firms	3	5
Bank	34	38
Corporates	13	14
Retail	49	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.