

Al Baraka Banking Group B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 MARCH 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 31 March 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 three-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 May 2015
Manama, Kingdom of Bahrain


Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015 (Reviewed)

		<i>Audited</i>
		<i>31 March 2015</i>
		<i>31 December 2014</i>
	<i>Notes</i>	<i>US\$ '000</i>
		<i>US\$ '000</i>
ASSETS		
Cash and balances with banks		4,620,628
Receivables	3	11,792,186
Mudaraba and Musharaka financing	4	1,639,469
Investments	5	2,710,921
Ijarah Muntahia Bittamleek		1,566,501
Property and equipment		363,608
Other assets	6	429,900
TOTAL ASSETS		23,123,213
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY		
LIABILITIES		
Customer current and other accounts		4,305,679
Due to banks		1,246,322
Long term financing	7	870,527
Other liabilities	8	899,681
Total liabilities		7,322,209
EQUITY OF INVESTMENT ACCOUNTHOLDERS		13,839,764
OWNERS' EQUITY		
Share capital	12	1,115,746
Treasury shares		(8,418)
Share premium		17,433
Reserves		153,480
Cumulative changes in fair values		2,794
Foreign currency translations		(391,758)
Retained earnings		382,778
Proposed appropriations	12	-
Equity attributable to parent's shareholders		1,272,055
Non-controlling interest		689,185
Total owners' equity		1,961,240
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY		23,123,213


 Saleh Abdullah Kamel
 Chairman


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

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

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three months ended 31 March 2015 (Reviewed)

	<i>Three months ended</i>	
	31 March 2015 US\$ '000	31 March 2014 US\$ '000
INCOME		
Net income from jointly financed contracts and investments	296,102	264,728
Return on equity of investment accountholders before Group's share as a Mudarib	(261,101)	(228,198)
Group's share as a Mudarib	90,792	72,946
Return on equity of investment accountholders	(170,309)	(155,252)
Group's share of income from equity of investment accountholders (as a Mudarib and Rabalmaal)	125,793	109,476
Mudarib share for managing off-balance sheet equity of investment accountholders	727	698
Net income from self financed contracts and investments	59,451	51,194
Other fees and commission income	47,542	44,805
Other operating income	15,760	13,893
	249,273	220,066
Profit paid on long term financing	(11,413)	(7,182)
TOTAL OPERATING INCOME	237,860	212,884
OPERATING EXPENSES		
Staff expenses	80,279	79,569
Depreciation and amortisation	12,762	10,103
Other operating expenses	43,793	39,277
TOTAL OPERATING EXPENSES	136,834	128,949
NET INCOME FOR THE PERIOD BEFORE NET PROVISIONS AND TAXATION	101,026	83,935
Net provisions	(10,067)	5,930
NET INCOME FOR THE PERIOD BEFORE TAXATION	90,959	89,865
Taxation	(22,400)	(23,314)
NET INCOME FOR THE PERIOD	68,559	66,551
Attributable to:		
Equity holders of the parent	39,827	36,623
Non-controlling interest	28,732	29,928
	68,559	66,551
Basic and diluted earnings per share - US cents (note 11)	3.58	3.31



Saleh Abdullah Kamel
Chairman



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

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2015 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2015</i>	<i>2014</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
OPERATING ACTIVITIES		
Net income for the period before taxation	90,959	89,865
Adjustments for:		
Depreciation and amortisation	12,762	10,103
Depreciation on Ijarah Muntahia Bittamleek	62,429	28,520
Unrealised gain on equity and debt-type instruments at fair value through statement of income	(47)	(177)
Gain on disposal of property and equipment	(2,697)	(1,287)
Gain on disposal of investment in real estate	-	(135)
Gain on disposal of equity-type instruments at fair value through equity	(514)	(184)
Gain on disposal of equity and debt-type instruments at fair value through statement of income	(1,037)	(14)
Net provisions	10,067	(5,931)
Income from associates	131	(1,288)
Operating profit before changes in operating assets and liabilities	172,053	119,472
Net changes in operating assets and liabilities:		
Reserves with central banks	(79,452)	118,464
Receivables	193,402	(41,164)
Mudaraba and Musharaka financing	(90,550)	(144,679)
Ijarah Muntahia Bittamleek	(134,131)	(89,636)
Other assets	21,133	(76,551)
Customer current and other accounts	(203,633)	(222,988)
Due to banks	34,829	148,844
Other liabilities	28,074	131,153
Equity of investment accountholders	(297,261)	277,491
Taxation paid	(50,049)	(45,344)
Net cash (used in) from operating activities	(405,585)	175,062
INVESTING ACTIVITIES		
Net purchase of investments	(132,492)	(127,993)
Net disposal of property and equipment	7,922	61,043
Dividend received from associates	599	333
Net disposal (purchase) of investment in associates	1,389	(1,406)
Net cash used in investing activities	(122,582)	(68,023)
FINANCING ACTIVITIES		
Net movement in treasury shares	(12)	(21)
Long term financing	214,858	(46,197)
Net change in non-controlling interest	(23,001)	(27,162)
Net cash from (used in) financing activities	191,845	(73,380)
Foreign currency translation adjustments	(133,764)	(4,981)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(470,086)	28,678
Cash and cash equivalents at 1 January	2,735,121	2,304,753
CASH AND CASH EQUIVALENTS AT 31 MARCH (note 14)	2,265,035	2,333,431

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

Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the three months ended 31 March 2015 (Reviewed)

	Attributable to equity holders of the parent												
	Reserves			Cumulative changes in fair values		Foreign currency translation		Retained earnings		Proposed appropriations	Total	Non-controlling interest	Total owners' equity
	Share capital US\$ '000	Treasury shares US\$ '000	Share premium US\$ '000	Statutory reserve US\$ '000	Other reserves US\$ '000	in fair values US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	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 declared (note 12)	-	-	-	-	-	-	-	-	(32,816)	(32,816)	-	(32,816)	
Bonus shares issued (note 12)	21,877	-	-	-	-	-	-	-	(21,877)	-	-	-	
Net movement in treasury shares	-	(157)	145	-	-	-	-	-	-	(12)	-	(12)	
Net movement in cumulative changes in fair values	-	-	-	-	-	(279)	-	-	-	(279)	(133)	(412)	
Net movement in other reserves	-	-	-	-	5,859	-	-	-	-	5,859	2,204	8,063	
Foreign currency translation	-	-	-	-	-	-	(78,156)	-	-	(78,156)	(55,608)	(133,764)	
Net income for the period	-	-	-	-	-	-	-	39,827	-	39,827	28,732	68,559	
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(23,001)	(23,001)	
Effects of acquisition of non-controlling interest	-	-	-	-	-	-	-	(447)	-	(447)	447	-	
At 31 March 2015	1,115,746	(8,418)	17,433	108,311	45,169	2,794	(391,758)	382,778	-	1,272,055	689,185	1,961,240	

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

Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the three months ended 31 March 2015 (Reviewed)

Attributable to equity holders of the parent

Reserves

	Share capital US\$ '000	Treasury shares US\$ '000	Share premium US\$ '000	Statutory reserve US\$ '000	Other reserves US\$ '000	Cumulative changes in fair values US\$ '000	Foreign currency translation US\$ '000	Retained earnings US\$ '000	Proposed appropriations US\$ '000	Total US\$ '000	Non-controlling interest US\$ '000	Total owners' equity US\$ '000
At 1 January 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 declared (note 12)	-	-	-	-	-	-	-	-	(36,690)	(36,690)	-	(36,690)
Bonus shares issued (note 12)	45,578	-	-	-	-	-	-	-	(45,578)	-	-	-
Net movement in treasury shares	-	(376)	354	-	-	-	-	-	-	(22)	-	(22)
Net movement in cumulative changes in fair values	-	-	-	-	-	308	-	-	-	308	168	476
Net movement in other reserves	-	-	-	-	(1,098)	-	-	-	-	(1,098)	(567)	(1,665)
Foreign currency translation	-	-	-	-	-	-	(1,232)	-	-	(1,232)	(3,749)	(4,981)
Net income for the period	-	-	-	-	-	-	-	36,623	-	36,623	29,928	66,551
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(27,162)	(27,162)
At 31 March 2014	1,093,869	(8,499)	17,107	93,138	37,448	(2,072)	(234,160)	299,709	-	1,296,540	683,354	1,979,894

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

Al Baraka Banking Group B.S.C.

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

For the three months ended 31 March 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	192,109	313,924	37,588	41,747	160,405	20,228	848,016
Deposits	16,051	24,376	130,270	195	5,498	43,070	12,285	231,745
Withdrawals	(3,150)	(108,919)	(146,626)	-	(2,243)	(33,421)	(23,337)	(317,696)
Income net of expenses	-	18	1,129	-	-	561	126	1,834
Mudarib's share	-	(655)	(46)	-	-	(5)	(21)	(727)
Foreign exchange translation	-	(5,260)	-	-	-	-	(2,605)	(7,865)
At 31 March 2015	94,916	101,669	298,651	37,783	45,002	170,610	6,676	755,307
At 1 January 2014	106,868	69,860	282,380	50,459	27,835	155,608	21,238	714,248
Deposits	87,652	162,265	325,900	3	4,284	51,649	53,488	685,241
Withdrawals	(7,066)	(136,845)	(295,670)	(11,758)	(556)	(41,742)	(37,505)	(531,142)
Income net of expenses	-	665	639	-	-	620	119	2,043
Mudarib's share	-	(522)	-	-	-	(19)	(157)	(698)
Foreign exchange translation	-	1,331	-	15	-	7	(1,351)	2
At 31 March 2014	187,454	96,754	313,249	38,719	31,563	166,123	35,832	869,694

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 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 three month period ended 31 March 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 three month period ended 31 March 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 31 March 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.

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 31 March 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 May 2015.

3 RECEIVABLES

	31 March 2015	<i>Audited</i> 31 December 2014
	US\$ '000	US\$ '000
Sales (Murabaha) receivables	11,551,181	11,761,908
Ijarah receivables	28,677	17,380
Salam receivables	158,056	163,173
Istisna'a receivables	54,272	57,086
	11,792,186	11,999,547

4 MUDARABA AND MUSHARAKA FINANCING

	31 March 2015	<i>Audited</i> 31 December 2014
	US\$ '000	US\$ '000
Mudaraba financing	1,127,243	1,025,223
Musharaka financing	512,226	524,563
	1,639,469	1,549,786

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2015 (Reviewed)

5 INVESTMENTS

	<i>Audited</i>
	<i>31 March 31 December</i>
	<i>2015 2014</i>
	<i>US\$ '000 US\$ '000</i>
Equity and debt-type instruments at fair value through statement of income (5.1)	16,725 17,510
Equity-type instruments at fair value through equity (5.2)	103,803 104,919
Debt-type instruments at amortised cost (5.3)	2,367,832 2,242,616
	2,488,360 2,365,045
Investment in real estate (5.4)	169,066 159,549
Investment in associates	53,495 55,440
	2,710,921 2,580,034

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

	<i>Audited</i>
	<i>31 March 31 December</i>
	<i>2015 2014</i>
	<i>US\$ '000 US\$ '000</i>
Quoted investments	
Debts	15,618 14,407
Equities	989 3,103
Unquoted investments	
Equities	118 -
	16,725 17,510

5.2 Equity-type instruments at fair value through equity

	<i>Audited</i>
	<i>31 March 31 December</i>
	<i>2015 2014</i>
	<i>US\$ '000 US\$ '000</i>
Quoted investments	
Equities	38,502 39,387
Managed funds	21,420 21,290
	59,922 60,677
Unquoted investments	
Equities	36,603 37,146
Managed funds	12,416 12,385
	49,019 49,531
Provisions	(5,138) (5,289)
	103,803 104,919

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2015 (Reviewed)

5 INVESTMENTS (continued)

5.3 Debt-type instruments at amortised cost

	<i>Audited</i>
	<i>31 March 31 December</i>
	<i>2015 2014</i>
	<i>US\$ '000 US\$ '000</i>
Quoted investments	
Sukuk and similar items	1,363,784 1,222,215
	<u>1,363,784 1,222,215</u>
Unquoted investments	
Sukuk and similar items	1,005,636 1,024,248
	<u>1,005,636 1,024,248</u>
Provisions	(1,588) (3,847)
	<u><u>2,367,832 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\$ 2,190 million (31 December 2014: US\$ 2,438 million).

5.4 Investment in real estate

	<i>Audited</i>
	<i>31 March 31 December</i>
	<i>2015 2014</i>
	<i>US\$ '000 US\$ '000</i>
Land	91,261 83,048
Buildings	77,805 76,501
	<u>169,066 159,549</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>
	<i>31 March 31 December</i>
	<i>2015 2014</i>
	<i>US\$ '000 US\$ '000</i>
Beginning balance of the period / year	159,549 139,350
Acquisition	10,132 34,803
Net (loss) gain from fair value adjustments	(152) 9,050
Disposal	- (21,413)
Foreign exchange translation - net	(463) (2,241)
	<u>9,517 20,199</u>
Ending balance of the period / year	<u><u>169,066 159,549</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2015 (Reviewed)

6 OTHER ASSETS

	<i>Audited</i>	
	<i>31 March 2015</i>	<i>31 December 2014</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Bills receivable	122,891	170,898
Goodwill and intangible assets	102,321	103,773
Collateral pending sale	68,689	75,951
Prepayments	50,791	38,036
Deferred taxation	21,185	19,793
Good faith qard fund	12,418	12,122
Ijarah asset	851	-
Others	63,355	41,681
	442,501	462,254
Provisions	(12,601)	(13,416)
	429,900	448,838

7 LONG TERM FINANCING

During 2014, 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>31 March 2015</i>	<i>31 December 2014</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Payables	355,532	327,615
Cash margins	257,218	268,959
Managers' cheques	86,584	74,071
Other provisions	11,902	11,521
Current taxation	50,836	72,606
Accrued expenses	65,102	82,225
Deferred taxation	5,045	9,531
Charity fund	6,364	4,296
Others	61,098	21,876
	899,681	872,700

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

At 31 March 2015 (Reviewed)

9 COMMITMENTS AND CONTINGENCIES

	<i>Audited</i>	
	<i>31 March 2015</i>	<i>31 December 2014</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Letters of credit	791,527	877,685
Guarantees	3,216,157	3,388,857
Acceptances	72,583	142,917
Undrawn commitments	825,872	811,528
Others	98,070	83,552
	<u>5,004,209</u>	<u>5,304,539</u>

Al Baraka Banking Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2015 (Reviewed)

10 RELATED PARTY TRANSACTIONS

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

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

	Associated companies US\$ '000	Major shareholders US\$ '000	Directors and key management personnel US\$ '000	Other related parties US\$ '000	Three months ended	
					31 March 2015 US\$ '000	31 March 2014 US\$ '000
Net income from jointly financed contracts and investments	568	-	30	-	598	624
Net income from self financed contracts and investments	100	15	-	-	115	385
Return on equity of investment accountholders	-	15	91	-	106	217
Other fees and commission income	222	-	-	-	222	127

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	31 March 2015 US\$ '000	Audited 31 December 2014 US\$ '000
Assets						
Receivables	7,251	-	641	-	7,892	8,794
Mudaraba and Musharaka financing	-	-	1,094	-	1,094	1,305
Investments	41,905	1,027	-	-	42,932	57,486
Ijarah Muntahia Bittamleek	-	-	889	-	889	933
Other assets	1,162	1	622	-	1,785	1,801
Liabilities						
Customer current and other accounts	5,423	2,333	1,266	86	9,108	14,878
Due to banks	1,132	16,894	-	-	18,026	15,101
Other liabilities	-	8	-	179	187	2,297
Equity of investment accountholders	20,190	10,176	8,629	64	39,059	34,578
Off-balance sheet equity of investment accountholders	19,573	10,007	646	-	30,226	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 31 March 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>	
	31 March 2015	31 March 2014
Net income attributable to the equity holders of the parent for the period - US\$ '000	39,827	36,623
Weighted average number of shares outstanding at beginning of the period (in thousands)	1,115,746	1,085,469
Treasury shares effect (in thousands)	(2,050)	161
Bonus shares effect (in thousands)*	-	21,877
Weighted average number of shares outstanding at end of the period - (in thousands)	1,113,696	1,107,507
Earnings per share - US cents	3.58	3.31

*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>	
	31 March 2015 US\$ '000	31 December 2014 US\$ '000
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

Proposed 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2015 (Reviewed)

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	31 March 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	9,683,888	2,588,286	6,205,895	9,668,236	2,630,783	6,157,725
North Africa	2,374,687	1,071,303	1,038,700	2,448,620	1,023,181	1,106,558
Europe	9,444,033	3,208,050	5,565,900	9,665,187	3,127,066	5,801,091
Others	1,620,605	454,570	1,029,269	1,681,546	468,144	1,074,418
	23,123,213	7,322,209	13,839,764	23,463,589	7,249,174	14,139,792

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

Segment	Three months ended 31 March 2015			Three months ended 31 March 2014		
	Total operating income US\$ '000	Net operating income US\$ '000	Net income US\$ '000	Total operating income US\$ '000	Net operating income US\$ '000	Net income US\$ '000
Middle East	98,575	46,863	26,832	78,697	31,837	20,619
North Africa	24,112	9,291	9,662	25,236	11,039	12,916
Europe	96,377	40,450	28,178	91,468	36,388	30,562
Others	18,796	4,422	3,887	17,483	4,671	2,454
	237,860	101,026	68,559	212,884	83,935	66,551

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2015 (Reviewed)

14 CASH AND CASH EQUIVALENTS

	<i>Three months ended</i>	
	31 March	31 March
	2015	2014
	US\$ '000	US\$ '000
Balances with central banks excluding mandatory reserve	1,380,110	1,158,749
Balances with other banks	415,815	773,824
Cash and cash in transit	469,110	400,858
	2,265,035	2,333,431