Al Baraka Banking Group B.S.C.

UNIFIED SHARI'A SUPERVISORY BOARD REPORT, REPORT OF THE BOARD OF DIRECTORS, INDEPENDENT AUDITORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

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Unified Shari'a Supervisory Board Report
AlBaraka Banking Group B.S.C.
For the year ended 31 December 2016

In the name of Allah, The Beneficent, The Merciful, Ever Merciful

Praise be to Allah and peace be upon our Prophet Mohamed, His Apostles and Companions

To: Al Baraka Banking Group Shareholders

May peace and Allah's Mercy and Blessings Be upon You

In accordance with Article (58) of the Articles of Association of Al Baraka Banking Group, we are required to submit the following report:

First:

We have conducted six meetings during 2016, five of which was conducted at the premises of Al Baraka Banking Group and one in the premises of the Group's subsidiaries, Al Baraka Bank Tunis in which we studied Shari'a audit reports prepared by the Group's Shari'a Audit for the year ended 31 December 2016 and gave few Shari'a related comments on those reports. These reports were rectified through coordination between Shari'a Audit and the relative local subsidiaries' Shari'a Boards. In addition, the executive committee of the Unified Shari'a Supervisory Board conducted several meetings in which a number of commercial contracts and agreements signed by the Financial Institutions Department in the Group with the subsidiaries and other financial institutions and organizations has been reviewed.

Second:

We have reviewed the principles applied by the Group and reviewed the 2016 Shari'a reports issued by the Group Units' Shari'a Supervisory Boards. We have also reviewed their financial statements when needed. In addition, we examined the Group's financial position as of 31 December 2016 and Statement of Income and their notes for the year then ended. We have queried from some of the Technical's on the points that need explanation and statement. We have also reviewed the process of calculating Zakah in accordance with the Shari'a Standard number (35) and the Financial Accounting Standard number (9) issued by the Accounting and Auditing Organization for Islamic financial Institutions and according to what was approved by Al Baraka Symposium 1/31 and by the Unified Shari'a Supervisory Board.

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Third:

The Group and Units' management are responsible for the execution and implementation of the Unified Shari'a Supervisory Board resolutions and to bring to the attention of the Unified Shari'a Supervisory Board any transactions or issues that require Shari'a approval. The Unified Shari'a Supervisory Board is responsible for supervising the implementation of the resolution from a Shari'a point of view and issue opinion based on the Group and Units' Shari'a reports and financial statements.

The Unit's Shari'a Supervisory Boards, as is clear from their report, have supervised the Units' business activities including examining on test basis documentations and procedures applied by the Group and its Units.

The Units' Shari'a Supervisory Boards, as is clear from their reports, planned and performed reviews so as to obtain all the information and explanations they considered necessary in order to provide them with sufficient evidence to provide reasonable assurance that the Group and its Units have not violated Shari'a Rules and Principles.

In our opinion:

1. The Contracts, transactions and dealings entered into by the Group and its Units during the year ended 31 December 2016 are made in compliance with Shari'a Rules and Principles.

2. The allocation of profit and charging of losses relating to investment accounts conform to the basis that have been approved by the Units' Shari'a Supervisory Boards in accordance with Shari'a Rules and Principles.

3. All earnings realized from sources or by means prohibited by Islamic Shari'a Rules and Principles have been committed by the Management to dispose it off to Charitable Causes.

4. The attached Zakah calculation was prepared in accordance with the provisions and principles of Islamic Shari'a according to the Net Invested Fund Method in accordance to the Shari'a Standard number (35) and the Financial Accounting Standard number (9) issued by the Accounting and Auditing Organization for Islamic financial Institutions and according to what was approved by the Unified Shari'a Supervisory Board.

As the General Assembly in its annual meeting conducted on 20 March 2016 empowered the Executive Management of Al Baraka Banking Group to pay an amount of US$ 3,962 thousand as Zakah on behalf of the shareholders deducted from the Retained Earnings for the financial year of 2015. The Group has paid and distributed an amount of US$ 3,078 thousand to those who's entitled to receive Zakah as per Shari'a boundaries and as approved by Unified Shari'a Board. The remaining amount of US$ 884 thousands has been allocated to be paid maximum by end of first quarter of 2017.

For the year 2016, the Group is not required to pay Zakah on behalf of the shareholders, unless there is a direct empowerment from the general assembly to the Group to pay Zakah on the behalf of the shareholders. Therefore if the shareholders have not empowered the Group to pay Zakah, the shareholders have to pay the Zakah related to their shares, which equal to US Cent 0.38. In case of unavailability of such empowerment, the shareholders should pay their share of Zakah as per the enclosed calculation. In case of unavailability of liquidity, it is allowed to postpone the Zakah and become debt until the liquidity become available.

Praise be to Allah

Issued on 15 Jamadi Alakherah 1438 H, corresponding to 12 February 2017 AD.

Chairman and Members

Shaik Dr. Abdul Sattar Abu Ghuddah
Chairman

Shaikh Abdulla bin Sulaiman Al Mannea
Member

Shaikh Dr. Abdullatif Al Mahmood
Member

Shaikh Dr. Abdulaziz Al Fawzan
Member

Dr. Ahmed Mohiyeldin
Member

Zakah Calculation for the year ended 31 December 2016

	US$ '000
Equity Attributable to Shareholders	1,280,512
Less: Investment of the parent on the shareholding of Al Baraka Bank Egypt, Al Baraka Bank Sudan and Itqan Capital	(146,970)
Net Zakatable Equity Attributable to Shareholders	**1,133,542**
Less:	
Musharaka underlined by unzakatable assets	(96,439)
Investment in Islamic Sukuk underlined by unzakatable assets	(50,043)
Ijarah Muntahia Bittamleek	(398,331)
long-term investment in real estate	(43,812)
Properties and equipment	(247,478)
Intangible assets	(80,721)
Investment in Associates	(58,321)
Prepayments	(47,938)
Deferred tax asset	(108)
Add:	
Shareholders share on Zakatable Assets by Associates	14,927
Borrowing to finance Unzakatable Assets	2,052
Sale of long-term investment in real estate during the year	873
Deferred tax liability	6,217
Employees' end of services benefit	32,553
Zakatable amount	**166,973**
Zakah Percentage	2.5775%
Total Zakah due	**4,304**
Number of Shares (thousands)	1,139,630
Zakah per share (US$ cents)	**0.38**

Directors' Report

(All figures in US Dollars unless stated otherwise)

2016 REVIEW

I am pleased to report that Al Baraka Group achieved robust financial progress in 2016, despite challenging economic and political conditions in many of our markets. Most units reported growth, although currency depreciations against the US dollar mean that the year's reported results do not fully reflect this.

Total operating income rose 7% to $1.1 billion ($1.0 billion in 2015) and net operating income before provisions, impairments and taxation; by a similar 9% to $507 million. Net income was $268 million, just 6% below the result for 2015 ($286 million), although ahead in local currency terms.

The Group's share of total income from jointly financed contracts and investments, including its share as Mudarib, amounted to $619 million ($542 million in 2015), rising 14%. Its income from self-financed accounts and investments grew by 5% to $285 million, revenue from banking services declined by 12% to $177 million and its Mudarib share from managing off-balance sheet equity of investment account holders fell 10% to $5 million. However, this was partly offset by other operating income, which rose 127% to $79 million. Total operating expenses climbed 6% due to the inflationary effect of currency depreciation.

Total assets fell due to the translation effect of dollar appreciation. Total assets fell by 5% to $23.4 billion, as total financings and investments declined by 5% to $17.5 billion and cash and balances with banks declined 6% to $5.1 billion. The fall in total financings and investments was mainly attributable to a lower level of Murabaha financing and Non trading investments in US$ terms.

In light of the Group's 2016 performance, the Board of Directors has recommended a cash dividend distribution to shareholders of 1.0% of the paid-up capital, amounting to $11.40 million, after a transfer of $15.16 million to the legal reserve, with the $124.99 million balance of the net income allocated to retained earnings. The Board has also recommended a bonus dividend of 1 share for every 20 shares issued, to be allocated from retained earnings and amounting to $57.46 million. The Board has further recommended a remuneration distribution of $1.50 million, to be paid following the approval of shareholders at the Annual General Meeting.

Ownership of shares in ABG by Board Members and Executive Management (except the Chairman) is immaterial and no major trading of such shares took place in 2016. Details of shares held by Directors and Executive Management are provided in the notes to the consolidated financial statements.

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Turning to compliance, the past three years have seen a major investment in strengthening controls both at Bahrain head office and in the subsidiaries. This has been done to meet rising international requirements and new regulations in home markets.

Ten years after Al Baraka Group's 2006 IPO on the Bahrain Bourse and Nasdaq Dubai Stock Exchange, I am pleased to report that we have met the goals set out for shareholders at that time. Over then ten years, our total operating income has grown by an annualised 12.2% and total assets by an annualised 11.9%. The return on equity for 2016 was a high 13.0%.

We have achieved this growth in a socially responsible manner, serving the needs of society, while adhering always to the principles of Shari'a. Four years ago, we established the "Al Baraka Social Responsibility Programme", the first such programme to be introduced by any Islamic bank. In 2016, the Group took this to the next level by signing up to the UN Global Compact.

2017 AND BEYOND

Looking to the future, we will continue our strategy of growth through increasing market share and expanding into new markets. Our units will continue to emphasise product innovation and excellent service. Notably, we will seek to make digital banking a competitive advantage and have started to work with our subsidiary banks to advance this further.

2017 will be another challenging year in our markets. Correspondingly, we are expanding carefully, with great emphasis on managing costs and strengthening our operating units. Overall, this will further strengthen the Al Baraka Group.

Our Group has a culture of balanced and cautious approach to asset management. We congratulate our units for their commitment to these values and successful performance in the face of 2016's difficult operating environment. Thanks are also due to our Executive Management team, whose hard work and competence have ensured the excellent execution of our strategic plan.

Finally, we thank our Shari'a Supervisory Board, the Central Bank of Bahrain, the Ministry of Industry, Commerce and Tourism of Bahrain, Bahrain Bourse, Nasdaq Dubai and all our other subsidiaries' regulatory authorities, for their constant support and wise guidance over the past year.

For and on behalf of the Board of Directors

Saleh Abdullah Kamel
Chairman

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL BARAKA BANKING GROUP B.S.C.

Report on the consolidated financial statements

We have audited the accompanying consolidated statement of financial position of Al Baraka Banking Group B.S.C. ("the Bank") and its subsidiaries ("the Group") as of 31 December 2016, and the related consolidated statements of income, cash flows, changes in owners' equity and changes in off-balance sheet equity of investment accountholders for the year then ended. These consolidated financial statements and the Group's undertaking to operate in accordance with Islamic Shari'a Rules and Principles are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2016, the results of its operations, its cash flows, changes in owners' equity and changes in off-balance sheet equity of investment accountholders for the year then ended in accordance with Financial Accounting Standards issued by AAOIFI.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL BARAKA BANKING GROUP B.S.C. (continued)

Report on other regulatory requirements

As required by the Bahrain Commercial Companies Law and the Central Bank of Bahrain (CBB) Rule Book (Volume 2), we report that:

a) the Bank has maintained proper accounting records and the consolidated financial statements are in agreement therewith; and

b) the financial information contained in the Report of the Board of Directors is consistent with the consolidated financial statements.

We are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law, the CBB Rule Book (Volume 2 and applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Bank's memorandum and articles of association having occurred during the year ended 31 December 2016 that might have had a material adverse effect on the business of the Bank or on its financial position. Satisfactory explanations and information have been provided to us by management in response to all our requests. The Bank has also complied with the Islamic Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Group.

Ernst + Young

Partner's registration no 45
22 February 2017
Manama, Kingdom of Bahrain

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	2016 US$ '000	2015 US$ '000
ASSETS			
Cash and balances with banks	3	**5,073,418**	5,373,409
Receivables	4	**11,423,448**	11,959,052
Mudaraba and Musharaka financing	5	**1,582,396**	1,558,593
Investments	6	**2,629,131**	3,105,750
Ijarah Muntahia Bittamleek	7	**1,830,339**	1,734,457
Property and equipment	8	**417,295**	444,608
Other assets	9	**469,238**	442,332
TOTAL ASSETS		**23,425,265**	24,618,201
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY			
LIABILITIES			
Customer current and other accounts		**4,983,772**	4,841,099
Due to banks		**918,395**	808,268
Long term financing	10	**1,381,256**	1,497,208
Other liabilities	11	**856,467**	862,444
Total liabilities		**8,139,890**	8,009,019
EQUITY OF INVESTMENT ACCOUNTHOLDERS	12	**13,276,794**	14,514,599
OWNERS' EQUITY	13		
Share capital		**1,149,218**	1,115,746
Treasury shares		**(9,588)**	(8,464)
Share premium		**18,574**	17,662
Reserves		**181,971**	165,459
Cumulative changes in fair values		**41,271**	38,529
Foreign currency translations		**(666,719)**	(461,948)
Retained earnings		**497,374**	433,631
Proposed appropriations		**68,857**	55,787
Equity attributable to parent's shareholders		**1,280,958**	1,356,402
Non-controlling interest		**727,623**	738,181
Total owners' equity		**2,008,581**	2,094,583
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY		**23,425,265**	24,618,201

Saleh Abdullah Kamel
Chairman

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

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2016

	Notes	*2016* US$ '000	*2015* US$ '000
INCOME			
Net income from jointly financed contracts and investments	14	**1,336,569**	1,223,215
Return on equity of investment accountholders before Group's share as a Mudarib		**(1,114,019)**	(1,026,367)
Group's share as a Mudarib	15	**396,762**	345,415
Return on equity of investment accountholders		**(717,257)**	(680,952)
Group's share of income from equity of investment accountholders (as a Mudarib and Rabalmal)		**619,312**	542,263
Mudarib share for managing off-balance sheet equity of investment accountholders		**5,022**	5,583
Net income from self financed contracts and investments	14	**285,499**	272,941
Other fees and commission income	16	**176,837**	200,513
Other operating income	17	**78,859**	34,794
		1,165,529	1,056,094
Profit paid on long term financing	18	**(91,370)**	(56,541)
TOTAL OPERATING INCOME		**1,074,159**	999,553
OPERATING EXPENSES			
Staff expenses		**325,501**	298,927
Depreciation and amortisation	19	**44,579**	50,054
Other operating expenses	20	**197,136**	186,890
TOTAL OPERATING EXPENSES		**567,216**	535,871
NET OPERATING INCOME FOR THE YEAR BEFORE PROVISIONS AND IMPAIRMENT AND TAXATION		**506,943**	463,682
Provisions and impairment	21	**(122,154)**	(58,371)
NET INCOME BEFORE TAXATION		**384,789**	405,311
Taxation		**(117,153)**	(119,125)
NET INCOME FOR THE YEAR		**267,636**	286,186
Attributable to:			
Equity holders of the parent		**151,545**	162,741
Non-controlling interest		**116,091**	123,445
		267,636	286,186
Basic and diluted earnings per share - US cents	22	**13.29**	14.27

Saleh Abdullah Kamel
Chairman

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

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Notes	*2016* *US$ '000*	*2015* *US$ '000*
OPERATING ACTIVITIES			
Net income before taxation		**384,789**	405,311
Adjustments for:			
Depreciation and amortisation	19	**44,579**	50,054
Depreciation on Ijarah Muntahia Bittamleek	14.4	**238,315**	191,729
Unrealised gain on equity and debt-type instruments at fair value through statement of income	14.3	**(152)**	(145)
Gain on sale of property and equipment	17	**(14,804)**	(10,502)
(Gain) loss on sale of investment in real estate	14.3	**(5,502)**	1,332
Gain on sale of equity type instruments at fair value through equity	14.3	**(3,585)**	(1,509)
Gain on sale of equity and debt-type instruments at fair value through statement of income	14.3	**(667)**	(1,636)
Gain from associates	14.3	**(2,059)**	(652)
Provisions and impairment	21	**122,154**	58,371
Operating profit before changes in operating assets and liabilities		**763,068**	692,353
Net changes in operating assets and liabilities:			
Reserves with central banks		**859,261**	(804,579)
Receivables		**443,093**	(18,818)
Mudaraba and Musharaka financing		**(40,793)**	(10,608)
Ijarah Muntahia Bittamleek		**(334,197)**	(431,386)
Other assets		**(24,167)**	3,510
Customer current and other accounts		**142,675**	331,783
Due to banks		**110,126**	(403,225)
Other liabilities		**10,143**	(25,342)
Equity of investment accountholders		**(1,238,504)**	378,244
Taxation paid		**(147,598)**	(104,730)
Net cash from (used in) operating activities		**543,107**	(392,798)
INVESTING ACTIVITIES			
Net purchase of investments		**495,992**	(514,289)
Net purchase of property and equipment		**2,890**	(57,424)
Dividends received from associates		**2,329**	2,068
(Purchase) disposal of investment in associate		**(14,587)**	3,556
Net cash from (used in) investing activities		**486,624**	(566,089)
FINANCING ACTIVITIES			
Long term financing		**(115,952)**	841,539
Dividends paid to equity holders of the parent		**(22,143)**	(32,816)
Net movement in treasury shares		**(212)**	171
Net changes in non-controlling interest		**(9,018)**	(33,494)
Net cash (used in) from financing activities		**(147,325)**	775,400
Foreign currency translation adjustments		**(323,137)**	(258,945)
NET CHANGES IN CASH AND CASH EQUIVALENTS		**559,269**	(442,432)
Cash and cash equivalents at 1 January		**2,292,689**	2,735,121
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	23	**2,851,958**	2,292,689

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the year ended 31 December 2016

	Attributable to equity shareholders of the parent												
				Reserves		Cumulative changes in fair values							
	Share capital US$ '000	Treasury shares US$ '000	Share premium US$ '000	Statutory reserve US$ '000	Other reserves US$ '000	Investments US$ '000	Property and equipment US$ '000	Foreign currency translations US$ '000	Retained earnings US$ '000	Proposed appropriations US$ '000	Total US$ '000	Non-controlling interest US$ '000	Total owners' equity US$ '000
Balance at 1 January 2016	1,115,746	(8,464)	17,662	124,585	40,874	2,229	36,300	(461,948)	433,631	55,787	1,356,402	738,181	2,094,583
Dividends paid	-	-	-	-	-	-	-	-	172	(22,315)	(22,143)	-	(22,143)
Bonus shares issued (note 13)	33,472	-	-	-	-	-	-	-	-	(33,472)	-	-	-
Movement in treasury shares	-	(1,124)	912	-	-	-	-	-	-	-	(212)	-	(212)
Net movement in cumulative change in fair value for investments	-	-	-	-	-	2,742	-	-	-	-	2,742	579	3,321
Net movement in other reserves	-	-	-	-	1,357	-	-	-	-	-	1,357	156	1,513
Foreign currency translation	-	-	-	-	-	-	-	(204,771)	-	-	(204,771)	(118,366)	(323,137)
Net income for the year	-	-	-	-	-	-	-	-	151,545	-	151,545	116,091	267,636
Transfer to statutory reserve	-	-	-	15,155	-	-	-	-	(15,155)	-	-	-	-
Proposed dividends	-	-	-	-	-	-	-	-	(11,396)	11,396	-	-	-
Proposed bonus shares	-	-	-	-	-	-	-	-	(57,461)	57,461	-	-	-
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(31,424)	(31,424)
Zakah paid on behalf of shareholders (note 13)	-	-	-	-	-	-	-	-	(3,962)	-	(3,962)	-	(3,962)
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	22,406	22,406
Balance at 31 December 2016	**1,149,218**	**(9,588)**	**18,574**	**139,740**	**42,231**	**4,971**	**36,300**	**(666,719)**	**497,374**	**68,857**	**1,280,958**	**727,623**	**2,008,581**

The attached notes 1 to 30 form part of these consolidated financial statements.

Al Baraka Banking Group B.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the year ended 31 December 2016

	Attributable to equity shareholders of the parent												
				Reserves		Cumulative changes in fair values							
	Share capital US$ '000	Treasury shares US$ '000	Share premium US$ '000	Statutory reserve US$ '000	Other reserves US$ '000	Investments US$ '000	Property and equipment US$ '000	Foreign currency translations US$ '000	Retained earnings US$ '000	Proposed appropriations US$ '000	Total US$ '000	Non-controlling interest US$ '000	Total owners' equity US$ '000
Balance 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 paid	-	-	-	-	-	-	-	-	-	(32,816)	(32,816)	-	(32,816)
Bonus shares issued (note 13)	21,877	-	-	-	-	-	-	-	-	(21,877)	-	-	-
Movement in treasury shares	-	(203)	374	-	-	-	-	-	-	-	171	-	171
Net movement in cumulative change in fair value for investments	-	-	-	-	-	(844)	-	-	-	-	(844)	(357)	(1,201)
Net movement in cumulative change in fair value for property and equipment	-	-	-	-	-	-	36,300	-	-	-	36,300	21,690	57,990
Net movement in other reserves	-	-	-	-	1,564	-	-	-	-	-	1,564	505	2,069
Foreign currency translation	-	-	-	-	-	-		(148,346)	-	-	(148,346)	(110,599)	(258,945)
Net income for the year	-	-	-	-	-	-	-	-	162,741	-	162,741	123,445	286,186
Transfer to statutory reserve	-	-	-	16,274	-	-	-	-	(16,274)	-	-	-	-
Proposed dividends	-	-	-	-	-	-	-	-	(22,315)	22,315	-	-	-
Proposed bonus shares	-	-	-	-	-	-	-	-	(33,472)	33,472	-	-	-
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(33,494)	(33,494)
Effects of acquisition of non-controlling interest	-	-	-	-	-	-	-	-	(447)	-	(447)	447	-
Balance at 31 December 2015	1,115,746	(8,464)	17,662	124,585	40,874	2,229	36,300	(461,948)	433,631	55,787	1,356,402	738,181	2,094,583

The attached notes 1 to 30 form part of these consolidated financial statements.

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

For the year ended 31 December 2016

	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*
Balance at 1 January 2016	11,579	170,139	257,719	38,277	81,173	200,535	18,537	777,959
Deposits	203,295	218,488	493,715	889	22,485	34,223	29,845	1,002,940
Withdrawals	(141,316)	(165,701)	(474,455)	(1,474)	(27,893)	(78,255)	(31,333)	(920,427)
Income net of expenses	-	22,922	9,664	495	7,782	3,653	(690)	43,826
Mudarib's share	-	(3,452)	(442)	(37)	(585)	(365)	(141)	(5,022)
Foreign exchange translations	-	(19,073)	-	-	-	(2,119)	(6,041)	(27,233)
Balance at 31 December 2016	**73,558**	**223,323**	**286,201**	**38,150**	**82,962**	**157,672**	**10,177**	**872,043**
Balance at 1 January 2015	82,015	192,109	313,924	37,588	41,747	160,405	20,228	848,016
Deposits	94,839	346,958	662,398	3,967	40,005	364,780	27,933	1,540,880
Withdrawals	(165,275)	(350,704)	(723,665)	(4,446)	(5,586)	(300,018)	(21,584)	(1,571,278)
Income net of expenses	-	17,104	5,282	1,256	5,291	1,413	80	30,426
Mudarib's share	-	(3,369)	(220)	(88)	(284)	(1,573)	(49)	(5,583)
Foreign exchange translations	-	(31,959)	-	-	-	(24,472)	(8,071)	(64,502)
Balance at 31 December 2015	11,579	170,139	257,719	38,277	81,173	200,535	18,537	777,959

The attached notes 1 to 30 form part of these consolidated financial statements.

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 Bahrain Bay, P.O. Box 1882, 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 consolidated financial statements were approved by the Board of Directors on 22 February 2017.

2 ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investment in real estate, equity and debt-type instruments at fair value through statement of income, equity-type instruments at fair value through equity and land occupied by the Group (classified as property and equipment) that have been measured at fair value. The 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 consolidated financial statements have been prepared in accordance with Financial Accounting Standards ('FAS') 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, the CBB Rule Book (Volume 2 and applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Bank's memorandum and articles of association. In accordance with the requirements of AAOIFI, for matters for which no AAOIFI standard exists, the Group uses the relevant International Financial Reporting Standards ('the IFRS') as issued by the International Accounting Standards Board (the 'IASB'), given it does not contradict with Shari'a Rules and Principles and the conceptual framework of AAOIFI.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at and for the year ended 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year 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.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that control ceases. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Non-controlling interest in a subsidiary's net assets is reported as a separate item in the Group's owners' equity. In the consolidated statement of income, non-controlling interest is included in net profit, and shown separately from that of the shareholders.

2 ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in owners' equity since the date of combination. Losses applicable to the non-controlling interest in excess of the non-controlling interest in a subsidiary's owners' equity are allocated against the interests of the Group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses. Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as an owners' equity transaction.

The following are the principal subsidiaries of the Bank, which are consolidated in these consolidated financial statements:

	Ownership for 2016	*Ownership for 2015*	*Year of incorporation*	*Country of incorporation*	***No. of branches/ offices at 31 December 2016***
Held directly by the Bank					
Banque Al Baraka D'Algerie (BAA)	**55.90%**	55.90%	1991	Algeria	**30**
Al Baraka Islamic Bank - Bahrain (AIB)	**91.12%**	91.12%	1984	Bahrain	**233**
Al Baraka Bank Tunis (ABT)	**78.40%**	78.40%	1983	Tunisia	**34**
Al Baraka Bank Egypt (ABE)	**73.68%**	73.68%	1980	Egypt	**31**
Al Baraka Bank Lebanon (ABBL)	**98.94%**	98.94%	1991	Lebanon	**7**
Jordan Islamic Bank (JIB)	**66.01%**	66.01%	1978	Jordan	**97**
Al Baraka Turk Participation Bank (ATPB)	**56.64%**	56.64%	1985	Turkey	**213**
Al Baraka Bank Limited (ABL)	**64.51%**	64.51%	1989	South Africa	**12**
Al Baraka Bank Sudan (ABS)	**75.73%**	75.73%	1984	Sudan	**27**
Al Baraka Bank Syria (ABBS) *	**23.00%**	23.00%	2009	Syria	**13**

* The Group has control over Al Baraka Bank Syria through the power to govern the financial and operating policies.

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

	Subsidiary held through	***Effective Ownership for 2016***	*Effective Ownership for 2015*	*Year of incorporation*	*Country of incorporation*
Held indirectly by the Bank					
Al Baraka Bank (Pakistan) Limited	AIB	**52.30%**	58.90%	2010	Pakistan
Itqan Capital	AIB	**75.69%**	75.69%	2007	Saudi Arabia
Al-Omariya School Company	JIB	**65.61%**	62.31%	1987	Jordan
Al-Samaha Real Estate Company	JIB	**66.01%**	65.15%	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	**64.51%**	64.51%	1991	South Africa

2 ACCOUNTING POLICIES (continued)

Significant accounting policies

The significant accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year, except for the adoption of new standards and interpretations effective as of 1 January 2016:

New standards, interpretations and amendments adopted by the Group

FAS 27 *Investment Accounts*

FAS 27 has replaced FAS 5 - 'Disclosures of Bases for Profit Allocation between Owner's Equity and Investment Account Holders' and FAS 6 - 'Equity of Investment Account Holders and their Equivalent'. Due to the adoption of this standard certain disclosures with respect to investment account holders and bases of profit allocation are enhanced without having any significant impact on the financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

a. Cash and cash equivalents

Cash and cash equivalents as referred to in the consolidated statement of cash flows comprise cash and cash in transit, balances with central banks excluding mandatory reserves and balances with other banks with an original maturity of three months or less.

b. Receivables

Receivables comprise Sales (Murabaha) receivables, Ijarah receivables, Salam receivables and Istisna'a receivables.

Sales (Murabaha) receivables

Sales (Murabaha) receivables consist mainly of murabaha and international commodities stated net of deferred profits and provision for doubtful amount. The Group considers promise made in sales (murabaha) receivables to the purchase orderer as obligatory.

Ijarah receivables

Ijarah receivables is the outstanding rental at the end of the year less any provision for doubtful amount.

Salam receivables

Salam receivables is the outstanding amount at the end of the year less any provision for doubtful amount.

Istisna'a receivables

Istisna'a receivables is the outstanding amount at the end of the year less any provision for doubtful amount.

c. Mudaraba and Musharaka financing

Mudaraba and Musharaka financing are partnerships in which the Bank contributes capital. These are stated at the fair value of consideration given less impairment.

2 ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

d. Investments
Investments comprise equity and debt-type instruments at fair value through statement of income, equity-type instruments at fair value through equity, debt-type instruments at amortised cost, investment in real estate and investment in associates.

Investment in real estate
Properties held for rental, or for capital appreciation purposes, or both, are classified as investment in real estate. Investments in real estate are initially recorded at cost, being the fair value of the consideration given and acquisition charges associated with the property. Subsequent to initial recognition, investments in real estate are re-measured at fair value and changes in fair value (only gains) are recognised as property fair value reserve in the consolidated statement of changes in owners' equity.

Losses arising from changes in the fair values of investment in real estate are firstly adjusted against the property fair value reserve to the extent of the available balance and then the remaining losses are recognised in the consolidated statement of income. If there are unrealised losses that have been recognised in the consolidated statement of income in the previous financial periods, the current period unrealised gain shall be recognised in the consolidated statement of income to the extent of crediting back such previous losses in the consolidated statement of income. When the property is disposed of, the cumulative gain previously transferred to the property fair value reserve, is transferred to the consolidated statement of income.

Investment in associates
The Group's investment in associates is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. The consolidated statement of income reflects the Group's share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in owners' equity. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The reporting dates of the associates and the Group are identical and the associates accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Equity and debt-type instruments at fair value through statement of income
This includes instruments held for trading purposes to gain profits from market fluctuations in the short term. These are initially recognised at cost, being the fair value of the consideration given excluding acquisition costs. These are subsequently re-measured at fair value. All related realised and unrealised gains or losses are included in the consolidated statement of income.

All other investments are initially recognised at cost, being the fair value of the consideration given including acquisition costs.

Equity-type instruments at fair value through equity
This includes all instruments that are not covered above. Subsequent to acquisition, investments designated at fair value through equity are re-measured at fair value with unrealised gains or losses recognised proportionately in owners' equity and equity of investment accountholders until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in owners' equity or equity of investment accountholders is recognised in consolidated statement of income.

2 ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

d. Investments (continued)

Debt-type instruments at amortised cost

Debt-type instruments which are managed on a contractual yield basis and are not held for trading and has not been designated at fair value through statement of income are classified as debt-type instruments at amortised cost. Such investments are carried at amortised cost, less provision for impairment in value. Amortised cost is calculated by taking into account any premium or discount on acquisition. Any gain or loss on such investment is recognised in the consolidated statement of income, when the investment is de-recognised or impaired.

e. Ijarah Muntahia Bittamleek

Assets acquired for leasing (Ijarah) are stated at cost, less accumulated depreciation.

Depreciation is provided on the straight line method over the useful life of the asset or the period of the lease, whichever is lower.

f. Property and equipment

Property and equipment are initially recognised at cost. Subsequent to initial recognition property and equipment are stated at cost less accumulated depreciation and accumulated impairment in value, except for land which is carried at fair value. The cost of additions and major improvements are capitalised; maintenance and repairs are charged to the consolidated statement of income as incurred. Gains or losses on disposal are reflected in other operating income. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets other than freehold land, which is deemed to have an indefinite life.

The calculation of depreciation is on the following basis:

Buildings	30 - 50 years
Office furniture and equipment	4 - 10 years
Vehicles	3 years
Others	4 - 5 years

g. Fair values

For investments actively traded in organised financial markets, fair value is determined by reference to quoted market bid prices.

For investment where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument, which is substantially the same or is based on the assessment of future cash flows. The cash equivalent values are determined by the Group at current profit rates for contracts with similar term and risk characteristics.

For Sales (Murabaha) receivables the fair value is determined at the Bank or subsidiary level at the end of the financial period at their cash equivalent value.

h. Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

2 ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

h. Goodwill (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

i. Intangible assets

Intangible assets comprise principally the value of computer software. Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

j. Collateral pending sale

Collateral acquired in settlement of certain financing facilities is stated at the lower of the net realisable value of the related financing facilities and the current fair value of such assets. Gains or losses on disposal, and revaluation losses, are recognised in the consolidated statement of income.

k. Employees' end of service benefits

The Group provides for end of service benefits to its employees. Entitlement to these benefits is based upon the employees' length of service and the completion of a minimum service period. The expected costs of these benefits are accrued for over the period of employment.

l. Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

m. Dividends

Dividends to shareholders are recognised as liabilities in the year in which they are declared.

n. Equity of investment accountholders

All equity of investment accountholders are carried at cost plus accrued profit and related reserves. Investment risk reserves and profit equalisation reserves are made at the Bank or subsidiary level.

o. Investment risk reserve

Investment risk reserves are amounts appropriated out of the income of equity of investment accountholders, after allocating the mudarib share, in order to cater against future losses for equity of investment accountholders.

p. Profit equalisation reserve

Profit equalisation reserves are amounts appropriated out of the Mudaraba income, before allocating the mudarib share, in order to maintain a certain level of return on investments for equity of investment accountholders.

q. Sukuk

Sukuk issued by the Group are treated based on the underlying contracts and structure.

r. Off-balance sheet equity of investment accountholders

Off-balance sheet equity of investment accountholders represent funds received by the Group from third parties for investment in specified products as directed by them. These products are managed in a fiduciary capacity and the Group has no entitlement to these products. Third parties bear all of the risks and earn all of the rewards on these products. Off-balance sheet equity of investment accountholders are not included in the consolidated statement of financial position since the Group does not have the right to use or dispose these products except within the conditions of the contract between the Group and third parties.

2 ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

s. Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity of the parent and accounted for at weighted average cost. Consideration paid or received on the purchase, sale, issue or cancellation of the Group's own equity instruments is recognised directly in equity of the parent. No gain or loss is recognised in consolidated statement of income on the purchase, sale, issue or cancellation of own equity instruments.

t. Revenue recognition

Sales (Murabaha) receivables
Profit from Sales (Murabaha) receivables is recognised when the income is both contractually determinable and quantifiable at the commencement of the transaction. Such income is recognised on time-apportioned basis over the period of the transaction. Where the income from a contract is not contractually determinable or quantifiable, it is recognised when the realisation is reasonably certain or when actually realised. Income related to accounts that are 90 days overdue is excluded from the consolidated statement of income.

Salam and Istisna'a receivables
Income on Salam and Istisna'a is recognised on time-apportioned basis when the income from a contract is contractually determinable or quantifiable.

Mudaraba and Musharaka financing
Income on Mudaraba and Musharaka financing is recognised when the right to receive payment is established or on distribution by the Mudarib. Income related to accounts that are 90 days overdue is excluded from the consolidated statement of income.

Ijarah Muntahia Bittamleek
Income net of depreciation is recognised on a time-apportioned basis over the lease term.

Fee and commission income
Fee and commission income is recognised when earned.

Other income
Other income on investments is recognised when the right to receive payment is established.

Group's share as a Mudarib
The Group's share of profit as a Mudarib for managing equity of investment accountholders is based on the terms and conditions of the related mudarib agreements.

Mudarib's share of off-balance sheet equity of investment accountholders
The Group shares profit for managing off-balance sheet equity of investment accountholders based on the terms and conditions of related contracts.

u. Return on equity of investment accountholders

Equity of investment accountholders' share of income is calculated based on the applicable local laws and based on the underlining individual Mudaraba contract. It represents the income generated from joint investment accounts and after deducting other expenses. Other expenses include all expenses incurred by the Group including specific provisions. The Group's share is deducted before distributing such income.

v. Joint and self financed

Investments, financing and receivables that are jointly owned by the Group and the equity of investment accountholders are classified under the caption "jointly financed" in the consolidated financial statements. Investments, financing and receivables that are financed solely by the Group are classified under "self financed".

2 ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

w. Taxation

There is no tax on corporate income in the Kingdom of Bahrain. Taxation on foreign operations is provided in accordance with the fiscal regulations of the respective countries in which the subsidiaries operate. The Group accounts for its share of associates profit after accounting for corporate taxation. Deferred income tax is provided using the liability method on temporary differences at the financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

x. Shari'a supervisory board

The Group's business activities are subject to the supervision of a Shari'a supervisory board consisting of five members appointed by the general assembly.

y. Zakah

The article of association of Al Baraka Banking Group is not empowering the Group for paying Zakah on behalf of the shareholders and there is no such law in Kingdom of Bahrain requiring the Group to pay Zakah on behalf of the shareholders, unless there is a direct empowerment from the general assembly to the Group to pay Zakah on the behalf of the shareholders.

z. Earnings prohibited by Shari'a

The Group is committed to avoid recognising any income generated from non-Islamic source. Accordingly, all non-Islamic income is credited to a charity account where the Group uses these funds for various social welfare activities.

aa. Impairment of financial assets

An assessment is made at each financial position date to determine whether there is objective evidence that a specific financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the assessment by the Group of the estimated cash equivalent value, is recognised in the consolidated statement of income. Specific provisions are created to reduce all impaired financial contracts to their realisable cash equivalent value. Financial assets are written off only in circumstances where effectively all possible means of recovery have been exhausted.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment value was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the consolidated statement of income.

In addition, the Group maintains a provision to reflect a potential loss that may occur as a result of currently unidentifiable risks in relation to receivables, financings or investment assets. The amount reflects estimated losses affecting these assets attributable to events that have already occurred at the date of the financial statements, and not estimated losses attributable to future events.

bb. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

cc. Foreign currencies

Foreign currency transactions at the subsidiary level

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. The monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the financial position date. All differences are taken to income statement at the entity level.

2 ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

cc. Foreign currencies (continued)

Foreign currency translations
As at the reporting date, the assets and liabilities in foreign currencies are translated into the presentation currency of the Group (United States Dollars) at the rate of exchange ruling at the financial position date and their income statements are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of owners' equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in owners' equity relating to that particular foreign entity is recognised in the consolidated statement of income.

dd. Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which affects the amounts recognised in the consolidated financial statements:

Classification of investments
Management decides on acquisition of an investment whether it should be classified as equity and debt-type instrument at fair value through statement of income, equity-type instrument at fair value through equity or debt-type instrument at amortised cost.

Going concern
The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2 ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

ee. Use of estimates in preparation of the consolidated financial statements

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities at the date of the consolidated financial statements. The use of estimates is used primarily to the determination of provisions for sales (Murabaha) receivable, mudaraba financing, musharaka financing, equity-type instrument at fair value through equity, debt-type instrument at amortised cost, ijarah receivable and other assets.

ff. Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

(i) the right to receive cash flows from the asset has expired;

(ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of income.

3 CASH AND BALANCES WITH BANKS

	2016	*2015*
	US$ '000	*US$ '000*
Balances with central banks*	**3,883,925**	3,821,899
Balances with other banks	**585,491**	789,692
Cash and cash in transit	**604,002**	761,818
	5,073,418	5,373,409

* Balances with central banks include mandatory reserves amounting to US$ 2,221,460 thousand (2015: US$ 3,080,720 thousand). These amounts are not available for use in the Group's day-to-day operations.

4 RECEIVABLES

	2016	*2015*
	US$ '000	*US$ '000*
Sales (Murabaha) receivables (note 4.1)	**11,119,981**	11,727,017
Ijarah receivables (note 4.2)	**57,086**	34,832
Salam receivables (note 4.3)	**154,649**	125,339
Istisna'a receivables (note 4.4)	**91,732**	71,864
	11,423,448	11,959,052

4 RECEIVABLES (continued)

4.1 Sales (Murabaha) receivables

	2016			2015		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000
International commodity murabaha	22,247	299,812	322,059	22,455	299,631	322,086
Other murabaha	2,273,439	10,430,331	12,703,770	1,906,274	11,339,803	13,246,077
Gross sales (murabaha) receivables	2,295,686	10,730,143	13,025,829	1,928,729	11,639,434	13,568,163
Deferred profits	(340,823)	(1,210,482)	(1,551,305)	(246,887)	(1,214,990)	(1,461,877)
	1,954,863	9,519,661	11,474,524	1,681,842	10,424,444	12,106,286
Provisions (note 21)	(79,487)	(275,056)	(354,543)	(48,452)	(330,817)	(379,269)
Net sales (murabaha) receivables	1,875,376	9,244,605	11,119,981	1,633,390	10,093,627	11,727,017

	2016 US$ '000	2015 US$ '000
Non-performing	564,550	459,013

4.2 Ijarah receivables

	2016			2015		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000
Gross ijarah receivables	-	69,557	69,557	-	45,064	45,064
Provisions (note 21)	-	(12,471)	(12,471)	-	(10,232)	(10,232)
Net ijarah receivables	-	57,086	57,086	-	34,832	34,832

	2016 US$ '000	2015 US$ '000
Non-performing	59,539	28,134

4.3 Salam receivables

	2016			2015		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000
Gross salam receivables	-	160,603	160,603	-	130,806	130,806
Provisions (note 21)	-	(5,954)	(5,954)	-	(5,467)	(5,467)
Net salam receivables	-	154,649	154,649	-	125,339	125,339

	2016 US$ '000	2015 US$ '000
Non-performing	13,763	9,755

4 RECEIVABLES (continued)

4.4 Istisna'a receivables

	2016			2015		
	Self financed US$ '000	**Jointly financed US$ '000**	**Total US$ '000**	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000
Gross istisna'a receivables	**-**	**94,007**	**94,007**	-	72,274	72,274
Provisions (note 21)	**-**	**(2,275)**	**(2,275)**	-	(410)	(410)
Net istisna'a receivables	**-**	**91,732**	**91,732**	-	71,864	71,864

	2016 US$ '000	2015 US$ '000
Non-performing	**6,868**	693

5 MUDARABA AND MUSHARAKA FINANCING

	2016 US$ '000	2015 US$ '000
Mudaraba financing (note 5.1)	**821,729**	1,043,517
Musharaka financing (note 5.2)	**760,667**	515,076
	1,582,396	1,558,593

5.1 Mudaraba financing

	2016			2015		
	Self financed US$ '000	**Jointly financed US$ '000**	**Total US$ '000**	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000
Gross mudaraba financing	**277,816**	**555,861**	**833,677**	275,967	778,812	1,054,779
Provisions (note 21)	**-**	**(11,948)**	**(11,948)**	-	(11,262)	(11,262)
Net mudaraba financing	**277,816**	**543,913**	**821,729**	275,967	767,550	1,043,517

	2016 US$ '000	2015 US$ '000
Non-performing	**12,351**	11,262

5.2 Musharaka financing

	2016			2015		
	Self financed US$ '000	**Jointly financed US$ '000**	**Total US$ '000**	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000
Gross musharaka financing	**146,365**	**620,903**	**767,268**	124,764	394,549	519,313
Provisions (note 21)	**-**	**(6,601)**	**(6,601)**	-	(4,237)	(4,237)
Net musharaka financing	**146,365**	**614,302**	**760,667**	124,764	390,312	515,076

	2016 US$ '000	2015 US$ '000
Non-performing	**20,154**	6,487

6 INVESTMENTS

	2016 US$ '000	2015 US$ '000
Equity and debt-type instruments at fair value through statement of income (note 6.1)	**27,842**	20,652
Equity-type instruments at fair value through equity (note 6.2)	**107,225**	102,810
Debt-type instruments at amortised cost (note 6.3)	**2,250,764**	2,748,405
	2,385,831	2,871,867
Investment in real estate (note 6.4)	**191,565**	187,412
Investment in associates (note 6.5)	**51,735**	46,471
	2,629,131	3,105,750

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

	2016			2015		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000
Quoted investments						
Debts	**6,865**	**1,504**	**8,369**	6,093	6,374	12,467
Equities	**286**	**642**	**928**	271	551	822
	7,151	**2,146**	**9,297**	6,364	6,925	13,289
Unquoted investments						
Equities	**18,545**	**-**	**18,545**	7,363	-	7,363
	18,545	**-**	**18,545**	7,363	-	7,363
	25,696	**2,146**	**27,842**	13,727	6,925	20,652

6.2 Equity-type instruments at fair value through equity

	2016			2015		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000
Quoted investment						
Equities	**12,009**	**34,467**	**46,476**	9,185	31,595	40,780
Managed funds	**11,842**	**6,636**	**18,478**	8,946	9,418	18,364
	23,851	**41,103**	**64,954**	18,131	41,013	59,144
Unquoted investments						
Equities	**26,987**	**7,779**	**34,766**	29,121	11,693	40,814
Managed funds	**668**	**9,735**	**10,403**	-	6,901	6,901
	27,655	**17,514**	**45,169**	29,121	18,594	47,715
Provisions (note 21)	**(774)**	**(2,124)**	**(2,898)**	(1,396)	(2,653)	(4,049)
	50,732	**56,493**	**107,225**	45,856	56,954	102,810

6 INVESTMENTS (continued)

6.3 Debt-type instruments at amortised cost

	2016			2015		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000
Quoted investment						
Sukuk and similar items	**607,418**	**604,812**	**1,212,230**	625,592	1,023,816	1,649,408
Unquoted investments						
Sukuk and similar items	**136,078**	**906,718**	**1,042,796**	117,207	986,235	1,103,442
Provisions (note 21)	**(2,500)**	**(1,762)**	**(4,262)**	-	(4,445)	(4,445)
	740,996	**1,509,768**	**2,250,764**	742,799	2,005,606	2,748,405

6.4 Investment in real estate

	2016			2015		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000
Land	**756**	**106,559**	**107,315**	2,154	90,655	92,809
Buildings	**7,994**	**76,256**	**84,250**	6,719	87,884	94,603
	8,750	**182,815**	**191,565**	8,873	178,539	187,412

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

	2016 US$ '000	2015 US$ '000
Beginning balance of the year	**187,412**	159,549
Acquisitions	**14,479**	35,905
Net gain (loss) from fair value adjustments	**1,253**	(2,629)
Disposals	**(8,660)**	(4,719)
Foreign exchange translation / others - net	**(2,919)**	(694)
	4,153	27,863
Ending balance of the year	**191,565**	187,412

6 INVESTMENTS (continued)

6.5 Investment in associates

Investment in associates comprise the following:

	2016			
	Self financed US$ '000	*Jointly financed US$ '000*	*Total US$ '000*	*Market value US$ '000*
Quoted associates	**-**	**10,802**	**10,802**	**9,729**
Unquoted associates	**40,814**	**119**	**40,933**	
	40,814	**10,921**	**51,735**	

	2015			
	Self financed US$ '000	*Jointly financed US$ '000*	*Total US$ '000*	*Market value US$ '000*
Quoted associates	-	21,250	21,250	18,163
Unquoted associates	24,930	291	25,221	
	24,930	21,541	46,471	

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	2016			2015		
	Self financed US$ '000	*Jointly financed US$ '000*	*Total US$ '000*	*Self financed US$ '000*	*Jointly financed US$ '000*	*Total US$ '000*
Land and building						
Cost	**179,444**	**1,730,599**	**1,910,043**	220,812	1,453,236	1,674,048
Accumulated depreciation	**(27,795)**	**(472,851)**	**(500,646)**	(10,927)	(323,693)	(334,620)
Net book value	**151,649**	**1,257,748**	**1,409,397**	209,885	1,129,543	1,339,428
Equipment						
Cost	**130,730**	**368,355**	**499,085**	146,615	324,408	471,023
Accumulated depreciation	**(22,326)**	**(90,333)**	**(112,659)**	(14,467)	(108,764)	(123,231)
Net book value	**108,404**	**278,022**	**386,426**	132,148	215,644	347,792
Others						
Cost	**-**	**56,469**	**56,469**	-	61,492	61,492
Accumulated depreciation	**-**	**(21,953)**	**(21,953)**	-	(14,255)	(14,255)
Net book value	**-**	**34,516**	**34,516**	-	47,237	47,237
TOTAL						
Cost	**310,174**	**2,155,423**	**2,465,597**	367,427	1,839,136	2,206,563
Accumulated depreciation	**(50,121)**	**(585,137)**	**(635,258)**	(25,394)	(446,712)	(472,106)
Net book value	**260,053**	**1,570,286**	**1,830,339**	342,033	1,392,424	1,734,457

8 PROPERTY AND EQUIPMENT

	Buildings	*Lands*	*Office furniture and equipment*	*Vehicles*	*Others*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
Cost:						
At 1 January 2015	215,287	92,693	203,396	10,560	73,476	595,412
Additions	15,728	3,190	25,061	3,158	40,557	87,694
Revaluation	-	72,275	-	-	-	72,275
Disposals	(25,256)	-	(2,488)	(1,342)	(1,616)	(30,702)
Foreign exchange translations	(28,864)	(5,222)	(15,994)	(742)	(11,526)	(62,348)
At 31 December 2015	176,895	162,936	209,975	11,634	100,891	662,331
Additions	46,288	20,618	19,450	1,282	23,135	110,773
Disposals	(2,319)	(654)	(1,507)	(872)	(52,979)	(58,331)
Foreign exchange translations	(20,948)	(19,834)	(20,708)	(1,248)	(12,559)	(75,297)
At 31 December 2016	**199,916**	**163,066**	**207,210**	**10,796**	**58,488**	**639,476**
Depreciation:						
At 1 January 2015	69,119	-	124,335	5,493	17,142	216,089
Provided during the year (note 19)	12,055	-	19,132	1,301	6,456	38,944
Relating to disposals	(11,345)	-	(3,107)	(855)	(882)	(16,189)
Foreign exchange translations	(8,085)	-	(8,341)	(486)	(4,209)	(21,121)
At 31 December 2015	61,744	-	132,019	5,453	18,507	217,723
Provided during the year (note 19)	9,750	-	22,217	1,265	5,996	39,228
Relating to disposals	(677)	-	(835)	(573)	(565)	(2,650)
Foreign exchange translations	(18,766)	-	(8,956)	(668)	(3,730)	(32,120)
At 31 December 2016	**52,051**	-	**144,445**	**5,477**	**20,208**	**222,181**
Net book values:						
At 31 December 2016	**147,865**	**163,066**	**62,765**	**5,319**	**38,280**	**417,295**
At 31 December 2015	115,151	162,936	77,956	6,181	82,384	444,608

9 OTHER ASSETS

	2016	*2015*
	US$ '000	*US$ '000*
Bills receivables	**144,327**	148,108
Goodwill and intangible assets (note 9 (a))	**91,735**	102,284
Collateral pending sale	**62,151**	65,069
Good faith qard	**19,136**	13,799
Deferred taxation	**34,693**	19,331
Prepayments	**40,540**	60,594
Others	**91,485**	45,517
	484,067	454,702
Provisions (note 21)	**(14,829)**	(12,370)
	469,238	442,332

9 OTHER ASSETS (continued)

9 (a) Goodwill and intangible assets

	2016			*2015*		
	Goodwill US$ '000	***Intangible assets US$ '000***	***Total US$ '000***	*Goodwill US$ '000*	*Intangible assets US$ '000*	*Total US$ '000*
At 1 January	**72,781**	**29,503**	**102,284**	82,177	21,596	103,773
Additions	**10,498**	**9,134**	**19,632**	-	22,021	22,021
Amortisation charge for the year (note 19)	**-**	**(5,351)**	**(5,351)**	-	(11,110)	(11,110)
Impairment loss for the year	**(9,082)**	**-**	**(9,082)**	(4,000)	-	(4,000)
Foreign exchange translations	**(4,031)**	**(11,717)**	**(15,748)**	(5,396)	(3,004)	(8,400)
At 31 December	**70,166**	**21,569**	**91,735**	72,781	29,503	102,284

Goodwill acquired through business combinations with indefinite lives have been allocated to five individual cash-generating units. The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	2016 US$ '000	*2015 US$ '000*
Al Baraka Turk Participation Bank	**14,572**	17,522
Al Barak Bank Egypt	**767**	1,871
Jordan Islamic Bank	**26,646**	26,646
Al Baraka Bank (Pakistan) Limited	**28,181**	17,660
Itqan Capital	**-**	9,082
	70,166	72,781

The recoverable amounts of the cash-generating units were determined based on value in use calculation using cash flow projections from financial budgets approved by the Group's senior management covering a five year period. Management determined budgeted spreads based on the cash-generating units' past performance and its expectation of market development.

10 LONG TERM FINANCING

	2016 US$ '000	*2015 US$ '000*
Murabaha financing	**762,752**	918,520
Subordinated financing obtained by a subsidiary	**456,600**	411,327
Wakala	**161,904**	167,361
	1,381,256	1,497,208

10 LONG TERM FINANCING (continued)

Murabaha financing and wakala (continued)

During 2014, ATPB issued sukuk listed in Irish Stock Exchange for a tenure of 5 years with an expected profit rate of 6.25%, 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 based on wakala contract, while the remaining portion to an extent of not more than 49% will be utilised as commodity murabaha.

Subordinated financing obtained by a subsidiary

During 2015, ATPB obtained US$ 225 million subordinated financing with an annual profit rate of 10.5% for a period of 10 years. Further included in Subordinated financing US$ 200 million obtained by ATPB during 2013 with an annual profit rate of 7.75%, for a period of ten years. These subordinated financing are obtained in US$ and are considered part of Tier II capital in the capital adequacy calculation of ATPB as per the banking regulations in the Republic of Turkey.

11 OTHER LIABILITIES

	2016	*2015*
	US$ '000	*US$ '000*
Payables	**299,433**	269,771
Cash margins	**222,008**	269,557
Managers' cheques	**103,969**	87,963
Other provisions (note 21) *	**11,091**	13,809
Current taxation **	**68,055**	84,581
Deferred taxation **	**12,933**	11,491
Accrued expenses	**71,303**	77,472
Charity fund	**10,658**	7,224
Others	**57,017**	40,576
	856,467	862,444

* Other provisions mainly comprise of general provisions and specific provisions on commitment and contingent items.

** In view of operations of the Group being subject to various tax jurisdictions and regulations, it is not practical to provide a reconciliation between the accounting and taxable profits together with details of effective tax rates.

12 EQUITY OF INVESTMENT ACCOUNTHOLDERS (IAH)

	2016	*2015*
	US$ '000	*US$ '000*
Equity of investment accountholders *	**13,081,209**	14,313,084
Profit equalisation reserve (note 12.1)	**6,091**	10,037
Investment risk reserve (note 12.2)	**176,583**	179,238
Cumulative changes in fair value attributable to equity of investment accountholders - net (note 12.3)	**12,911**	12,240
	13,276,794	14,514,599

** Medium term Sukuk*

This includes unsecured, sub-ordinated and privately placed unrestricted mudaraba sukuk amounting to US$ 13,923 thousand (2015: US$ 16,708 thousand) issued by Al Baraka Bank (Pakistan) Limited (ABPL) during 2014. The issuance of sukuk is intended to comply with regulatory requirements related to capital adequacy ratio of ABPL. The tenure of the sukuk is seven years maturing in 2021. The principal repayment, started after six months of the drawdown date and is being made semi-annually on a straight line basis.

12 EQUITY OF INVESTMENT ACCOUNTHOLDERS (IAH) (continued)

12.1 Profit equalisation reserve

The following shows the movement in profit equalisation reserve:

	2016 *US$ '000*	*2015* *US$ '000*
Balance at 1 January	**10,037**	13,045
Amount apportioned from income allocable to equity of investment accountholders	**297**	49
Amount used during the year	**(3,580)**	(1,229)
Foreign exchange translations	**(663)**	(1,828)
Balance at 31 December	**6,091**	10,037

12.2 Investment risk reserve

The following shows the movement in investment risk reserve:

	2016 *US$ '000*	*2015* *US$ '000*
Balance at 1 January	**179,238**	198,559
Amount appropriated to provision (note 21)	**7,324**	(9,549)
Amount apportioned from income allocable to equity of investment accountholders	**1,057**	10,711
Foreign exchange translations	**(11,036)**	(20,483)
Balance at 31 December	**176,583**	179,238

12.3 Movement in cumulative changes in fair value attributable to equity of investment accountholders - net

	2016 *US$ '000*	*2015* *US$ '000*
Balance at 1 January	**12,240**	15,677
Change in fair values during the year	**3,840**	(5,966)
Realised gain transferred to consolidated statement of income	**(3,210)**	(144)
Deferred taxation effect	**(221)**	935
Transfer to shareholders equity	**262**	1,738
	12,911	12,240
Attributable to investment in real estate	**11,256**	10,375
Attributable to equity-type instruments at fair value through equity	**1,655**	1,865
	12,911	12,240

13 OWNERS' EQUITY

	2016 US$ '000	2015 US$ '000
Share capital		
Authorised: 1,500,000,000 (2015: 1,500,000,000) ordinary shares of US$ 1 each	**1,500,000**	1,500,000

	2016 US$ '000	2015 US$ '000
Issued and fully paid up:		
At beginning of the year 1,115,746,069 (2015: 1,093,868,695) shares of US$1 each	**1,115,746**	1,093,869
Issued during the year 33,472,382 bonus shares (2015: 21,877,374) of US$1 each	**33,472**	21,877
At end of the year 1,149,218,452 (2015: 1,115,746,069) shares of US$1 each	**1,149,218**	1,115,746

Proposed appropriations

At the Annual General Meeting held on 20 March 2016 (2015: 23 March 2015), the shareholders of the Group resolved to distribute US$ 22,315 thousand (2015: US$ 32,816 thousand) as cash dividends and US$ 33,472 thousand (2015: US$ 21,877 thousand) as bonus shares.

Treasury shares

	Number of shares ('000)	2016 US$ '000	2015 US$ '000
At 1 January	**8,464**	**8,464**	8,261
Purchase of treasury shares	**1,714**	**1,714**	304
Sale of treasury shares	**(590)**	**(590)**	(101)
At 31 December	**9,588**	**9,588**	8,464

The market value of the treasury shares is US$ 4,698 thousand (2015: US$ 4,824 thousand) and it represents 0.8% (2015: 0.8%) of the outstanding shares.

Additional information on shareholding pattern

i) Names and nationalities of the major shareholders and the number of shares in which they have an interest of 5% or more of outstanding shares:

At 31 December 2016

Names	*Nationality/ Incorporation*	*Number of shares*	*% holding*
Saleh Abdullah Kamel	Saudi	**346,035,112**	**30.11%**
Dallah AlBaraka Holding Company E.C.	Bahrain	**283,120,383**	**24.64%**
Altawfeek Company For Investment Funds	Cayman Island	**222,074,022**	**19.32%**
Abdulla AbdulAziz AlRajihi	Saudi	**80,733,424**	**7.03%**

13 OWNERS' EQUITY (continued)

Additional information on shareholding pattern (continued)

At 31 December 2015

Names	*Nationality/ Incorporation*	*Number of shares*	*% holding*
Saleh Abdullah Kamel	Saudi	335,956,420	30.11%
Dallah AlBaraka Holding Company E.C.	Bahrain	274,874,159	24.64%
Altawfeek Company For Investment Funds	Cayman Island	215,605,847	19.32%
Abdulla AbdulAziz AlRajihi	Saudi	78,381,966	7.03%

ii) The Bank has only one class of shares and the holders of these shares have equal voting rights.

iii) Distribution schedule of shares, setting out the number and percentage of holders in the following categories:

At 31 December 2016

Categories:	***Number of shares***	***Number of shareholders***	***% of total outstanding shares***
Less than 1%	**86,408,191**	**1,092**	**7.52%**
1% up to less than 5%	**130,847,319**	**6**	**11.39%**
5% up to less than 10%	**80,733,424**	**1**	**7.03%**
10% up to less than 20%	**222,074,022**	**1**	**19.32%**
20% up to less than 50%	**629,155,495**	**2**	**54.75%**
	1,149,218,451	**1,102**	**100.00%**

At 31 December 2015

Categories:	*Number of shares*	*Number of shareholders*	*% of total outstanding shares*
Less than 1%	85,681,614	1,119	7.68%
1% up to less than 5%	125,246,063	6	11.22%
5% up to less than 10%	78,381,966	1	7.03%
10% up to less than 20%	215,605,847	1	19.32%
20% up to less than 50%	610,830,579	2	54.75%
	1,115,746,069	1,129	100.00%

a. Share premium/Equity transaction cost
Amounts collected in excess of the par value of the issued share capital during any new issue of shares, net of issue costs, are treated as share premium. This amount is not available for distribution, but can be utilised as stipulated in the Bahrain Commercial Companies Law (BCCL).

Equity transaction cost, represent costs incurred by the Bank that are directly related to raising capital and have been incurred in cash.

b. Statutory reserve
In accordance with the BCCL and the Bank's articles of association, 10% of the parent's share of the net income for the year is transferred to the statutory reserve until such time as the reserve reaches 50% of the Bank's paid-up share capital. The reserve is not distributable except in such circumstances as stipulated in the Bahrain Commercial Companies Law. During the year US$ 15,155 thousand (2015: US$ 16,274 thousand) was transferred to statutory reserve.

13 OWNERS' EQUITY (continued)

c. Cumulative changes in fair values

This represents the net unrealised fair value gains and losses relating to the equity of the parent on equity-type instruments at fair value through equity, investment in real estate and land occupied by the Group (classified as property and equipment).

d. 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 reserve as at 31 December:

Subsidiary	*Currency*	***2016*** ***US$ '000***	*2015* *US$ '000*
Banque Al Baraka D'Algerie (BAA)	Algerian Dinar	**50,617**	42,424
Al Baraka Bank (Pakistan) Limited	Pakistani Rupees	**7,890**	10,174
Al Baraka Bank Egypt (ABE)	Egyptian Pound	**144,651**	41,040
Al Baraka Turk Participation Bank (ATPB)	Turkish Lira	**350,455**	274,067
Al Baraka Bank Limited (ABL)	South African Rand	**17,279**	20,474
Al Baraka Bank Sudan (ABS)	Sudanese Pound	**36,901**	30,912
Al Baraka Bank Tunis (ABT)	Tunisian Dinar	**23,166**	14,582
Al Baraka Bank Syria (ABBS)	Syrian Pound	**35,760**	28,275
		666,719	461,948

e. Other reserves

Other reserves mainly consist of general banking risk reserves maintained by the subsidiaries in accordance with local regulations.

f. Zakah paid on behalf of shareholders

The General Assembly in its annual meeting conducted on 20 March 2016 empowered the Executive Management of Al Baraka Banking Group to pay an amount of US$ 3,962 thousand as Zakah on behalf of the shareholders deducted from the Retained Earnings for the financial year of 2015. The Group has paid and distributed an amount of US$ 3,078 thousand to those who's entitled to receive Zakah as per Shari'a boundaries and as approved by the Unified Shari'a Board. The remaining amount of US$ 884 thousands has been allocated to be paid maximum by end of first quarter of 2017.

	2016 ***US$ '000***	*2015* *US$ '000*
Zakah to be paid on behalf of shareholders for the year 2015	**3,962**	-
Uses of Zakah:		
Zakah for the poor and needy	**1,650**	-
Zakah for welfare	**143**	-
Zakah for new converts to islam	**177**	-
Scholarships	**1,100**	-
Others	**8**	-
Total uses	**3,078**	-
Remaining Zakah to be paid	**884**	-

13 OWNERS' EQUITY (continued)

g. Proposed Appropriations

	2016 *US$ '000*	*2015* *US$ '000*
Cash dividend 1% (2015: 2%)	**11,396**	22,315
Bonus shares	**57,461**	33,472
	68,857	55,787

The above proposed appropriations exclude appropriations to the statutory reserve as mentioned above and will be submitted for formal approval at the Annual General Meeting subject to regulatory approval.

The Bank proposed issuance of bonus shares from the retained earnings at one bonus share for each 20 shares held (2015: three bonus shares for each 100 shares held). This will be submitted for formal approval at the Annual General Meeting subject to regulatory approval.

The proposed appropriations for the year 2015 was approved at the Annual General Meeting on 20 March 2016 and was effected in 2016 following the approval.

h. Net movement in non-controlling interest

This mainly includes the effect of changes in capital of subsidiaries, buying (selling) by the non-controlling interest from (to) the Group.

14 NET INCOME FROM JOINTLY AND SELF FINANCED CONTRACTS AND INVESTMENTS

	2016 *US$ '000*	*2015* *US$ '000*
Receivables (note 14.1)	**1,099,779**	1,050,895
Mudaraba and Musharaka financing (note 14.2)	**126,248**	101,177
Investments (note 14.3)	**293,096**	256,661
Ijarah Muntahia Bittamleek (note 14.4)	**135,999**	126,010
Others	**3,532**	731
	1,658,654	1,535,474
Net income from jointly financed contracts and investments	**1,336,569**	1,223,215
Gross income from self financed contracts and investments	**322,085**	312,259
	1,658,654	1,535,474
Gross income from self financed contracts and investments	**322,085**	312,259
Profit paid on wakala financing	**(36,586)**	(39,318)
Net income from self financed contracts and investments	**285,499**	272,941

14.1 Receivables

	2016 *US$ '000*	*2015* *US$ '000*
Sales (Murabaha) receivables	**1,085,461**	1,034,312
Salam receivables	**9,980**	12,165
Istisna'a receivables	**4,338**	4,418
	1,099,779	1,050,895

14 NET INCOME FROM JOINTLY AND SELF FINANCED CONTRACTS AND INVESTMENTS (continued)

14.2 Mudaraba and Musharaka financing

	2016 US$ '000	2015 US$ '000
Mudaraba financing	**64,789**	46,063
Musharaka financing	**61,459**	55,114
	126,248	101,177

14.3 Investments

	2016 US$ '000	2015 US$ '000
Equity-type instruments at fair value through equity	**4,357**	4,589
Debt-type instruments at amortised cost	**275,095**	247,630
Unrealised gain on equity and debt-type instruments at fair value through statement of income	**152**	145
Gain on sale of equity-type instruments at fair value through equity	**3,585**	1,509
Gain on sale of equity and debt-type instruments at fair value through statement of income	**667**	1,636
Rental income	**1,679**	1,832
Income from associates	**2,059**	652
Gain (loss) on sale of investment in real estate	**5,502**	(1,332)
	293,096	256,661

14.4 Ijarah Muntahia Bittamleek

	2016 US$ '000	2015 US$ '000
Income from Ijarah Muntahia Bittamleek	**374,314**	317,739
Depreciation on Ijarah Muntahia Bittamleek	**(238,315)**	(191,729)
	135,999	126,010

15 GROUP'S SHARE AS A MUDARIB

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

16 OTHER FEES AND COMMISSION INCOME

	2016 US$ '000	2015 US$ '000
Banking fees and commissions	**95,393**	116,547
Letters of credit	**30,623**	33,743
Guarantees	**41,597**	41,883
Acceptances	**9,224**	8,340
	176,837	200,513

17 OTHER OPERATING INCOME

	2016 US$ '000	2015 US$ '000
Foreign exchange gain	**58,824**	18,267
Gain on sale of property and equipment	**14,804**	10,502
Others	**5,231**	6,025
	78,859	34,794

18 PROFIT PAID ON LONG TERM FINANCING

	2016 US$ '000	2015 US$ '000
Murabaha financing	**16,280**	11,586
Subordinated financing obtained by a subsidiary	**45,469**	20,759
Wakala	**29,621**	24,196
	91,370	56,541

19 DEPRECIATION AND AMORTISATION

	2016 US$ '000	2015 US$ '000
Property and equipment depreciation (note 8)	**39,228**	38,944
Intangible assets amortisation (note 9 (a))	**5,351**	11,110
	44,579	50,054

20 OTHER OPERATING EXPENSES

	2016 US$ '000	2015 US$ '000
General and administration expenses	**102,807**	101,470
Professional and business expenses	**29,777**	26,740
Premises related expenses	**64,552**	58,680
	197,136	186,890

21 PROVISIONS AND IMPAIRMENT

2016	*Sales (Murabaha) receivables US$ '000 (note 4.1)*	*Ijarah receivables US$ '000 (note 4.2)*	*Salam receivables US$ '000 (note 4.3)*	*Istisna'a receivables US$ '000 (note 4.4)*	*Mudaraba financing US$ '000 (note 5.1)*	*Musharaka financing US$ '000 (note 5.2)*	*Investments US$ '000 (note 6.2 & 6.3)*	*Other assets US$ '000 (note 9)*	*Other liabilities US$ '000 (note 11)*	*Total US$ '000*
Provisions at 1 January	**379,269**	**10,232**	**5,467**	**410**	**11,262**	**4,237**	**8,494**	**12,370**	**13,809**	**445,550**
Charged during the year	**113,131**	**3,455**	**1,453**	**1,192**	**18,388**	**795**	**1,040**	**4,756**	**1,480**	**145,690**
Written back during the year	**(22,518)**	**(3,157)**	**(747)**	**(300)**	**-**	**(2,195)**	**(1,302)**	**(1,636)**	**(815)**	**(32,670)**
	90,613	**298**	**706**	**892**	**18,388**	**(1,400)**	**(262)**	**3,120**	**665**	**113,020**
	469,882	**10,530**	**6,173**	**1,302**	**29,650**	**2,837**	**8,232**	**15,490**	**14,474**	**558,570**
Written off during the year	**(33,282)**	**(36)**	**(131)**	**-**	**(21,817)**	**(37)**	**(465)**	**(737)**	**(968)**	**(57,473)**
Amount appropriated from investment risk reserve (note 12.2)	**(7,472)**	**144**	**-**	**-**	**-**	**4**	**-**	**-**	**-**	**(7,324)**
Foreign exchange translations/others - net	**(74,585)**	**1,833**	**(88)**	**973**	**4,115**	**3,797**	**(607)**	**76**	**(2,415)**	**(66,901)**
Provisions at 31 December	**354,543**	**12,471**	**5,954**	**2,275**	**11,948**	**6,601**	**7,160**	**14,829**	**11,091**	**426,872**

During the year, an impairment loss of US$ 9,134 thousand (2015: US$ 4,118 thousand) was charged against investments and goodwill.

2015	*Sales (Murabaha) receivables US$ '000 (note 4.1)*	*Ijarah receivables US$ '000 (note 4.2)*	*Salam receivables US$ '000 (note 4.3)*	*Istisna'a receivables US$ '000 (note 4.4)*	*Mudaraba financing US$ '000 (note 5.1)*	*Musharaka financing US$ '000 (note 5.2)*	*Investments US$ '000 (note 6.2 & 6.3)*	*Other assets US$ '000 (note 9)*	*Other liabilities US$ '000 (note 11)*	*Total US$ '000*
Provisions at 1 January	403,488	6,390	5,131	518	10,956	4,179	9,136	13,416	11,521	464,735
Charged during the year	85,905	4,026	1,032	85	1,269	736	1,878	1,708	6,940	103,579
Written back during the year	(29,771)	(1,494)	(338)	(131)	-	(204)	(3,381)	(1,395)	(12,612)	(49,326)
	56,134	2,532	694	(46)	1,269	532	(1,503)	313	(5,672)	54,253
	459,622	8,922	5,825	472	12,225	4,711	7,633	13,729	5,849	518,988
Written off during the year	(59,696)	(12)	(1)	-	-	(16)	(122)	(382)	(236)	(60,465)
Amount appropriated from investment risk reserve (note 12.2)	7,378	2,169	-	-	-	2	-	-	-	9,549
Foreign exchange translations/others - net	(28,035)	(847)	(357)	(62)	(963)	(460)	983	(977)	8,196	(22,522)
Provisions at 31 December	379,269	10,232	5,467	410	11,262	4,237	8,494	12,370	13,809	445,550

21 PROVISIONS AND IMPAIRMENT (continued)

The provisions relate to the following geographical areas:

2016	*Sales (Murabaha) receivables US$ '000 (note 4.1)*	*Ijarah receivables US$ '000 (note 4.2)*	*Salam receivables US$ '000 (note 4.3)*	*Istisna'a receivables US$ '000 (note 4.4)*	*Mudaraba financing US$ '000 (note 5.1)*	*Musharaka financing US$ '000 (note 5.2)*	*Investments US$ '000 (note 6.2 & 6.3)*	*Other assets US$ '000 (note 9)*	*Other liabilities US$ '000 (note 11)*	*Total US$ '000*
Middle East	**153,603**	**2,438**	-	-	**11,948**	**248**	**6,215**	**6,342**	**10,798**	**191,592**
North Africa	**17,434**	**6,265**	**1,493**	**79**	-	**6**	**490**	**972**	**293**	**27,032**
Europe	**148,934**	-	-	-	-	-	-	**2,104**	-	**151,038**
Others	**34,572**	**3,768**	**4,461**	**2,196**	-	**6,347**	**455**	**5,411**	-	**57,210**
Total	**354,543**	**12,471**	**5,954**	**2,275**	**11,948**	**6,601**	**7,160**	**14,829**	**11,091**	**426,872**
2015										
Middle East	233,083	2,294	-	-	11,262	244	7,461	4,090	13,607	272,041
North Africa	22,346	6,209	1,235	382	-	39	610	2,048	202	33,071
Europe	96,213	-	-	-	-	-	-	1,620	-	97,833
Others	27,627	1,729	4,232	28	-	3,954	423	4,612	-	42,605
Total	379,269	10,232	5,467	410	11,262	4,237	8,494	12,370	13,809	445,550

The fair value of collateral the Group holds relating to non-performing facilities as at 31 December 2016 amounts to US$ 554.1 million (2015: US$ 335.5 million). The collateral consists of cash margin, securities and properties. The utilisation of the collaterals will be on customer by customer basis and will be limited to the customer's total exposure.

22 BASIC AND DILUTED EARNINGS PER SHARE

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

	2016	*2015*
Net income attributable to the equity shareholders of the parent for the year - *US$ '000*	**151,545**	162,741
Number of shares outstanding at the beginning of the year (in thousands)	**1,140,818**	1,107,485
Treasury shares effect (in thousands)	**(610)**	(139)
Bonus shares effect during the year (in thousands)*	**-**	33,472
Weighted average number of shares outstanding at the end of the year (in thousands)	**1,140,208**	1,140,818
Earnings per share - US cents	**13.29**	14.27

*The weighted average number of shares of the previous year has been adjusted on account of the bonus share issue made in 2016.

23 CASH AND CASH EQUIVALENTS

	2016 ***US$ '000***	*2015* *US$ '000*
Balances with central banks excluding mandatory reserve	**1,662,465**	741,179
Balances with other banks	**585,491**	789,692
Cash and cash in transit	**604,002**	761,818
	2,851,958	2,292,689

24 RELATED PARTY TRANSACTIONS

Related parties comprise major shareholders, directors of the Group, entities owned or controlled, jointly controlled or significantly influenced by them, 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*	*2016 US$ '000*	*2015 US$ '000*
Net income from jointly financed contracts and investments	**2,029**	**-**	**62**	**-**	**2,091**	2,368
Net income from self financed contracts and investments	**729**	**35**	**-**	**-**	**764**	330
Return on equity of investment accountholders	**161**	**17**	**88**	**2**	**268**	386
Other fees and commission income	**418**	**-**	**-**	**-**	**418**	776

Compensation of key management personnel of the Bank, included in consolidated statement of income, is as follows:

	2016 US$ '000	*2015 US$ '000*
Short term benefits	**8,164**	6,014
Long term benefits	**1,398**	1,272

Short term benefits includes basic salaries, bonuses, allowances and other benefits paid during the year and long term benefits includes indemnity, social insurance benefits and investment scheme.

Director's remuneration accrued for the year ended 31 December 2016 amounted to US$ 1.5 million (2015: US$ 1.5 million).

24 RELATED PARTY TRANSACTIONS (continued)

The balances with related parties at 31 December were as follows:

	Associated companies US$ '000	*Major shareholders US$ '000*	*Directors and key management personnel US$ '000*	*Other related parties US$ '000*	*2016 US$ '000*	*2015 US$ '000*
Assets:						
Receivables	**1,987**	**-**	**781**	**-**	**2,768**	10,679
Mudaraba and Musharaka financing	**-**	**-**	**-**	**-**	**-**	1,420
Investments	**62,533**	**1,022**	**-**	**-**	**63,555**	52,497
Ijarah Muntahia Bittamleek	**-**	**-**	**559**	**-**	**559**	740
Other assets	**1,775**	**1**	**105**	**-**	**1,881**	1,782
Liabilities:						
Customer current and other accounts	**5,110**	**2,595**	**1,298**	**73**	**9,076**	10,844
Due to banks	**-**	**-**	**-**	**-**	**-**	4,262
Other liabilities	**-**	**2**	**-**	**-**	**2**	19,763
Equity of investment accountholders	**19,072**	**5,532**	**401**	**66**	**25,071**	29,373
Off-balance sheet equity of investment accountholders	**13,337**	**9,015**	**6,762**	**-**	**29,114**	23,896

All related party exposures are performing and are free of any provision for possible credit losses.

24 RELATED PARTY TRANSACTIONS (continued)

Details of Directors' and Executive Management's direct and indirect interests in the Bank's shares as at the end of the year were:

Name of directors	*Position*	*Nationality*	*2015* *Number of shares*	*Transaction* *Number of shares*	***2016**** ***Number of shares***
Saleh Abdulla Kamel	Chairman	Saudi	610,830,579	-	**629,155,495**
Abdulla Ammar Saudi	Vice Chairman	Bahraini	598,191	-	**616,136**
Abdulla Saleh Kamel	Vice Chairman	Saudi	303,964	-	**313,082**
Fahad Abdulla AlRajhi	Board Member	Saudi	22,569,793	2,057,760	**25,305,763**
Mohydin Saleh Kamel	Board Member	Saudi	635,559	-	**654,625**
AbdulElah Sabbahi	Board Member	Saudi	202,794	-	**208,877**
Adnan Ahmed Yousif	Board Member (President & Chief Executive)	Bahraini	327	-	**336**
Abdulrahman Shehab	Executive Vice President, Head of Operations and Administration	Bahraini	122,307	-	**125,976**

* Includes the effect of the Bank's issuance of bonus shares at three bonus shares for each 100 shares held as per the approval of the shareholders at the Annual General Meeting on 20 March 2016.

25 COMMITMENTS AND CONTINGENCIES

	2016	*2015*
	US$ '000	*US$ '000*
Letters of credit	**704,307**	810,168
Guarantees	**2,680,992**	3,105,059
Acceptances	**53,791**	52,315
Undrawn commitments	**834,915**	654,138
Sharia'a compliant promise contracts	**323,915**	-
Others	**321**	249
	4,598,241	4,621,929

26 SEGMENTAL ANALYSIS

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 the Group's 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 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 segment are presented as that is not applicable to the Group.

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

	2016			*2015*		
	Assets	***Liabilities***	***IAH***	*Assets*	*Liabilities*	*IAH*
	US$ '000	***US$ '000***	***US$ '000***	*US$ '000*	*US$ '000*	*US$ '000*
Segment						
Middle East	**9,710,447**	**2,782,561**	**6,057,888**	10,589,649	2,659,913	6,984,027
North Africa	**2,419,901**	**1,171,716**	**974,704**	2,489,812	1,113,612	1,084,982
Europe	**9,304,781**	**3,546,164**	**5,103,850**	10,035,619	3,733,314	5,586,129
Others	**1,990,136**	**639,449**	**1,140,352**	1,503,121	502,180	859,461
	23,425,265	**8,139,890**	**13,276,794**	24,618,201	8,009,019	14,514,599

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

	2016			*2015*		
	Total operating income	***Net operating income***	***Net income***	*Total operating income*	*Net operating income*	*Net income*
	US$ '000	***US$ '000***	***US$ '000***	*US$ '000*	*US$ '000*	*US$ '000*
Segment						
Middle East	**446,026**	**223,014**	**119,332**	407,929	207,450	103,137
North Africa	**103,411**	**48,527**	**34,413**	101,996	48,886	42,101
Europe	**425,986**	**203,709**	**90,022**	407,121	184,264	124,478
Others	**98,736**	**31,693**	**23,869**	82,507	23,082	16,470
	1,074,159	**506,943**	**267,636**	999,553	463,682	286,186

27 RISK MANAGEMENT

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

The most important types of risk are liquidity risk, credit risk, concentration risk, market risk and other operational risk. Market risk includes profit rate risk, equity price risk and foreign exchange risk.

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. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on regular basis. Each of the Group's subsidiaries has a documented and implemented domestic and foreign currency liquidity policy appropriate to the nature and complexity of its business. The policy addresses the subsidiaries' goal of protecting financial strength even for stressful events.

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

27 RISK MANAGEMENT (continued)

a) Liquidity risk (continued)

The maturity profile at 31 December 2016 was as follows:

	Up to 1 month US$ '000	*1 to 3 months US$ '000*	*3 to 6 months US$ '000*	*6 months to 1 year US$ '000*	*1 to 3 years US$ '000*	*3 to 5 years US$ '000*	*5 to 10 years US$ '000*	*10 to 20 years US$ '000*	*20 years and above US$ '000*	*Undated US$ '000*	*Total US$ '000*
Assets											
Cash and balances with banks	3,909,408	-	24,107	10,000	174,568	7,303	-	-	-	948,032	5,073,418
Receivables	1,504,074	810,358	1,378,701	2,087,664	3,126,846	1,861,219	463,466	190,549	571	-	11,423,448
Mudaraba and Musharaka financing	691,754	15,944	11,995	29,133	217,576	334,008	241,125	40,861	-	-	1,582,396
Investments	833,342	242,353	238,977	224,864	384,115	261,045	131,311	42,864	-	270,260	2,629,131
Ijarah Muntahia Bittamleek	96,173	61,860	56,550	81,838	412,325	305,851	382,191	418,041	15,510	-	1,830,339
Property and equipment	-	-	-	-	-	-	-	-	-	417,295	417,295
Other assets	89,262	44,747	19,492	42,513	27,030	50,777	774	-	1,865	192,778	469,238
Total assets	7,124,013	1,175,262	1,729,822	2,476,012	4,342,460	2,820,203	1,218,867	692,315	17,946	1,828,365	23,425,265
Liabilities											
Customer current and other accounts	4,983,772	-	-	-	-	-	-	-	-	-	4,983,772
Due to banks	324,835	203,088	114,013	21,899	60,000	-	-	194,560	-	-	918,395
Long term financing	-	-	269,171	258,670	359,452	33,405	460,558	-	-	-	1,381,256
Other liabilities	296,977	83,044	64,699	57,579	22,444	26,147	205	305,372	-	-	856,467
Total liabilities	5,605,584	286,132	447,883	338,148	441,896	59,552	460,763	499,932	-	-	8,139,890
Equity of investment accountholders	5,330,813	1,480,775	1,110,258	1,494,765	1,378,054	2,249,865	84,222	148,042	-	-	13,276,794
Total liabilities and equity of investment accountholders	10,936,397	1,766,907	1,558,141	1,832,913	1,819,950	2,309,417	544,985	647,974	-	-	21,416,684
Net liquidity gap	(3,812,384)	(591,645)	171,681	643,099	2,522,510	510,786	673,882	44,341	17,946	1,828,365	2,008,581
Cumulative net liquidity gap	(3,812,384)	(4,404,029)	(4,232,348)	(3,589,249)	(1,066,739)	(555,953)	117,929	162,270	180,216	2,008,581	
Off-balance sheet equity of investment accountholders	140,557	154,324	105,977	351,537	71,373	47,561	180	534	-	-	872,043

27 RISK MANAGEMENT (continued)

a) Liquidity risk (continued)

The maturity profile at 31 December 2015 was as follows:

	Up to 1 month US$ '000	*1 to 3 months US$ '000*	*3 to 6 months US$ '000*	*6 months to 1 year US$ '000*	*1 to 3 years US$ '000*	*3 to 5 years US$ '000*	*5 to 10 years US$ '000*	*10 to 20 years US$ '000*	*20 years and above US$ '000*	*Undated US$ '000*	*Total US$ '000*
Assets											
Cash and balances with banks	4,289,731	-	6,008	21,721	269,961	6,038	-	-	-	779,950	5,373,409
Receivables	1,429,128	1,325,093	1,665,527	2,134,547	3,445,455	1,484,743	455,435	18,028	1,096	-	11,959,052
Mudaraba and Musharaka financing	840,924	3,874	10,854	27,969	137,139	303,719	210,508	23,606	-	-	1,558,593
Investments	1,337,184	276,766	128,852	303,888	531,753	113,159	115,963	40,135	-	258,050	3,105,750
Ijarah Muntahia Bittamleek	58,860	55,649	59,230	143,850	474,625	305,365	231,333	392,699	12,846	-	1,734,457
Property and equipment	-	-	-	-	-	-	-	-	-	444,608	444,608
Other assets	52,631	43,376	14,526	53,855	37,814	44,519	956	2,051	-	192,604	442,332
Total assets	8,008,458	1,704,758	1,884,997	2,685,830	4,896,747	2,257,543	1,014,195	476,519	13,942	1,675,212	24,618,201
Liabilities											
Customer current and other accounts	4,841,099	-	-	-	-	-	-	-	-	-	4,841,099
Due to banks	428,917	141,867	63,309	83,077	38,000	-	-	53,098	-	-	808,268
Long term financing	-	2,009	29,172	192,200	525,997	373,531	374,299	-	-	-	1,497,208
Other liabilities	315,516	79,479	20,749	42,955	18,618	44,695	366	340,066	-	-	862,444
Total liabilities	5,585,532	223,355	113,230	318,232	582,615	418,226	374,665	393,164	-	-	8,009,019
Equity of investment accountholders	5,582,600	2,073,919	986,483	1,426,318	1,520,286	2,587,763	59,397	277,833	-	-	14,514,599
Total liabilities and equity of investment accountholders	11,168,132	2,297,274	1,099,713	1,744,550	2,102,901	3,005,989	434,062	670,997	-	-	22,523,618
Net liquidity gap	(3,159,674)	(592,516)	785,284	941,280	2,793,846	(748,446)	580,133	(194,478)	13,942	1,675,212	2,094,583
Cumulative net liquidity gap	(3,159,674)	(3,752,190)	(2,966,906)	(2,025,626)	768,220	19,774	599,907	405,429	419,371	2,094,583	
Off-balance sheet equity of investment accountholders	133,468	152,036	186,308	124,433	11,134	11,368	-	159,212	-	-	777,959

27 RISK MANAGEMENT (continued)

b) Credit risk

Credit risk is the risk that one party to a financial contract will fail to discharge an obligation and cause the other party to incur a financial loss. The Group controls credit risk by monitoring credit exposures, and continually assessing the creditworthiness of counterparties. Financing contracts are mostly secured by the personal guarantees of individuals who own the counterparty, by collateral in form of mortgage of the objects financed or other types of tangible security.

Type of credit risk

Financing contracts mainly comprise Sales (Murabaha) receivables, Salam receivables, Istisna'a receivables, Mudaraba financing, Musharaka financing and Ijarah Muntahia Bittamleek.

Sales (Murabaha) receivables

The Group finances these transactions through buying a commodity which represents the object of the Murabaha and then resells this commodity to the murabeh (beneficiary) at a profit. The sale price (cost plus the profit margin) is repaid in instalments by the murabeh over the agreed period. The transactions are secured at times by the object of the Murabaha (in case of real estate finance) and other times by a total collateral package securing all the facilities given to the client.

Salam receivables

Salam is a contract whereby the Group makes an immediate payment to a seller for the future delivery of a commodity. To protect itself from risk associated with the commodity the Group simultaneously enters into Parallel Salam contract whereby it sells the commodity for deferred delivery for immediate payment.

Istisna'a receivables

Istisna'a is a sale agreement between the Group as the seller and the customer as the ultimate purchaser whereby the Group undertakes to have manufactured (or acquire) goods and sell it to the customer for an agreed upon price on completion at future date.

Mudaraba financing

The Group enters into Mudaraba contracts by investing in funds managed primarily by other banks and financial institutions for a definite period of time.

Musharaka financing

An agreement between the Group and a customer to contribute to a certain investment enterprise, whether existing or new, or the ownership of a certain property either permanently or according to a diminishing arrangement ending up with the acquisition by the customer of the full ownership. The profit is shared as per the agreement set between both parties while the loss is shared in proportion to their shares of capital or the enterprise.

Maximum exposure to credit risk before collateral held or other credit enhancements

	Maximum exposure	
	2016	*2015*
	US$ '000	*US$ '000*
Balances with central banks*	**3,883,925**	3,821,899
Balances with other banks	**585,491**	789,692
Receivables	**11,423,448**	11,959,052
Mudaraba and Musharaka financing	**1,582,396**	1,558,593
Investments	**2,629,131**	2,760,872
Other assets	**240,119**	195,054
Total	**20,344,510**	21,085,162
Commitments and contingencies	**4,598,241**	4,621,929
	24,942,751	25,707,091

27 RISK MANAGEMENT (continued)

b) Credit Risk (continued)

Credit quality by type of islamic financing contracts

The table below shows the credit quality by type of islamic financing contracts, based on the Group's credit rating system as of:

	31 December 2016			
Type of Islamic Financing Contracts	***Neither past due nor non performing US$ '000***	***Past due but performing US$ '000***	***Non performing islamic financing contracts US$ '000***	***Total US$ '000***
Receivables	**10,563,395**	**590,576**	**644,720**	**11,798,691**
Mudaraba and Musharaka financing	**1,542,585**	**25,855**	**32,505**	**1,600,945**
Other assets	**244,934**	**311**	**9,703**	**254,948**
	12,350,914	**616,742**	**686,928**	**13,654,584**

	31 December 2015			
Type of Islamic Financing Contracts	*Neither past due nor non performing US$ '000*	*Past due but performing US$ '000*	*Non performing islamic financing contracts US$ '000*	*Total US$ '000*
Receivables	11,067,995	788,840	497,595	12,354,430
Mudaraba and Musharaka financing	1,505,150	51,193	17,749	1,574,092
Other assets	195,303	2,149	9,972	207,424
	12,768,448	842,182	525,316	14,135,946

Aging analysis of past due but performing Islamic financing contracts

The following table summarises the aging of past due but performing islamic financing contracts as of:

	31 December 2016			
Type of Islamic Financing Contracts	***Less than 30 days US$ '000***	***31 to 60 days US$ '000***	***61 to 90 days US$ '000***	***Total US$ '000***
Receivables	**235,857**	**160,144**	**194,575**	**590,576**
Mudaraba and Musharaka financing	**20,067**	**4,296**	**1,492**	**25,855**
Other assets	**309**	**1**	**1**	**311**
	256,233	**164,441**	**196,068**	**616,742**

	31 December 2015			
Type of Islamic Financing Contracts	*Less than 30 days US$ '000*	*31 to 60 days US$ '000*	*61 to 90 days US$ '000*	*Total US$ '000*
Receivables	541,872	129,228	117,740	788,840
Mudaraba and Musharaka financing	44,786	3,593	2,814	51,193
Other assets	2,037	112	-	2,149
	588,695	132,933	120,554	842,182

27 RISK MANAGEMENT (continued)

b) Credit risk (continued)

Credit Risk Mitigation

All the Group's subsidiaries, with exposures secured by real estate or other collateral carry out regular and periodic collateral verification and evaluation. This collateral verification and valuation is conducted by an independent qualified assessor or Collateral Analyst at the subsidiary. The frequency of such collateral verification is determined as a part of the credit or investment policy and approval process. The Group's subsidiaries allow cars, ships, aircraft, satellites, railcars, and fleets as collateral for a credit and investment product but do not accept perishable assets or any other assets with depreciable life of less than five years. Subsidiaries do not accept any assets as collateral if the assets are susceptible for obsolescence in case they are moved (e.g. furniture). Subsidiaries also ensure that these assets are insured in order to be accepted as collateral.

Third party cheques are accepted as collateral by the Group's subsidiaries. The Group's subsidiaries accept commercial papers as qualifying collateral if they are issued by banks or corporations of good credit standing. Since the maturity tenure of the commercial papers are generally short in nature, they are not accepted as collateral for long–term facilities (i.e. the financing tenure should not exceed the commercial papers maturity tenure). The subsidiaries do not accept vehicle or equipments, if new, as qualifying collateral for more than 80% of its market value. No vehicles or equipments, if used, are accepted as qualifying collateral for more than 50% of its insured value.

Collaterals listed hereunder may attract capital relief from capital adequacy requirements as per the Central Bank of Bahrain's stipulations:

1) Hamish Jiddiyyah (Good faith deposit): Subsidiaries take this type of collateral in the transactions for which non-binding promises to perform is given by the customer. If a customer does not honor his promise to perform, the subsidiary has recourse to the deposit.

2) Third party guarantee: The subsidiary should have recourse to the guarantor in case of customer's default. In order to qualify as eligible collateral, the guarantee should be unconditional and irrevocable. The guarantor must be solvent and, if applicable of investment grade rating.

3) Urbon: This is the amount that should be taken from a purchaser or lessee when a contract is established and it is the first line of defense for the subsidiary if the purchaser or lessee breaches the contract.

4) Underlying assets of the lease contract: The underlying asset must be of monetary value and the subsidiary must have legal access to it, own it and sell it to cover the open exposure with the customers in question. The assets have also to be free of any of any kind of encumbrance.

   Any excess amount resulting from the closure of the pledge by the subsidiary should be returned to the customer (pledger). The subsidiary should conduct at least annual evaluation of the pledged assets and keep adequate documentation of this evaluation.

5) Cash deposit free from any legal encumbrance with the subsidiary either in the form of equity of investment accountholders or off-balance sheet equity of investment accountholders.

6) Rated and unrated senior sukuk issued by first class financial institutions or by GCC sovereigns.

27 RISK MANAGEMENT (continued)

b) Credit risk (continued)

Credit Quality

Credit Risk Management at the Group will be based upon the creation and maintenance of a Credit Rating System (CRS) for the non-retail business. All the Group's units are to incorporate into their respective credit policies the CRS as the framework for credit management taking into consideration the methodology requirements of their local central banks, in this respect. The methodology for obligor (issuer) rating will reflect the specifics of the Group's main business and the geographical diversity of its operations. Ratings of countries, governments and financial institutions are carried out in centralised fashion at the Bank in Bahrain whereas rating of corporates is done at the subsidiaries level, unless the exposure to the corporate involves cross-border risk, in which case, that rating will also be at the Bank as part of the credit limit approval.

The CRS at the Bank has also been designed to be comparable to the rating system of major international rating agencies (Moody's, Standard & Poor's, Fitch) in respect of their foreign currency rating of countries, governments and financial institutions.

Accordingly, countries, governments and financial Institutions will be rated on the basis of their unsecured medium term foreign currency obligations. This means that for governments and financial institutions the cross-border risk will also be part of the rating and the country's rating will be, in most cases, the ceiling on the financial institution's rating.

The basic approach of the major credit rating agencies to rating is the same as what the Group credit policies require i.e. a comprehensive fundamental analysis of all relevant quantitative and non quantitative factors aimed at identifying actual and potential vulnerability. Credit rating will be applied to countries and single obligors. Single obligors, in turn are categorised as financial institutions, corporates, governments and retail. CRS therefore rates obligors (issuers) and not facilities. The obligor rating of countries and single obligors will identify the relative probability of default but will not take into account the impact of collateral security and other mitigants in the event of default. Facility ratings by contrast, combine both the probability of default and loss severity in case of defaults. However, initially the Group wide policy will be to set up obligor ratings only (which does not prevent individual subsidiaries internally to also rate facilities if they so wish).

27 RISK MANAGEMENT (continued)

c) Concentration risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group policies and procedures include specific guidelines to focus on country and counter party limits and maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The distribution of assets, liabilities and equity of investment accountholders items by economic sectors was as follows:

	2016			*2015*		
	Assets	***Liabilities***	***IAH***	*Assets*	*Liabilities*	*IAH*
	US$ '000	***US$ '000***	***US$ '000***	*US$ '000*	*US$ '000*	*US$ '000*
Manufacturing	**3,922,073**	**240,393**	**173,444**	4,048,955	218,528	342,991
Mining and quarrying	**169,465**	**1,498**	**27,218**	106,609	4,054	36,328
Agriculture	**149,542**	**11,922**	**9,644**	124,537	11,471	9,003
Construction and real estate	**3,211,074**	**22,924**	**39,222**	2,826,010	30,049	23,667
Financial	**2,377,485**	**2,388,226**	**1,672,165**	3,091,392	2,463,290	1,406,834
Trade	**1,451,128**	**193,639**	**153,379**	1,686,693	247,035	254,479
Personal and consumer finance	**2,620,213**	**3,705,500**	**9,486,208**	2,507,063	3,571,598	10,646,130
Government	**6,592,359**	**84,263**	**149,594**	7,050,655	47,360	130,081
Other Services	**2,931,926**	**1,491,525**	**1,565,920**	3,176,287	1,415,634	1,665,086
	23,425,265	**8,139,890**	**13,276,794**	24,618,201	8,009,019	14,514,599

d) Market risk

Market risk arises from fluctuations in profit rates, equity prices and foreign exchange rates. Under Market Risk Policies currently implemented by management of the Group, have set certain limits on the level of risk that may be accepted. This is monitored by local management at the subsidiary level.

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

However, the profit sharing agreements will result in displaced commercial risk when the Group's results do not allow the Group to distribute profits in line with the market rates.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure arises from the investment portfolio. The Group manages this risk through diversification of investments in terms of geographical distribution and industry concentration.

The Group has total equity portfolio of US$ 126,698 thousand (2015: US$ 110,995 thousand) comprising of equity-type instruments at fair value through equity amounting to US$ 107,225 thousand (2015: US$ 102,810 thousand) and equity-type instruments at fair value through statement of income amounting to US$ 19,473 thousand (2015: US$ 8,185 thousand). Variation of 10% increase or decrease in the portfolio value will not have a significant impact on the Group's consolidated net income or owners' equity.

27 RISK MANAGEMENT (continued)

d) 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.

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

	2016		
	Operational equivalent Long (Short) US$ '000	***Strategic equivalent Long (Short) US$ '000***	***Total equivalent Long (Short) US$ '000***
Currency			
Turkish Lira	**(9,102)**	**370,890**	**361,788**
Jordanian Dinar	**11,512**	**346,283**	**357,795**
Egyptian Pound	**(22,903)**	**76,503**	**53,600**
Sudanese Pound	**2,998**	**47,434**	**50,432**
Algerian Dinar	**(189)**	**113,815**	**113,626**
Lebanese Pound	**3,983**	**19,097**	**23,080**
Pound Sterling	**(3,143)**	**-**	**(3,143)**
Tunisian Dinar	**(982)**	**54,779**	**53,797**
Euro	**2,510**	**-**	**2,510**
South African Rand	**(567)**	**29,276**	**28,709**
Pakistani Rupees	**9,609**	**82,936**	**92,545**
Syrian Pound	**40,267**	**11,846**	**52,113**
Others	**139,238**	**-**	**139,238**

	2015		
	Operational equivalent Long (Short) US$ '000	*Strategic equivalent Long (Short) US$ '000*	*Total equivalent Long (Short) US$ '000*
Currency			
Turkish Lira	(55,951)	405,675	349,724
Jordanian Dinar	16,007	315,025	331,032
Egyptian Pound	(20,117)	141,138	121,021
Sudanese Pound	192	38,669	38,861
Algerian Dinar	-	117,166	117,166
Lebanese Pound	400	21,303	21,703
Pound Sterling	(2,155)	-	(2,155)
Tunisia Dinar	(48,380)	63,986	15,606
Euro	2,230	-	2,230
South African Rand	(509)	24,890	24,381
Pakistani Rupees	23,435	62,234	85,669
Syrian Pound	(27,516)	12,242	(15,274)
Others	109,877	-	109,877

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

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 judgment of the management of the Group.

27 RISK MANAGEMENT (continued)

d) Market risk (continued)

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 owners' equity.

At 31 December 2016

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	**33,231**	**-15%**	**(4,334)**	**5%**	**1,749**
	Total owners' equity	**203,609**	**-15%**	**(26,558)**	**5%**	**10,716**
Egyptian Pound	Net Income	**50,860**	**-20%**	**(8,477)**	**5%**	**2,677**
	Total owners' equity	**103,829**	**-20%**	**(17,305)**	**5%**	**5,465**
Turkish Lira	Net Income	**90,022**	**-20%**	**(15,004)**	**5%**	**4,738**
	Total owners' equity	**654,767**	**-20%**	**(109,128)**	**5%**	**34,461**
Sudanese Pound	Net Income	**21,652**	**-20%**	**(3,609)**	**5%**	**1,140**
	Total owners' equity	**62,633**	**-20%**	**(10,439)**	**5%**	**3,296**
S.African Rand	Net Income	**2,803**	**-15%**	**(366)**	**5%**	**148**
	Total owners' equity	**45,381**	**-15%**	**(5,919)**	**5%**	**2,388**
Syrian Pound	Net Income	**8,467**	**-20%**	**(1,411)**	**5%**	**446**
	Total owners' equity	**51,503**	**-20%**	**(8,584)**	**5%**	**2,711**
Pakistani Rupees	Net Income	**(588)**	**-10%**	**53**	**5%**	**(31)**
	Total owners' equity	**102,321**	**-10%**	**(9,302)**	**5%**	**5,385**
Tunisian Dinar	Net Income	**1,183**	**-10%**	**(108)**	**5%**	**62**
	Total owners' equity	**69,872**	**-10%**	**(6,352)**	**5%**	**3,677**

At 31 December 2015

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	36,591	-15%	(4,773)	10%	4,066
	Total owners' equity	209,602	-15%	(27,339)	10%	23,289
Egyptian Pound	Net Income	30,441	-15%	(3,971)	20%	7,610
	Total owners' equity	191,552	-15%	(24,985)	20%	47,888
Turkish Lira	Net Income	124,478	-20%	(20,746)	20%	31,120
	Total owners' equity	716,176	-20%	(119,363)	20%	179,044
Sudanese Pound	Net Income	9,208	-15%	(1,201)	25%	3,069
	Total owners' equity	51,059	-15%	(6,660)	25%	17,020
S.African Rand	Net Income	4,285	-20%	(714)	20%	1,071
	Total owners' equity	38,583	-20%	(6,430)	20%	9,646
Syrian Pound	Net Income	21,978	-20%	(3,663)	20%	5,495
	Total owners' equity	53,226	-20%	(8,871)	20%	13,306
Pakistani Rupees	Net Income	2,977	-10%	(271)	15%	525
	Total owners' equity	51,840	-10%	(4,713)	15%	9,148
Tunisian Dinar	Net Income	5,509	-10%	(501)	10%	612
	Total owners' equity	81,616	-10%	(7,420)	10%	9,068

27 RISK MANAGEMENT (continued)

e) 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.

Operational Risk Management Framework

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

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

The Operational Risk framework is subject to periodic Internal Audit.

The Group categorizes operational risk loss events into the following categories:

Infrastructure Risks

Availability of information technology is of paramount importance to the Group's infrastructure. The operations of the Group and the subsidiaries might be disrupted and severe operational risks could occur.

In order to hedge the subsidiaries from the infrastructure risk as outlined above, every subsidiary must take all the necessary measures indicated in the Business Continuity Plan and/or Disaster Recovery Plan (BCP and DRP) to cater for these risks.

Information Technology Risks

The main risks that the Group is exposed to in this context is from inadequate software and hardware quality, unauthorized access by third parties or employees, etc.

Staff risk

The main risks that arises from staff risks are risks due to larceny, fraud, corruption, crime, etc. In order to prevent these risks from occurring, the Group has established Group Human Resources Policies and Code of Conduct which entails constructive ways in dealing with mistakes and frauds. The Group has also established approval control steps in business processes as well as creating separate internal control processes. Further, the Group has established measures of organizational structure in terms of segregation of duties as well as diverse training measures to reduce human errors and frauds, etc.

Business risk

This risk may take on the following forms:

1. Processes without clear definitions, for example, when insufficient time was spent on documenting or updating the already documented processes.
2. Outdated process descriptions in cases where "reality" already strongly differs from the guidelines laid down in the past.
3. The extreme case of a completely missing documentation. To hedge this risk, the Group adopts sound documentation policies of business processes as it is a basic requirement for a well functioning process organization. The process description are up to date and clear; furthermore, it is accessible to all employees.

27 RISK MANAGEMENT (continued)

f) Corporate governance

Board of Directors

The Board of Directors is responsible for approving the Group's overall business strategy, monitoring its operations and taking critical business decisions. In line with international leading practices, the Board has instituted corporate governance measures to ensure that the interests of the shareholders are protected, including the appointment to the Board of four independent non-executive directors as defined in the Rule Book of the CBB.

The Bank is administered by a Board of Directors consisting of not less than five and not more than fifteen members. However, subject to the provisions of the law, the shareholders at an Ordinary General Meeting may determine that the number of directors shall exceed fifteen in certain circumstances. Members of the Board of Directors hold office for a three-year renewable term, although the term of office may be extended at the request of the Board for a period not exceeding six months by resolution of the Bahrain Minister of Industry and Commerce.

There are currently thirteen Directors on the Board, who have varied backgrounds and experience and who individually and collectively exercise independent and objective judgment. Other than the President and Chief Executive, all Directors are non-executive. The posts of Chairman and President and Chief Executive are held by different Directors and each has separate, clearly defined responsibilities.

The Board of Directors meets regularly (usually four times a year) and has a formal schedule of matters reserved to it, considering key aspects of the Group's affairs referred to it for decision. The Board reviews the Group's strategy and financial plans, all proposed material changes to the Group's policies, structure and organisation, reports provided to it on the operations of the Group (with emphasis on organisational development, risk management and information technology development) and the performance of executive management. The Board and its committees are supplied with full and timely information to enable them to discharge their responsibilities. All Directors have access to the advice and services of the secretary, who is responsible for ensuring that the Board procedures and applicable rules and regulations are observed.

The Board of Directors has overall responsibility for the Group's system of internal control and its effectiveness. There are established and ongoing procedures in place for identifying, evaluating and managing significant risks faced by the Group, which are regularly reviewed by the Board. The Group's system of internal control provides for a documented and auditable trail of accountability and applies across its operations, is designed to ensure effective and efficient operation and compliance with all applicable laws and regulations, and seeks to manage risk with a view to avoiding material errors, losses and fraud.

28 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the value representing the estimate of the amount of cash or cash equivalent that would be received for an asset sold or the amount of cash or cash equivalent paid for a liability extinguished or transferred in an orderly transaction between a willing buyer and a willing seller at the measurement date.

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 held at amortised cost have fair values amounting to US$ 2,275 million (2015: US$ 2,821 million).

Also included under investments are unquoted equity-type instruments at fair value through equity amounting to US$ 45,169 thousand (2015: US$ 47,095 thousand) which are carried at cost due to lack of other reliable methods for arriving at a reliable fair value for these investments.

The fair values of other on-balance sheet financial instruments are not significantly different from the carrying values included in the consolidated financial statements.

29 EARNINGS PROHIITED BY SHARI'A

Earnings realised during the year from transactions that were not permitted by Shari'a amounted to US$ 8 million (2015: US$ 5 million). This amount has been taken to charity.

30 COMPARATIVE FIGURES

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