

FIRST ENERGY BANK BSC (c)

**30 SEPTEMBER 2014
INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

| | | |
|-------------------------|---|---|
| Commercial registration | : | 69089 (registered with Central Bank of Bahrain as a wholesale Islamic bank) |
| Registered Office | : | Bahrain Financial Harbour, West Tower, 20 th Floor P.O. Box 209, Manama, Kingdom of Bahrain Telephone +973 17170000 |
| Directors | : | H. E. Khadem Abdulla Al Qubaisi, <i>Chairman</i> H. E. Abdulla Saif Al Nuaimi, <i>Vice-Chairman</i> Dr. Faisal Ahmed Gergab Abdulla Abdulkarim Showaiter Mohamed Ali Al Fahim Adel A. Aziz Al Jabr Khalifa Al Romaihi |
| Chief Executive Officer | : | Mohamed Shukri Ghanem |
| Auditors | : | KPMG Fakhro, Bahrain |

First Energy Bank BSC (c)

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the nine months period ended 30 September 2014

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To
The Board of Directors
First Energy Bank BSC (c)
Manama, Kingdom of Bahrain

3 November 2014

Introduction

We have reviewed the accompanying 30 September 2014 interim condensed consolidated financial information of First Energy Bank BSC (the "Bank") and its subsidiaries (together the "Group"), which comprises:

- the interim condensed consolidated statement of financial position as at 30 September 2014;
- the interim condensed consolidated income statement for the three-month and nine-month period ended 30 September 2014;
- the interim condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2014;
- the interim condensed consolidated statement of cash flows for the nine-month period ended 30 September 2014;
- the interim condensed consolidated statement of sources and uses of charity and zakah fund for the nine-month period ended 30 September 2014; and
- notes to the interim condensed consolidated financial information.

The Board of Directors of the Bank is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2014 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions.

Other matters

The comparatives for the statement of financial position as at 31 December 2013 were extracted from the audited consolidated financial statements for the year ended 31 December 2013, which were audited by another auditor whose report thereon dated 17 February 2014 expressed an unmodified opinion. The comparatives for the statements of income, changes in equity, cash flows and sources and uses of charity fund and were extracted from the reviewed interim condensed consolidated financial information for the nine months ended 30 September 2013 which were reviewed by the same auditor whose report thereon dated 7 November 2013 expressed an unmodified conclusion.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

USD 000's

| | Note | 30 September 2014 (reviewed) | 31 December 2013 (audited) |
|--|------|------------------------------------|----------------------------------|
| ASSETS | | | |
| Cash and bank balances | | 21,174 | 55,780 |
| Placements with financial institutions | 7 | 115,828 | 129,394 |
| Murabaha financing | | 33,577 | - |
| Ijarah assets | 8 | 505,323 | 516,484 |
| Investment securities | 9 | 553,439 | 500,692 |
| Equity accounted investees | 10 | 120,924 | 120,558 |
| Other assets | 11 | 62,523 | 71,418 |
| Property and equipment | | 10,587 | 10,283 |
| Total assets | | 1,423,375 | 1,404,609 |
| Liabilities and equity | | | |
| LIABILITIES | | | |
| Placements from financial institutions | | 84,250 | 80,189 |
| Financing for Ijarah assets | 12 | 106,692 | 112,638 |
| Other liabilities | | 55,278 | 25,445 |
| Total liabilities | | 246,220 | 218,272 |
| EQUITY | | | |
| Share capital | | 1,000,000 | 1,000,000 |
| Statutory reserve | | 7,991 | 7,991 |
| Investments fair value reserve | | (14,297) | 11,464 |
| Foreign exchange translation reserve | | (3,193) | (1,968) |
| Retained earnings | | 58,888 | 36,074 |
| Total equity attributable to shareholders of the parent | | 1,049,389 | 1,053,561 |
| Non-controlling interests | | 127,766 | 132,776 |
| TOTAL EQUITY | | 1,177,155 | 1,186,337 |
| Total liabilities and equity | | 1,423,375 | 1,404,609 |

The Board of Directors approved the interim condensed consolidated financial information consisting of pages 2 to 18 on 3 November 2014.


H.E. Khadem Al Qubaisi
Chairman


Mohamed Al Fahim
Board Member


Mohamed Ghanem
Chief Executive Officer

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
For the nine months ended 30 September 2014


USD 000's

| | Note | Nine months ended | | Three months ended | |
|---|------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | 30 September 2014 (reviewed) | 30 September 2013 (reviewed) | 30 September 2014 (reviewed) | 30 September 2013 (reviewed) |
| INCOME | | | | | |
| Rental income from Ijarah assets | | 44,872 | 54,541 | 8,182 | 17,805 |
| Other income | | 3,500 | - | 3,500 | - |
| Financing cost | | (2,970) | (3,273) | (944) | (1,027) |
| Depreciation on Ijarah assets | | (11,161) | (11,124) | (3,460) | (3,474) |
| Other operating expenses relating to Ijarah assets | 13 | (34,323) | (16,248) | (4,479) | (5,069) |
| Net (loss) / income on Ijarah assets | | (82) | 23,896 | 2,799 | 8,235 |
| Income from investment securities | 14 | 74,913 | 19,174 | 3,859 | 3,026 |
| Income from placements with financial institutions and murabaha financing | | 2,550 | 340 | 815 | 135 |
| Share of results of equity accounted investees | | 1,267 | 5,487 | (471) | 2,280 |
| Total income | | 78,648 | 48,897 | 7,002 | 13,676 |
| EXPENSES | | | | | |
| Staff cost | | 8,500 | 7,527 | 2,639 | 2,905 |
| Finance cost on placements from financial institutions | | 276 | 405 | 89 | 145 |
| Depreciation and amortization | | 199 | 206 | 66 | 65 |
| Other operating expenses | | 2,454 | 2,120 | 81 | 244 |
| Total expenses | | 11,429 | 10,258 | 2,875 | 3,359 |
| Profit for the period before impairment allowance | | 67,219 | 38,639 | 4,127 | 10,317 |
| Impairment allowance | | (23,000) | (6,009) | - | (6,009) |
| PROFIT FOR THE PERIOD | | 44,219 | 32,630 | 4,127 | 4,308 |
| Attributable to: | | | | | |
| Shareholders of the parent | | 49,198 | 26,964 | 3,927 | 2,220 |
| Non-controlling interests | | (4,979) | 5,666 | 200 | 2,088 |
| | | 44,219 | 32,630 | 4,127 | 4,308 |


The Board of Directors approved the interim condensed consolidated financial information consisting of pages 2 to 18 on 3 November 2014.



H.E. Khadem-Al Qubaisi
Chairman



Mohamed Al Fahim
Board Member



Mohamed Ghanem
Chief Executive Officer

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine months ended 30 September 2014

USD 000's

30 September 2014 (reviewed)

| | Equity attributable to shareholders of the parent | | | | | | Non-Controlling Interests | Total equity |
|---|---|-------------------|--------------------------------|--------------------------------------|-------------------|------------------|---------------------------|------------------|
| | Share Capital | Statutory reserve | Investments fair value reserve | Foreign Exchange Translation Reserve | Retained earnings | Total | | |
| Balance at 1 January 2014 | 1,000,000 | 7,991 | 11,464 | (1,968) | 36,074 | 1,053,561 | 132,776 | 1,186,337 |
| Profit for the period | - | - | - | - | 49,198 | 49,198 | (4,979) | 44,219 |
| Total recognised income and expense for the period | - | - | - | - | 49,198 | 49,198 | (4,979) | 44,219 |
| Transfer to income statement on disposal of investments | - | - | (11,464) | - | - | (11,464) | - | (11,464) |
| Fair value changes on equity investments | - | - | (14,297) | - | - | (14,297) | - | (14,297) |
| Effects of exchange rate difference on equity accounted investees | - | - | - | (1,225) | - | (1,225) | - | (1,225) |
| Transfer to zakah and charity fund | - | - | - | - | (1,384) | (1,384) | - | (1,384) |
| Dividend declared | - | - | - | - | (25,000) | (25,000) | - | (25,000) |
| Dividends of subsidiary | - | - | - | - | - | - | (31) | (31) |
| Balance at 30 September 2014 | 1,000,000 | 7,991 | (14,297) | (3,193) | 58,888 | 1,049,389 | 127,766 | 1,177,155 |

The interim condensed consolidated financial information consists of pages 2 to 18.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine months ended 30 September 2014 (Continued)

USD 000's

| | Equity attributable to shareholders of the parent | | | | | | | Non-Controlling Interests | Total Equity |
|--|---|-------------------|--------------------------------|--------------------------------------|-------------------|-----------|---------|---------------------------|--------------|
| | Share Capital | Statutory reserve | Investments fair value Reserve | Foreign exchange translation reserve | Retained Earnings | Total | | | |
| 30 September 2013 (reviewed) | | | | | | | | | |
| Balance at 1 January 2013 | 1,000,000 | 4,784 | - | (2,170) | 32,104 | 1,034,718 | 124,861 | 1,159,579 | |
| Profit for the period | - | - | - | - | 26,964 | 26,964 | 5,666 | 32,630 | |
| Total recognised income and expense for the period | - | - | - | - | 26,964 | 26,964 | 5,666 | 32,630 | |
| Fair value changes on equity investments | - | - | 12,974 | - | - | 12,974 | - | 12,974 | |
| Transfer to zakah and charity fund | - | - | - | - | (894) | (894) | - | (894) | |
| Dividend declared | - | - | - | - | (24,000) | (24,000) | - | (24,000) | |
| Dividends of subsidiary | - | - | - | - | - | - | (33) | (33) | |
| Balance at 30 September 2013 | 1,000,000 | 4,784 | 12,974 | (2,170) | 34,174 | 1,049,762 | 130,494 | 1,180,256 | |

The interim condensed consolidated financial information consists of pages 2 to 18.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine months ended 30 September 2014

USD 000's

| | Note | Nine months ended 30 September 2014 (reviewed) | Nine months ended 30 September 2013 (reviewed) |
|--|------|--|--|
| OPERATING ACTIVITIES | | | |
| Net profit for the period | | 44,219 | 32,630 |
| Adjustments for: | | | |
| Depreciation on Ijarah assets | 8 | 11,161 | 11,124 |
| Depreciation and amortization | | 199 | 206 |
| Amortisation of premium | | 2,528 | 2,295 |
| Impairment allowances | | 23,000 | 6,009 |
| Share of results of equity accounted investees | | (1,267) | (5,487) |
| Gain on disposal of investment securities | | (64,985) | (8,285) |
| Operating profit before changes in operating assets and liabilities | | 14,855 | 38,492 |
| Net changes in operating assets and liabilities: | | | |
| Murabaha financing | | (33,577) | - |
| Placements with financial institutions with original maturity of more than 90 days | | - | 4,206 |
| Other assets | | (10,959) | 7,821 |
| Placements from financial institutions | | 4,061 | (9,610) |
| Other liabilities | | 29,891 | (7,480) |
| Payment to charities | | (962) | (853) |
| Net cash generated from operating activities | | 3,309 | 32,576 |
| INVESTING ACTIVITIES | | | |
| Purchase of investment securities | | (213,711) | (198,572) |
| Proceeds from disposal / maturity of investment securities | | 194,190 | 257,284 |
| Purchase of Ijarah assets | | - | (1,110) |
| Purchase of property and equipment | | (503) | (215) |
| Purchase of software | | - | (6) |
| Net cash (used in)/ generated from investing activities | | (20,024) | 57,381 |
| FINANCING ACTIVITIES | | | |
| Dividend paid to non-controlling interest | | (31) | (33) |
| Dividends paid to shareholders | | (25,480) | (19,620) |
| Repayment of financing for Ijarah assets | | (5,946) | (8,820) |
| Net cash used in financing activities | | (31,457) | (28,473) |
| Net (decrease)/ increase in cash and cash equivalents | | (48,172) | 61,484 |
| Cash and cash equivalents at beginning of the period | | 185,174 | 169,851 |
| Cash and cash equivalents at end of the period | | 137,002 | 231,335 |
| Cash and bank balances | | 21,174 | 24,681 |
| Placements with financial institutions with original maturity of 90 days or less | | 115,828 | 206,654 |
| | | 137,002 | 231,335 |

The interim condensed consolidated financial information consists of pages 2 to 18.

INTERIM CONSOLIDATED STATEMENT OF SOURCES AND USES OF CHARITY AND ZAKAH FUND
For the nine months ended 30 September 2014

USD 000's

| | Nine months ended 30 September 2014 (reviewed) | Nine months ended 30 September 2013 (reviewed) |
|--|---|---|
| Sources of charity and zakah funds | | |
| Undistributed charity and zakah funds at the beginning of the period | 11 | 25 |
| Contributions by the Bank | 1,384 | 894 |
| Total sources of charity and zakah funds during the period | 1,395 | 919 |
| Uses of charity and zakah fund | | |
| Contributions for charitable purposes | (962) | (853) |
| Total uses of funds during the period | (962) | (853) |
| Undistributed charity and zakah fund at end of the period | 433 | 66 |

The interim condensed consolidated financial information consists of pages 2 to 18.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the nine months ended 30 September 2014

1 Reporting entity

First Energy Bank BSC (c) (the "Bank") is a closed shareholding company incorporated in the Kingdom of Bahrain on 23 June 2008, under Commercial Registration No. 69089. The Bank operates under an Islamic wholesale banking license issued by the Central Bank of Bahrain (the "CBB"). The Bank's registered office is at Building 1398, Road 4626, Block 346, Manama, Kingdom of Bahrain.

The principal activities of the Bank and its subsidiaries (the "Group") include Shari'a compliant investment advisory services, participation in project development, joint ventures, mergers and acquisitions and the purchase of assets and asset portfolios primarily related to the energy sector. The Bank is regulated by the CBB and supervised by a Shari'a Supervisory Board for compliance with Shari'a rules and principles.

2 Basis of preparation and presentation

The interim condensed consolidated financial information has been prepared in accordance with Financial Accounting Standards ('FAS') issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). In line with the requirement of AAOIFI and the CBB Rule Book, for matters that are not covered by AAOIFI standards, the Group uses guidance from the relevant International Financial Reporting Standards (IFRS). Accordingly, the interim condensed consolidated financial information has been presented in condensed form in accordance with the guidance provided by International Accounting Standard 34 – 'Interim Financial Reporting'.

The interim condensed consolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Bank for the year ended 31 December 2013. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank's financial position and performance since the latest annual audited financial statements for the year ended 31 December 2013.

The interim condensed consolidated financial information is reviewed, not audited. The comparatives for the condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements of the Group for the year ended 31 December 2013 and comparatives for the interim condensed consolidated statements of income, changes in equity, cash flows and sources and uses of charity and zakah fund have been extracted from the reviewed interim condensed consolidated financial information of the Group for the nine-month period ended 30 September 2013.

3 Significant accounting policies

The accounting policies and methods of computation applied by the Group in the preparation of the interim condensed consolidated financial information are the same as those used in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2013.

3.1 Basis of consolidation

The interim condensed consolidated financial information includes the financial information of the Bank and its subsidiaries after elimination of inter group transactions and balances.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the nine months ended 30 September 2014

3 Significant accounting policies (Continued)

3.1 Basis of consolidation (Continued)

The following are the Group's significant subsidiaries as at 30 September 2014:

| <i>Name of subsidiary</i> | <i>Equity interest</i> | <i>Nature of business</i> |
|--|------------------------|--|
| North Africa Investment Company, Kingdom of Bahrain | 100% | To hold the Group's 40% associate stake in Arab Drilling and Workover Company, Libya. |
| First Energy-Oman, Cayman Islands | 100% | To hold 15% stake in Al Izz Islamic bank in Oman. |
| FEB-Novus Aircraft Holding Company, Bahamas | 98.5% | To purchase and lease one A330-300 aircraft to Malaysian Airlines System. |
| Cosmos Industrial Investment Corporation B.S.C. (c), Bahrain | 93% | Holding company for investment in a project for development and operation of a polycrystalline silicon plant in the Kingdom of Saudi Arabia. |
| MENAdrill Investment Company, Cayman Islands | 59.44% | Development and lease of jack up oil rigs |
| Al Dur Energy Investment Company, Cayman Islands | 59% | To hold 15% indirect interest in a power and water plant project in the Kingdom of Bahrain. |

4 Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended 31 December 2013.

5 Judgment and estimates

Preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were same as applied to the consolidated financial statements as at and for the year ended 31 December 2013.

6 Seasonality

Due to nature of the Bank's business, the nine months' results reported in this interim condensed consolidated financial information may not represent a proportionate share of the overall annual results.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the nine months ended 30 September 2014

USD 000's

7 Placements with financial institutions

| | 30 September 2014 | 31 December 2013 |
|----------------------------------|------------------------------|-----------------------------|
| Commodity murabaha | 88,735 | 94,959 |
| Wakala | 27,102 | 34,450 |
| Gross murabaha and wakala | 115,837 | 129,409 |
| Less: Deferred profits | (9) | (15) |
| | 115,828 | 129,394 |

The original maturity of commodity murabaha and wakala with financial institutions is as follows:

| | 30 September 2014 | 31 December 2013 |
|--------------------|------------------------------|-----------------------------|
| Due within 90 days | 115,828 | 129,394 |
| Due after 90 days | - | - |
| | 115,828 | 129,394 |

8 Ijarah assets

| | Aircraft* | Oil rigs** | Total |
|--------------------------------|----------------|----------------|----------------|
| Cost: | | | |
| At 1 January 2014 | 100,000 | 441,752 | 541,752 |
| Additions | - | - | - |
| At 30 September 2014 | 100,000 | 441,752 | 541,752 |
| Depreciation: | | | |
| At 1 January 2014 | 6,900 | 18,368 | 25,268 |
| Charge for the period | 2,700 | 8,461 | 11,161 |
| At 30 September 2014 | 9,600 | 26,829 | 36,429 |
| Net book value: | | | |
| As at 30 September 2014 | 90,400 | 414,923 | 505,323 |
| As at 31 December 2013 | 93,100 | 423,384 | 516,484 |

* The Aircraft is mortgaged against term financing. (note 12)

** One Oil rig with a carrying value of USD 199,691 thousand (2013: USD 204,852 thousand) is mortgaged against murabaha financing (note 12).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the nine months ended 30 September 2014

USD 000's

9 Investment securities

| | 30 September 2014 | 31 December 2013 |
|--|------------------------------|-----------------------------|
| Equity type instruments - Fair value through equity | | |
| - Quoted equity securities (at fair value) | 108,634 | 36,343 |
| - Unquoted equity securities (at cost less impairment) | 40,995 | 40,995 |
| Provision for impairment | (23,200) | (20,200) |
| | 126,429 | 57,138 |
| Debt type instruments - At amortised cost | | |
| - Quoted Sukuk | 330,600 | 349,431 |
| - Subordinated financing | 98,906 | 96,619 |
| Provision for impairment | (2,496) | (2,496) |
| | 553,439 | 500,692 |

10 Equity accounted investees

| | 30 September 2014 | 31 December 2013 |
|----------------|------------------------------|-----------------------------|
| Associates | 107,371 | 105,606 |
| Joint ventures | 13,553 | 14,952 |
| | 120,924 | 120,558 |

Equity accounted investees comprise the following:

| Name | Country of incorporation | % holding | Nature of business |
|---------------------------------------|-------------------------------------|------------------|----------------------------|
| Associates: | | | |
| Arab Drilling and Workover Company ** | Libya | 40% | Lease of oil drilling rigs |
| Al Izz Islamic Bank * | Oman | 15.18% | Islamic Banking |
| Joint ventures | | | |
| Feboran AD ** | Bulgaria | 59.95% | Investment vehicle |

* Based on published accounts.

** Based on latest available management accounts.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the nine months ended 30 September 2014

USD 000's

11 Other assets

| | 30 September 2014 | 31 December 2013 |
|-----------------------------|------------------------------|-----------------------------|
| Project work-in-progress * | 20,658 | 39,585 |
| Receivable from investee ** | 11,872 | 11,438 |
| Ijarah rental receivable | 10,244 | 11,131 |
| Insurance claim (note 13) | 8,748 | - |
| Deferred expenses | 2,275 | 3,179 |
| Prepayments and advances | 2,878 | 1,533 |
| Intangible assets | 692 | 714 |
| Others | 5,156 | 3,838 |
| | 62,523 | 71,418 |

* Project work-in-progress comprises costs incurred for the acquisition and development of a polysilicon project in the Kingdom of Saudi Arabia. During the period, a provision of USD 20,000 thousand (30 September 2013: Nil) has been recognised against the project work in progress.

** Receivable from investee represents an amount advanced to Al Dur Power and Water Company (an investment of the group) to meet liability reserve account (LRA) funding requirement under the common term agreement entered into on 29 June 2009, whereby the shareholders are required to fund such account for the purpose of meeting the repayment of senior debt obligations of the investee.

12 Financing for Ijarah assets

| | 30 September 2014 | 31 December 2013 |
|--------------------|------------------------------|-----------------------------|
| Murabaha financing | 46,189 | 48,756 |
| Term financing * | 60,503 | 63,882 |
| | 106,692 | 112,638 |

Murabaha financing is secured by a mortgage on an oil rig and the term financing is secured by a mortgage over an aircraft (note 8).

* The term financing arrangement is between FEB-Novus Fin One Ltd and the ultimate finance provider. FEB-Novus Fin One Ltd is consolidated in FEB-Novus Aircraft Holding Company, Bahamas (98.5% owned subsidiary of the Bank) in compliance with AAOIFI "Statement of financial accounting No.1: Conceptual Framework for the financial reporting by Islamic Financial Institutions".

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the nine months ended 30 September 2014

USD 000's

13 Other operating expenses relating to Ijarah assets

| | 30 September 2014 | 30 September 2013 |
|---|----------------------|----------------------|
| Repairs and maintenance – rigs * | 26,609 | 7,682 |
| Insurance – rigs | 2,765 | 3,380 |
| Professional and consultancy fee | 2,475 | 2,110 |
| Rental of cement unit and administrative expenses | 1,568 | 2,153 |
| Miscellaneous expenses | 906 | 921 |
| | 34,323 | 16,246 |

* During the period, one of the oil rigs suffered damage due to an explosion. The management has estimated a provision of USD 17,000 thousand for likely costs net of expected recoveries from insurance.

14 Income from investment securities includes gain on sale of equity investments carried at fair value through equity of USD 39,622 thousands (2013: Nil) and income from purchase and sale of quoted shares during the period of USD 24,700 thousands (2013: Nil).

15 Related party transactions and balances

Related parties comprise major shareholders, directors, Shari'a supervisory board, external auditors and executive management of the Group and/or entities over which they exercise control and/or significant influence. During the period, the Bank did not have any transactions with entities in which directors are interested.

The significant balances with related parties were as follows:

| 30 September 2014 | | | | |
|--|------------|--|---|---------|
| | Associates | Key management personnel/ Shari'a Board members/ external auditors | Significant shareholders/ entities in which directors are interested | Total |
| Assets | | | | |
| Cash and bank balances | - | - | 47 | 47 |
| Equity accounted investees | 120,924 | - | - | 120,924 |
| Other assets | 6 | - | - | 6 |
| Liabilities | | | | |
| Placements from financial institutions | - | - | 32,000 | 32,000 |
| Other liabilities | - | 638 | 9,764 | 10,402 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the nine months ended 30 September 2014

USD 000's

15 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

| 31 December 2013 | | | | |
|--|------------|--|---|---------|
| | Associates | Key management personnel/ Shari'a Board members/ external auditors | Significant shareholders/ entities in which directors are interested | Total |
| Assets | | | | |
| Cash and bank balances | - | - | 486 | 486 |
| Equity accounted investees | 120,558 | - | - | 120,558 |
| Other assets | 65 | - | - | 65 |
| Liabilities | | | | |
| Placements from financial institutions | - | - | 32,000 | 32,000 |
| Other liabilities | - | 418 | 5,545 | 5,963 |

The transactions with related parties included in the interim consolidated statement of income were as follows:

| 30 September 2014 | | | | |
|--|------------|--|---|-------|
| | Associates | Key management personnel/ Shari'a Board members/ external auditors | Significant shareholders/ entities in which directors are interested | Total |
| Income | | | | |
| Share of results of equity accounted investees | 1,267 | - | - | 1,267 |
| Expenses | | | | |
| Staff costs | - | 1,418 | - | 1,418 |
| Finance cost on placements from financial institutions | - | - | 158 | 158 |
| Other operating expenses | - | 932 | - | 932 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the nine months ended 30 September 2014

USD 000's

15 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

| | 30 September 2013 | | | Total |
|---|-------------------|--|---|-------|
| | Associates | Key management personnel/ Shari'a Board members/ external auditors | Significant shareholders/ entities in which directors are interested | |
| Income | | | | |
| Income from placements with financial institutions and murabaha financing | - | - | 5 | 5 |
| Income from investment securities | - | - | 2,600 | 2,600 |
| Share of results of equity accounted investees | 5,487 | - | - | 5,487 |
| Expenses | | | | |
| Staff costs | - | 1,040 | - | 1,040 |
| Finance cost on placements from financial institutions | - | - | (281) | (281) |
| Other operating expenses | - | 182 | (435) | (253) |

16 Commitments

| | 30 September 2014 | 31 December 2013 |
|------------------------------|-------------------|------------------|
| Forward treasury commitments | 14,428 | - |
| Operating lease commitments | 1,682 | 2,034 |
| Other capital commitments | - | 17,936 |
| | 16,110 | 19,970 |

17 Segment information

The activities of the Group are performed on an integrated basis. Therefore, any segmentation of operating income, expenses, assets and liabilities is not relevant. As such, operating income, expenses, assets and liabilities are not segmented.

The industrial distribution of the Group's assets and liabilities is as follows:

| Segment | 30 September 2014 | | 31 December 2013 | |
|----------------------------------|-------------------|----------------|------------------|----------------|
| | Assets | Liabilities | Assets | Liabilities |
| Banks and financial institutions | 502,655 | 200,707 | 469,483 | 198,372 |
| Energy power and infrastructure | 660,420 | 26,646 | 624,277 | 2,435 |
| Others | 260,300 | 18,868 | 310,849 | 17,465 |
| | 1,423,375 | 246,221 | 1,404,609 | 218,272 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
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USD 000's

17 Segment information (Continued)

The geographical distribution of the Group's assets and liabilities is as follows:

| Segment | 30 September 2014 | | 31 December 2013 | |
|---------|-------------------|----------------|------------------|----------------|
| | Assets | Liabilities | Assets | Liabilities |
| MENA | 773,149 | 175,293 | 767,153 | 151,392 |
| Europe | 102,839 | 60,503 | 61,187 | 63,882 |
| America | 425,597 | 9,787 | 461,103 | 2,356 |
| Asia | 121,790 | 638 | 115,166 | 642 |
| | 1,423,375 | 246,221 | 1,404,609 | 218,272 |

The Group's revenue and expenses are reviewed at a Group level and therefore, no separate operating segment results and other disclosures are provided in these interim condensed consolidated financial information.

18 Dividend declared

At the Bank's Annual General Meeting held on 27 March 2014, the shareholders resolved to distribute USD 25,000 thousand as cash dividends.

19 Financial instruments

Set out below is an overview of financial instruments, other than cash and cash equivalents, held by the Group:

30 September 2014

Financial assets:

Cash and bank balances
Placements with financial institutions
Murabaha financing
Ijarah assets
Investment securities ¹
Other assets ²

Total

| | Carrying amount | Fair value |
|--|-----------------|----------------|
| | 21,174 | 21,174 |
| | 115,828 | 115,828 |
| | 33,577 | 33,577 |
| | 505,323 | 505,323 |
| | 108,634 | 108,634 |
| | 56,678 | 56,678 |
| | 841,214 | 841,214 |

Financial liabilities:

Placements from financial institutions
Financing for Ijarah assets
Other liabilities ³

Total

| | | |
|--|----------------|----------------|
| | 84,250 | 84,250 |
| | 106,692 | 106,692 |
| | 53,651 | 53,651 |
| | 244,593 | 244,593 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the nine months ended 30 September 2014

USD 000's

19 Financial instruments (Continued)

| 31 December 2013 | Carrying amount | Fair value |
|--|-----------------|----------------|
| Financial assets: | | |
| Cash and bank balances | 55,780 | 55,780 |
| Placements with financial institutions | 129,394 | 129,394 |
| Ijarah assets | 516,484 | 516,484 |
| Investment securities ¹ | 36,343 | 36,343 |
| Other assets ² | 65,982 | 65,982 |
| Total | 803,983 | 803,983 |
| Financial liabilities: | | |
| Placements from financial institutions | 80,189 | 80,189 |
| Financing for Ijarah assets | 112,638 | 112,638 |
| Other liabilities ³ | 23,815 | 23,815 |
| Total | 216,642 | 216,642 |

¹ Equity type instruments carried at cost less impairment of USD 17,795 thousand (31 December 2013: USD 20,795 thousand) are excluded due to absence of reliable measure of fair value and debt type instruments at amortised cost of USD 427,010 (31 December 2013: USD 443,554).

² Other assets are excluding deferred expenses, prepayments and advances and intangible assets.

³ Other liabilities are excluding deferred income.

The fair values of other financial instruments on the reporting date are not significantly different from their carrying values.

Fair value hierarchy

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction.

Fair values of quoted securities/sukuks are derived from quoted market prices in active markets, if available (Level 1). For unquoted securities/sukuks, fair value is estimated using appropriate valuation techniques (Level 3). Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Under unquoted investments which are held at fair value through equity are investments amounting to USD 17,795 thousand (31 December 2013: USD 20,795 thousand) which are held at cost less provision for impairment in the absence of a reliable measure of fair value.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
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USD 000's

19 Financial instruments (Continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

| 30 September 2014 | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|----------------|----------------|----------------|----------------|
| Fair value through equity | | | | |
| Quoted equity shares | 108,634 | - | - | 108,634 |
| 31 December 2013 | Level 1 | Level 2 | Level 3 | Total |
| Fair value through equity | | | | |
| Quoted equity shares | 36,343 | - | - | 36,343 |

20 COMPARATIVES

Certain prior period amounts have been regrouped to conform to current period's presentation. Such regrouping did not affect previously reported profit or equity.