

**FIRST ENERGY BANK B.S.C. (c)**  
**31 MARCH 2019**  
**CONDENSED CONSOLIDATED INTERIM**  
**FINANCIAL INFORMATION**

Commercial registration	:	69089 (registered with Central Bank of Bahrain as a wholesale Islamic bank)
Registered Office	:	Bahrain Financial Harbour, West Tower, 20 <sup>th</sup> Floor P.O. Box 209, Manama, Kingdom of Bahrain Telephone +973 17170000
Directors	:	Khaleefa Bin Butti Bin Omair, <i>Chairman</i> Dr. Faisal Ahmed Gergab, <i>Vice-Chairman</i> Matar Mohamed Al Blooshi Dr. Ali Mahmoud Hassen Mohamed Salim Omair Al Shamsi Ammar Ali Mohamed Jaber Abdulla Abdulkarim Showaiter Adel A. Aziz Al Jabr Abdulla Al Yousef Al Suwaidi Mayssoun Habra Saif Abugalal
Chief Executive Officer	:	Mohamed Shukri Ghanem
Auditors	:	KPMG Fakhro, Bahrain

**First Energy Bank B.S.C. (c)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**For the three months period ended 31 March 2019**

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

To  
The Board of Directors  
First Energy Bank B.S.C. (c)  
Manama, Kingdom of Bahrain

12 May 2019

### Introduction

We have reviewed the accompanying 31 March 2019 condensed consolidated interim financial information of First Energy Bank B.S.C. (c) (the "Bank") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2019;
- the condensed consolidated income statement for the three-month period ended 31 March 2019;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2019;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2019;
- the condensed consolidated statement of sources and uses of zakah and charity fund for the three-month period ended 31 March 2019; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Bank is responsible for the preparation and presentation of this condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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 31 March 2019 condensed consolidated interim 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.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

USD 000'

	Note	31 March 2019 (reviewed)	31 December 2018 (audited)
<b>ASSETS</b>			
Cash and bank balances		12,058	15,407
Placements with financial institutions	7	98,468	89,818
Financing assets	8	148,545	117,426
Ijarah assets	9	74,200	75,100
Investment securities	10	380,195	428,737
Equity accounted investees	11	71,060	29,341
Other assets	12	53,579	52,080
Property and equipment		18,418	17,857
<b>Total assets</b>		<b>856,523</b>	<b>825,766</b>
<b>Liabilities and equity</b>			
<b>LIABILITIES</b>			
Placements from financial institutions		115,225	92,884
Bank financing	13	121,014	122,628
Other liabilities		34,812	23,434
<b>Total liabilities</b>		<b>271,051</b>	<b>238,946</b>
<b>EQUITY</b>			
Share capital		600,000	600,000
Treasury shares		(4,356)	(7,261)
Statutory reserve		13,034	13,034
Investments fair value reserve		(7,089)	(2,011)
Foreign exchange translation reserve		(4,390)	(2,171)
Accumulated losses		(58,933)	(61,968)
<b>Total equity attributable to shareholders of the parent</b>		<b>538,266</b>	<b>539,623</b>
Non-controlling interests		47,206	47,197
<b>TOTAL EQUITY</b>		<b>585,472</b>	<b>586,820</b>
<b>Total liabilities and equity</b>		<b>856,523</b>	<b>825,766</b>

The Board of Directors approved the condensed consolidated interim financial information consisting of pages 2 to 19 on 12 May 2019 and signed on its behalf by.



Khaleefa Bin Butti Bin Omair  
Chairman



Abdulla Al Yousef Al Suwaidi  
Board Member



Mohamed Ghanem  
Chief Executive Officer

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**For the three months ended 31 March 2019**

USD 000'

	Note	Three months ended 31 March 2019 (reviewed)	Three months ended 31 March 2018 (reviewed)
<b>INCOME</b>			
Income from investment securities	14	4,697	11,836
Income from financing and placements with financial institutions		2,681	2,971
Fees and commission income		866	130
Share of results of equity accounted investees	11	1,003	(389)
Net income from Ijarah assets		714	672
Other income		2,477	158
<b>Total income</b>		<b>12,438</b>	<b>15,378</b>
<b>EXPENSES</b>			
Staff cost		2,823	3,051
Finance cost		1,529	921
Depreciation and amortization		209	142
Expenses related to assets held for sale		-	936
Other operating expenses		1,773	1,998
<b>Total expenses</b>		<b>6,334</b>	<b>7,048</b>
<b>Profit before impairment allowance</b>		<b>6,104</b>	<b>8,330</b>
Net impairment losses	16	(5)	-
<b>PROFIT FOR THE PERIOD</b>		<b>6,099</b>	<b>8,330</b>
<b>Attributable to:</b>			
Shareholders of the parent		6,090	8,321
Non-controlling interests		9	9
		<b>6,099</b>	<b>8,330</b>

The condensed consolidated interim financial information consists of pages 2 to 19.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the three months ended 31 March 2019**

USD 000'

31 March 2019 (reviewed)	Equity attributable to shareholders of the parent						Non-controlling interests	Total equity	
	Share capital	Treasury shares	Statutory reserve	Investments fair value reserve	Foreign exchange translation reserve	Accumulated losses			Total
Balance at 1 January 2019	600,000	(7,261)	13,034	(2,011)	(2,171)	(61,968)	539,623	47,197	586,820
Changes in fair value of investments at fair value through equity	-	-	-	(5,078)	-	-	(5,078)	-	(5,078)
Effect of exchange rate difference on equity accounted investee	-	-	-	-	(2,219)	-	(2,219)	-	(2,219)
Profit for the period	-	-	-	-	-	6,090	6,090	9	6,099
<b>Total recognised income and expense for the period</b>	-	-	-	<b>(5,078)</b>	<b>(2,219)</b>	<b>6,090</b>	<b>(1,207)</b>	<b>9</b>	<b>(1,198)</b>
Transfer to zakah and charity fund	-	-	-	-	-	(150)	(150)	-	(150)
Adjustment on capital reduction	-	2,905	-	-	-	(2,905)	-	-	-
<b>Balance at 31 March 2019</b>	<b>600,000</b>	<b>(4,356)</b>	<b>13,034</b>	<b>(7,089)</b>	<b>(4,390)</b>	<b>(58,933)</b>	<b>538,266</b>	<b>47,206</b>	<b>585,472</b>

The condensed consolidated interim financial information consists of pages 2 to 19.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019 (continued)

USD 000's

31 March 2018 (reviewed)	Equity attributable to shareholders of the parent						Non-controlling interests	Total equity	
	Share Capital	Treasury shares	Statutory reserve	Investments fair value Reserve	Foreign exchange translation reserve	Accumulated losses			Total
Balance at 1 January 2018	1,000,000	(7,261)	11,808	5,664	(2,171)	(355,202)	652,838	47,163	700,001
Changes in fair value of investments at fair value through equity	-	-	-	1,618	-	-	1,618	-	1,618
Transfer to income statement on disposal of investments	-	-	-	(2,520)	-	-	(2,520)	-	(2,520)
Profit for the period	-	-	-	-	-	8,321	8,321	9	8,330
Total recognised income and expense for the period	-	-	-	(902)	-	8,321	7,419	9	7,428
Balance at 31 March 2018	1,000,000	(7,261)	11,808	4,762	(2,171)	(346,881)	660,257	47,172	707,429

The condensed consolidated interim financial information consists of pages 2 to 19.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the three months ended 31 March 2019**

USD 000'

	Note	Three months ended 31 March 2019 (reviewed)	Three months ended 31 March 2018 (reviewed)
<b>OPERATING ACTIVITIES</b>			
Net profit for the period		6,099	8,330
<b>Adjustments for:</b>			
Depreciation on Ijarah assets	9	900	900
Depreciation and amortization		209	142
Amortization of discount		250	(634)
Net impairment losses		5	-
Share of results of equity accounted investees	11	(1,003)	389
Loss / (gain) on disposal of investment securities	14	171	(6,004)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>6,631</b>	<b>3,123</b>
<b>Net changes in operating assets and liabilities:</b>			
Financing assets		(31,017)	(90)
Other assets		(511)	(3,915)
Placements from financial institutions		22,341	7,704
Other liabilities		11,228	(653)
Payment to charities		-	(9)
<b>Net cash generated from operating activities</b>		<b>8,672</b>	<b>6,160</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of investment securities		(39,238)	(114,392)
Proceeds from disposal / maturity of investment securities		39,225	100,048
Purchase of property and equipment and intangible assets		(1,758)	(289)
<b>Net cash used in investing activities</b>		<b>(1,771)</b>	<b>(14,633)</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of bank financing		(41,614)	(41,604)
Proceeds from bank financing		40,000	40,000
<b>Net cash used in financing activities</b>		<b>(1,614)</b>	<b>(1,604)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>5,287</b>	<b>(10,077)</b>
Cash and cash equivalents at beginning of the period		105,225	97,053
Effect of net impairment losses on placements with financial institutions		14	(16)
<b>Cash and cash equivalents at end of the period</b>		<b>110,526</b>	<b>86,960</b>
Cash and bank balances		12,058	9,233
Placements with financial institutions with original maturity of 90 days or less		98,468	77,727
		<b>110,526</b>	<b>86,960</b>

The condensed consolidated interim financial information consists of pages 2 to 19.



## CONDENSED CONSOLIDATED STATEMENT OF SOURCES AND USES OF ZAKAH AND CHARITY FUND

For the three months ended 31 March 2019

USD 000's

	<b>Three months ended 31 March 2019 (reviewed)</b>	<b>Three months ended 31 March 2018 (reviewed)</b>
<b>Sources of zakah and charity funds</b>		
Undistributed charity and zakah funds at the beginning of the period	38	23
Contributions by the Bank	150	-
<b>Total sources of zakah and charity funds during the period</b>	<b>188</b>	<b>23</b>
<b>Uses of zakah and charity fund</b>		
Contributions for charitable purposes	-	(9)
<b>Total uses of funds during the period</b>	<b>-</b>	<b>(9)</b>
<b>Undistributed zakah and charity fund at end of the period</b>	<b>188</b>	<b>14</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****For the three months ended 31 March 2019**

USD 000's

**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 1459, Road 4626, Block 346, Manama, Kingdom of Bahrain.

The principal activities of the Bank and its subsidiaries (the "Group") are mainly 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's activities are regulated by the CBB and supervised by a Shari'a Supervisory Board to ensure adherence to Shari'a rules and principles in its transactions and activities.

**2 BASIS OF PREPARATION AND PRESENTATION**

- (i) The condensed consolidated interim financial information has been prepared in accordance with Financial Accounting Standards ('FAS') issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and the applicable provisions of Central Bank of Bahrain Regulations. 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 condensed consolidated interim financial information has been presented in condensed form in accordance with the guidance provided by International Accounting Standard 34 - 'Interim Financial Reporting'. This condensed consolidated interim financial information should be read in conjunction with the 2018 annual consolidated financial statements of the Group.

This condensed consolidated interim financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with FAS. In addition, results for the three months period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

The condensed consolidated interim 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 2018 and comparatives for the condensed consolidated statements of income, changes in equity, cash flows and sources and uses of zakah and charity fund have been extracted from the reviewed condensed consolidated interim financial information of the Group for the three months ended 31 March 2018.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation applied by the Group in the preparation of the condensed consolidated interim financial information are the same as those used in the preparation of the audited consolidated financial statements for the year ended 31 December 2018.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****For the three months ended 31 March 2019**

USD 000's

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)****3.1 Basis of consolidation**

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

The following are the Group's significant subsidiaries as at 31 March 2019:

<i>Name of subsidiary</i>	<i>Equity interest</i>		<i>Nature of business</i>
	<b>2019</b>	2018	
North Africa Investment Company, Kingdom of Bahrain	100%	100%	To hold the Group's 40% associate stake in Arab Drilling and Workover Company, Libya.
First Energy Oman, Cayman Islands	100%	100%	To hold 15% stake in Al Izz Islamic Bank in Oman.
FEB-Novus Aircraft Holding Company, Bahamas	98.50%	98.50%	To purchase and lease one A330-300 aircraft to Malaysia Airlines.
Al Dur Energy Investment Company, Cayman Islands	59%	59%	To hold 15% indirect interest in a power and water plant project in the Kingdom of Bahrain.
FEB Aqar S.P.C., Kingdom of Bahrain	100%	100%	Real estate activities to own or lease property.
FEB Capital Limited, United Arab Emirates	100%	100%	Financial institution

**4 FINANCIAL RISK MANAGEMENT**

The Group's financial risk management objectives and policies are consistent with those disclosed in the Group's audited consolidated financial statements as at and for the year ended 31 December 2018.

**5 JUDGMENT AND ESTIMATES**

Preparation of condensed consolidated interim 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 audited consolidated financial statements as at and for the year ended 31 December 2018.

**6 SEASONALITY**

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2019

USD 000's

## 7 PLACEMENTS WITH FINANCIAL INSTITUTIONS

	<b>31 March 2019</b> (reviewed)	31 December 2018 (audited)
Commodity murabaha contracts	42,579	14,023
Wakala contracts	55,967	75,851
<b>Total gross murabaha and wakala contracts</b>	<b>98,546</b>	89,874
Less: Deferred profits on murabaha contracts	(44)	(8)
	<b>98,502</b>	89,866
Less: Net impairment losses on placements with financial institutions *	(34)	(48)
	<b>98,468</b>	89,818

The original maturity of commodity murabaha and wakala contracts are 90 days or less.

\* For stage wise exposure and allowance for impairment refer note 16.

## 8 FINANCING ASSETS

	<b>31 March 2019</b> (reviewed)	31 December 2018 (audited)
Gross commodity murabaha	164,738	131,880
Less: Deferred profits	(8,388)	(7,688)
Specific impairment allowance	(28,044)	(28,615)
	<b>128,306</b>	95,577
Ijarah financing	22,456	24,168
Less: Net impairment losses on financing assets *	(2,217)	(2,319)
	<b>148,545</b>	117,426

\* For stage wise exposure and allowance for impairment refer note 16.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2019

USD 000's

## 9 IJARAH ASSETS

	<b>Aircraft</b>
<b>Cost:</b>	
At 1 January 2019	100,000
<b>At 31 March 2019</b>	<b>100,000</b>
<b>Depreciation:</b>	
At 1 January 2019	24,900
Charge for the period	900
<b>At 31 March 2019</b>	<b>25,800</b>
Net book value:	
<b>As at 31 March 2019</b> (reviewed)	<b>74,200</b>
As at 31 December 2018 (audited)	75,100

The Aircraft is mortgaged against term financing (refer note 13).

## 10 INVESTMENT SECURITIES

	<b>31 March 2019</b> (reviewed)	31 December 2018 (audited)
<b>Equity type instruments - at fair value through equity</b>		
- Quoted equity securities (at fair value)	31,728	35,645
- Unquoted equity securities (at cost less impairment) <sup>(i)</sup>	107,079	139,280
	138,807	174,925
<b>Debt type instruments - At amortised cost</b>		
- Quoted Sukuk <sup>(ii)</sup>	243,118	255,421
Less: Net impairment losses on investment securities <sup>(iii)</sup>	(1,730)	(1,609)
	241,388	253,812
<b>Total investment securities</b>	<b>380,195</b>	<b>428,737</b>

(i) In 2018, the Group acquired 15% indirect investment in Oba Makarnacilik Sanayi ve Ticaret A.S. ("Oba Makarna"), a Turkish incorporated company engaged in pasta production. During the quarter, the Group acquired an additional 5% stake in Oba Makarna increasing the Group's interest at 20% therefore acquiring significant influence and reclassified the investment in the entity from investment securities to equity accounted investees (note 11).

(ii) Quoted Sukuk of USD 207 million (31 December 2018: USD 209 million) are pledged against general bank financing of USD 80 million (31 December 2018: USD 80 million) (refer note 13).

(iii) For stage wise exposure and allowance for impairment refer note 16.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2019

USD 000's

## 11 EQUITY ACCOUNTED INVESTEEES

	<b>31 March 2019</b> (reviewed)	31 December 2018 (audited)
Associates	140,745	99,026
Impairment allowance	(69,685)	(69,685)
	<b>71,060</b>	29,341

Movement on the equity accounted investees during the period:

	<b>31 March 2019</b> (reviewed)	31 December 2018 (audited)
At beginning of the period	29,341	44,240
Reclassified from investment securities during the period (note 10)	42,935	-
Share of results of equity accounted investees, net	1,003	(773)
Foreign exchange translation differences	(2,219)	-
Intercompany finance expense	-	(487)
Reclassified to equity type instruments on loss of significant influence (note 10)	-	(7,537)
Loss on dilution	-	(6,102)
<b>Balance at the end of the period</b>	<b>71,060</b>	29,341

Intra-group gains on transactions between the Group and its equity accounted associates are eliminated to the extent of the Group's interest in the investees.

Equity accounted investees comprise the following:

<b>Name</b>	<b>Country of incorporation</b>	<b>% holding</b>	<b>Nature of business</b>
<b>Associates:</b>			
Arab Drilling and Workover Company <sup>(i)</sup>	Libya	40%	Lease of oil drilling rigs
Al Izz Islamic Bank <sup>(ii)</sup>	Oman	15.18%	Islamic retail banking
Oba Makarnacilik Sanayi ve Ticaret A.S. <sup>(iii)</sup>	Turkey	20%	Pasta production

(i) Due to the political situation in Libya, the investments have been fully provided for.

(ii) The information for 2019 presented in the table includes the results of Al Izz Islamic Bank based on management accounts for the period from 1 October 2018 to 31 December 2018.

(iii) The information for 2019 presented in the table includes the results of Oba Makarnacilik Sanayi ve Ticaret A.S. based on management accounts for the period from 1 January 2019 to 31 March 2019.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2019

USD 000's

## 12 OTHER ASSETS

	<b>31 March 2019</b> (reviewed)	31 December 2018 (audited)
Receivable from investee *	11,937	11,957
Ijarah rental receivable	26,302	24,612
Prepayments and advances	4,353	5,330
Intangible assets	1,127	139
Dividend receivable	3,947	3,000
Fees and commission receivable	3,996	4,430
Others	1,976	2,671
	<b>53,638</b>	52,139
Less: Net impairment losses on other assets **	(59)	(59)
	<b>53,579</b>	52,080

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

\*\* For stage wise exposure and allowance for impairment refer note 16.

## 13 BANK FINANCING

	<b>31 March 2019</b> (reviewed)	31 December 2018 (audited)
<b><i>Financing for Ijarah assets</i></b>		
Term financing *	40,146	41,338
	<b>40,146</b>	<b>41,338</b>
General financing **	80,868	81,290
	<b>121,014</b>	<b>122,628</b>

\* Term financing is secured by a mortgage over an aircraft (note 9). Term financing has been obtained by FEB-Novus Fin One Ltd Bahamas, a 100% subsidiary of FEB-Novus Aircraft Holding Company, Bahamas which is a 98.5% subsidiary of the Bank. Term financing is at a floating rate of 1 month Libor plus 3.20% maturing on 23 January 2024.

\*\* This represent financing for general purpose secured by sukuk (note 10).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2019

USD 000's

## 14 INCOME FROM INVESTMENT SECURITIES

	<b>31 March 2019</b> (reviewed)	31 March 2018 (reviewed)
Profit on sukuk	2,760	3,337
Dividend income	2,108	2,495
(Loss) / gain on disposal of sukuk	(171)	550
Gain on disposal of quoted equity securities	-	5,454
	<b>4,697</b>	<b>11,836</b>

## 15 RELATED PARTY BALANCES AND TRANSACTIONS

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.

The significant balances with related parties were as follows:

	<b>Associates</b>	<b>Key management personnel/ Shari'a board members/ external auditors</b>	<b>Significant shareholders/ board members/ entities in which directors are interested</b>	<b>Total</b>
<b>31 March 2019 (reviewed)</b>				
<b>Assets</b>				
Cash and bank balances	-	-	6,471	<b>6,471</b>
Placements with financial institutions	-	-	36,037	<b>36,037</b>
Financing assets	-	-	39,420	<b>39,420</b>
Investment securities	-	-	31,728	<b>31,728</b>
Equity accounted investees	71,060	-	-	<b>71,060</b>
Other assets	2,711	-	5,159	<b>7,870</b>
<b>Liabilities</b>				
Placements from financial institutions	-	-	36,129	<b>36,129</b>
Other liabilities	-	1,334	25,824	<b>27,158</b>



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2019

USD 000's

## 15 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

	Associates	Key management personnel/ Shari'a board members/ external auditors	Significant shareholders/ board members/ entities in which directors are interested	Total
31 December 2018 (audited)				
<b>Assets</b>				
Cash and bank balances	-	-	9,661	9,661
Placements with financial institutions	-	-	33,504	33,504
Financing assets *	-	-	57,143	57,143
Investment securities *	-	-	43,182	43,182
Equity accounted investees	29,341	-	-	29,341
Other assets	10	-	4,371	4,381
<b>Liabilities</b>				
Placements from financial institutions	-	-	35,841	35,841
Other liabilities	-	1,123	11,382	12,505

\* Included herein is Bank's investment and financing in Adcan and Medisal which will be novated to a holding company under establishment where the Bank's direct stake will be 18.49%. Post novation, the same will not be considered as related party of the Bank.

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

	Associates	Key management personnel/ Shari'a board members/ external auditors	Significant shareholders/ board members/ entities in which directors are interested	Total
<b>31 March 2019 (reviewed)</b>				
<b>Income</b>				
Income from investment securities	(300)	-	2,408	<b>2,108</b>
Income from financing and placements with financial institutions	-	-	896	<b>896</b>
Share of results of equity accounted investees	1,003	-	-	<b>1,003</b>
Fees and commission income	-	-	141	<b>141</b>
<b>Expenses</b>				
Staff cost	-	1,053	-	<b>1,053</b>
Financing cost on placements from financial institutions	-	-	289	<b>289</b>
Other operating expenses	-	390	-	<b>390</b>
Net impairment losses	-	-	1	<b>1</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2019

USD 000's

## 15 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

	Associates	Key management personnel/ Shari'a board members/ external auditors	Significant shareholders/ board members/ entities in which directors are interested	Total
31 March 2018 (reviewed)				
Income				
Income from financing and placements with financial institutions	169	-	886	1,055
Share of results of equity accounted investees	(389)	-	-	(389)
Fees and commission income	-	-	130	130
Expenses				
Staff cost	-	720	-	720
Financing cost on placements from financial institutions	-	-	194	194
Other operating expenses	-	314	-	314

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2019

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## 16 EXPECTED CREDIT LOSSES

The following table shows reconciliation from the opening to the closing balances of the carrying amounts of financial assets at amortized cost and the loss allowance:

	Stage 1 USD'000	Stage 2 USD'000	Stage 3 USD'000	Total USD'000
<b>Gross exposure subject to ECL at 31 March</b>				
- Financing assets	110,733	40,029	28,044	178,806
- Investment in Sukuk	145,673	97,445	-	243,118
- Placements with financial institutions	98,502	-	-	98,502
- Other assets	42,211	3,971	-	46,182
	<b>397,119</b>	<b>141,445</b>	<b>28,044</b>	<b>566,608</b>
<b>Opening Balance ECL - as at 1 January 2019</b>				
- Financing assets	1,710	609	28,615	30,934
- Investment in Sukuk	480	1,129	-	1,609
- Placements with financial institutions	48	-	-	48
- Other assets	-	59	-	59
	<b>2,238</b>	<b>1,797</b>	<b>28,615</b>	<b>32,650</b>
<b>Net transfer between stages</b>				
- Financing assets	-	-	(571)	(571)
- Investment in Sukuk	-	-	-	-
- Placements with financial institutions	-	-	-	-
- Other assets	-	-	-	-
	<b>-</b>	<b>-</b>	<b>(571)</b>	<b>(571)</b>
<b>Charge for the year (net)</b>				
- Financing assets	(102)	-	-	(102)
- Investment in Sukuk	153	(32)	-	121
- Placements with financial institutions	(14)	-	-	(14)
- Other assets	-	-	-	-
	<b>37</b>	<b>(32)</b>	<b>-</b>	<b>5</b>
<b>Closing Balance ECL - as at 31 March 2019</b>				
- Financing assets	1,608	609	28,044	30,261
- Investment in Sukuk	633	1,097	-	1,730
- Placements with financial institutions	34	-	-	34
- Other assets	-	59	-	59
	<b>2,275</b>	<b>1,765</b>	<b>28,044</b>	<b>32,084</b>
<b>Net exposure at 31 March 2019</b>				
- Financing assets	109,125	39,420	-	148,545
- Investment in Sukuk	145,040	96,348	-	241,388
- Placements with financial institutions	98,468	-	-	98,468
- Other assets	42,211	3,912	-	46,123
	<b>394,844</b>	<b>139,680</b>	<b>-</b>	<b>534,524</b>

Cash and bank balances did not have a significant ECL impact.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2019

USD 000's

## 17 COMMITMENTS

	<b>31 March 2019</b> (reviewed)	31 December 2018 (audited)
Operating lease commitments	1,081	1,289
Financing commitments	15,915	15,916
	<b>16,996</b>	17,205

## 18 FINANCIAL INSTRUMENTS

## I. Financial instruments at fair value:

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 value of quoted securities is derived from quoted market prices in active markets, if available.

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

<b>31 March 2019</b> (reviewed)	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Fair value through equity</b>				
Quoted equity securities	31,728	-	-	<b>31,728</b>
31 December 2018 (audited)	Level 1	Level 2	Level 3	Total
Fair value through equity				
Quoted equity securities	35,645	-	-	35,645

## II. Financial instruments not at fair value:

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

<b>31 March 2019</b> (reviewed)	Carrying amount	Fair value
<b>Financial assets:</b>		
Financing assets	148,545	148,545
Investment securities <sup>1</sup>	273,116	265,025
<b>Total</b>	<b>421,661</b>	413,570
<b>Financial liabilities:</b>		
Bank financing	121,014	121,014
<b>Total</b>	<b>121,014</b>	121,014

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2019

USD 000's

## 18 FINANCIAL INSTRUMENTS (continued)

31 December 2018 (audited)	Carrying amount	Fair value
Financial assets:		
Financing assets	117,426	117,426
Investment securities <sup>1</sup>	289,457	275,839
<b>Total</b>	<b>406,883</b>	<b>393,265</b>
Financial liabilities:		
Bank financing	122,628	122,628
<b>Total</b>	<b>122,628</b>	<b>122,628</b>

<sup>1</sup> Equity type instruments carried at cost less impairment, of USD 107,079 thousand (31 December 2018: USD 139,280 thousand) are excluded due to absence of reliable measure of fair value.

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