

## FIRST ENERGY BANK BSC (c)

### 31 MARCH 2015 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 <sup>th</sup> 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 Romaithi
Chief Executive Officer	:	Mohamed Shukri Ghanem
Auditors	:	KPMG Fakhro, Bahrain

**First Energy Bank BSC (c)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

**For the three months period ended 31 March 2015**

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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

14 May 2015

### **Introduction**

We have reviewed the accompanying 31 March 2015 interim condensed consolidated financial information of First Energy Bank BSC (c) (the "Bank") and its subsidiaries (together the "Group"), which comprises:

- the interim condensed consolidated statement of financial position as at 31 March 2015;
- the interim condensed consolidated income statement for the three-month period ended 31 March 2015;
- the interim condensed consolidated statement of changes in equity for the three-month period ended 31 March 2015;
- the interim condensed consolidated statement of cash flows for the three-month period ended 31 March 2015;
- the interim condensed consolidated statement of changes in sources and uses of zakah and charity fund for the three-month period ended 31 March 2015; 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 31 March 2015 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.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 31 March 2015

USD 000's

	Note	31 March 2015 (reviewed)	31 December 2014 (audited)
<b>ASSETS</b>			
Cash and bank balances		22,103	19,026
Placements with financial institutions	7	115,918	112,868
Murabaha financing		32,659	32,863
Ijarah assets	8	478,056	502,725
Investment securities	9	502,451	532,205
Equity accounted investees	10	113,946	117,187
Other assets	11	45,741	32,547
Property and equipment		10,187	10,188
<b>Total assets</b>		<b>1,321,061</b>	<b>1,359,609</b>
<b>Liabilities and equity</b>			
<b>LIABILITIES</b>			
Placements from financial institutions		90,519	104,081
Financing for Ijarah assets	12	104,485	105,812
Other liabilities		32,047	31,093
<b>Total liabilities</b>		<b>227,051</b>	<b>240,986</b>
<b>EQUITY</b>			
Share capital		1,000,000	1,000,000
Statutory reserve		9,736	9,736
Investment fair value reserve		(59,938)	(41,621)
Foreign exchange translation reserve		(5,187)	(3,655)
Retained earnings		19,912	25,418
<b>Total equity attributable to shareholders of the parent</b>		<b>964,523</b>	<b>989,878</b>
Non-controlling interests		129,487	128,745
<b>TOTAL EQUITY</b>		<b>1,094,010</b>	<b>1,118,623</b>
<b>Total liabilities and equity</b>		<b>1,321,061</b>	<b>1,359,609</b>

The Board of Directors approved the interim condensed consolidated financial information consisting of pages 2 to 18 on 14 May 2015.

  
Abdulla Abdulkarim Showaiter  
Board Member

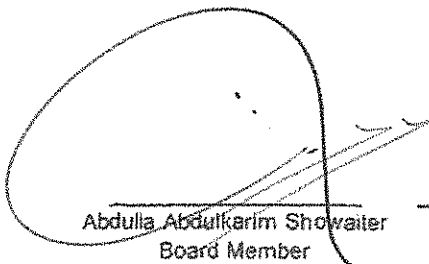
  
Adel A. Aziz Al Jabr  
Board Member

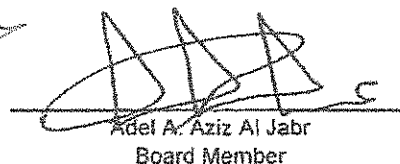
  
Mohamed Ghanem  
Chief Executive Officer

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**  
**For the three months ended 31 March 2015**

USD 000's

	Note	Three months ended 31 March 2015 (reviewed)	Three months ended 31 March 2014 (reviewed)
<b>INCOME</b>			
<i>Ijarah assets</i>			
Rental income from Ijarah assets		2,570	20,644
Other income	13	48,750	-
Financing cost		(1,018)	(1,082)
Depreciation on Ijarah assets		(3,231)	(4,268)
Other operating expenses relating to Ijarah assets	14	(43,125)	(24,681)
<b>Income from Ijarah assets</b>		<b>4,846</b>	<b>(9,387)</b>
Income from investment securities	15	5,837	67,623
Income from financing and placements with financial institutions		714	862
Share of results of equity accounted investees		(1,709)	147
<b>Total income</b>		<b>9,788</b>	<b>59,245</b>
<b>EXPENSES</b>			
Staff costs		3,351	3,062
Financing cost on placements from financial institutions		107	104
Depreciation and amortisation		162	66
Other operating expenses		422	1,148
<b>Total expenses</b>		<b>4,042</b>	<b>4,380</b>
<b>Profit for the period before impairment allowance</b>		<b>5,746</b>	<b>54,865</b>
Impairment allowance		-	(23,000)
<b>PROFIT FOR THE PERIOD</b>		<b>5,746</b>	<b>31,865</b>
<b>Attributable to:</b>			
Shareholders of the parent		4,994	38,509
Non-controlling interests		752	(6,644)
		<b>5,746</b>	<b>31,865</b>

  
 Abdulla Abdulkarim Showaiter  
 Board Member

  
 Adel A. Aziz Al Jabr  
 Board Member

  
 Mohamed Ghanem  
 Chief Executive Officer

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the three months ended 31 March 2015**

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
<b>31 March 2015 (reviewed)</b>								
Balance at 1 January 2015	1,000,000	9,736	(41,621)	(3,655)	25,418	989,878	128,745	1,118,623
Profit for the period	-	-	-	-	4,994	4,994	752	5,746
Changes in fair value of investments at fair value through equity	-	-	(18,317)	-	-	(18,317)	-	(18,317)
Effects of exchange rate difference on equity accounted investees	-	-	-	(1,532)	-	(1,532)	-	(1,532)
Transfer to zakah and charity fund	-	-	-	-	(500)	(500)	-	(500)
Dividend declared	-	-	-	-	(10,000)	(10,000)	-	(10,000)
Dividends of subsidiary	-	-	-	-	-	-	(10)	(10)
<b>Balance at 31 March 2015</b>	<b>1,000,000</b>	<b>9,736</b>	<b>(59,938)</b>	<b>(5,187)</b>	<b>19,912</b>	<b>964,523</b>	<b>129,487</b>	<b>1,094,010</b>

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the three months ended 31 March 2015**

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
31 March 2014 (reviewed)								
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	-	-	-	-	38,509	38,509	(6,644)	31,865
Transfer to income statement on disposal of investments	-	-	(11,464)	-	-	(11,464)	-	(11,464)
Effects of exchange rate difference on equity accounted investees	-	-	-	24	-	24	-	24
Transfer to zakah and charity fund	-	-	-	-	(1,384)	(1,384)	-	(1,384)
Dividend declared	-	-	-	-	(25,000)	(25,000)	-	(25,000)
Dividends of subsidiary	-	-	-	-	-	-	(11)	(11)
Balance at 31 March 2014	1,000,000	7,991	-	(1,944)	48,199	1,054,246	126,121	1,180,367

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the three months ended 31 March 2015**

USD 000's

	Note	Three months ended 31 March 2015 (reviewed)	Three months ended 31 March 2014 (reviewed)
<b>OPERATING ACTIVITIES</b>			
<b>Net profit for the period</b>		5,746	31,865
<b>Adjustments for:</b>			
Depreciation on Ijarah assets	8	3,231	4,268
Depreciation and amortisation		164	66
Amortisation of premium		912	541
Share of results of equity accounted investees		1,709	(147)
Gain on disposal of investment securities		(1,221)	(64,324)
<b>Operating profit / (loss) before changes in operating assets and liabilities</b>		<b>10,541</b>	<b>(27,731)</b>
<b>Net changes in operating assets and liabilities:</b>			
Murabaha financing		433	(35,260)
Other assets		(13,215)	(29,112)
Placements from financial institutions		(13,562)	5,504
Other liabilities		(9,448)	14,572
Payment to charities		(98)	(17)
<b>Net cash used in operating activities</b>		<b>(25,349)</b>	<b>(72,044)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of investment securities		(76,961)	(13,974)
Proceeds from disposal / maturity of investment securities		109,916	145,891
Purchase of property and equipment		(134)	(81)
Purchase of software		(8)	-
<b>Net cash generated from investing activities</b>		<b>32,813</b>	<b>131,836</b>
<b>FINANCING ACTIVITIES</b>			
Dividend paid to non-controlling interest		(10)	(11)
Repayment of financing for Ijarah assets		(1,327)	(3,694)
<b>Net cash used in financing activities</b>		<b>(1,337)</b>	<b>(3,705)</b>
<b>Net increase in cash and cash equivalents</b>		<b>6,127</b>	<b>56,087</b>
Cash and cash equivalents at beginning of the period		131,894	185,174
<b>Cash and cash equivalents at end of the period</b>		<b>138,021</b>	<b>241,261</b>
Cash and bank balances		22,103	30,308
Placements with financial institutions with original maturity of 90 days or less		115,918	210,953
		<b>138,021</b>	<b>241,261</b>

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



**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SOURCES AND USES OF ZAKAH AND CHARITY FUND**

For the three months ended 31 March 2015

USD 000's

	<b>Three months ended 31 March 2015 (reviewed)</b>	<b>Three months ended 31 March 2014 (reviewed)</b>
<b>Sources of zakah and charity funds</b>		
Undistributed charity and zakah funds at the beginning of the period	209	11
Contributions by the Bank	500	1,384
<b>Total sources of zakah and charity funds during the period</b>	<b>709</b>	<b>1,395</b>
<b>Uses of zakah and charity fund</b>		
Contributions for charitable purposes	98	17
<b>Total uses of funds during the period</b>	<b>98</b>	<b>17</b>
<b>Undistributed zakah and charity fund at end of the period</b>	<b>611</b>	<b>1,378</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**  
**For the three months ended 31 March 2015**

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**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 2014. 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 2014.

The interim condensed consolidated financial information is reviewed, not audited. The comparatives for the interim condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements of the Group for the year ended 31 December 2014 and comparatives for the interim condensed consolidated statements of income, changes in equity, cash flows and changes in sources and uses of zakah and charity fund have been extracted from the reviewed interim condensed consolidated financial information of the Group for the three months ended 31 March 2014.

**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 audited consolidated financial statements for the year ended 31 December 2014, except as stated below:

**New amendments issued during the period and effective for annual reporting period ending or on after 31 December 2015***FAS 23 - Consolidation*

During the quarter, AAOIFI issued amendment to FAS 23 - Consolidation. The amendment provides additional guidance on the way an Islamic Financial Institution should determine when an entity should be consolidated.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**  
**For the three months ended 31 March 2015**

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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

The amendment that has been introduced by AAOIFI provides that, in addition to the existing stipulations in the standard, control may also exist through rights arising from other contractual arrangement, voting rights of the Islamic financial institutions that give de facto power over an entity, potential voting rights, or a combination of these factors.

The amendment is effective for annual reporting period ending on or after 31 December 2015. The amendment did not have an impact on the Group's consolidated financial statements.

**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.

The following are the Group's significant subsidiaries as at 31 March 2015:

<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.
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 Group's audited consolidated financial statements as at and for the year ended 31 December 2014.

**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 audited consolidated financial statements as at and for the year ended 31 December 2014.

**6 SEASONALITY**

Due to nature of the Bank's business, the three 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 three months ended 31 March 2015

USD 000's

## 7 PLACEMENTS WITH FINANCIAL INSTITUTIONS

	<b>31 March 2015</b> (reviewed)	31 December 2014 (audited)
Commodity murabaha contracts	62,396	68,969
Wakala contracts	53,527	43,903
<b>Gross murabaha and wakala contracts</b>	<b>115,923</b>	<b>112,872</b>
Less: Deferred profits	(5)	(4)
	<b>115,918</b>	<b>112,868</b>

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

## 8 IJARAH ASSETS

	<b>Aircraft*</b>	<b>Oil rigs**</b>	<b>WIP</b>	<b>Total</b>
<b>Cost:</b>				
At 1 January 2015	100,000	441,752	-	541,752
Additions	-	18,422	11,140	29,562
Derecognised ***	-	(51,000)	-	(51,000)
<b>At 31 March 2015</b>	<b>100,000</b>	<b>409,174</b>	<b>11,140</b>	<b>520,314</b>
<b>Depreciation:</b>				
At 1 January 2015	10,500	28,527	-	39,027
Charge for the period	900	2,331	-	3,231
<b>At 31 March 2015</b>	<b>11,400</b>	<b>30,858</b>	<b>-</b>	<b>42,258</b>
Net book value:				
<b>As at 31 March 2015 (reviewed)</b>	<b>88,600</b>	<b>378,316</b>	<b>11,140</b>	<b>478,056</b>
As at 31 December 2014 (audited)	89,500	413,225	-	502,725

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

\*\* One oil rig with a carrying value of USD 165,706 thousand (2014: USD 198,872 thousand) is mortgaged against murabaha financing (note 12).

\*\*\* During the period, the management derecognized USD 51,000 thousand relating to the components of the rigs which were damaged (note 14).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**  
for the three months ended 31 March 2015

USD 000's

**9 INVESTMENT SECURITIES**

	<b>31 March 2015</b> (reviewed)	31 December 2014 (audited)
<b>Equity type instruments - at fair value through equity</b>		
- Quoted equity securities (at fair value)	82,663	100,980
- Unquoted equity securities (at cost less impairment)	15,995	15,995
	<b>98,658</b>	116,975
<b>Debt type instruments - At amortised cost</b>		
- Quoted Sukuk	306,518	317,955
- Subordinated financing	99,542	99,542
Impairment allowance	(2,267)	(2,267)
	<b>403,793</b>	415,230
	<b>502,451</b>	532,205

**10 EQUITY ACCOUNTED INVESTEEES**

	<b>31 March 2015</b> (reviewed)	31 December 2014 (audited)
Associates	103,671	104,095
Joint ventures	10,275	13,092
	<b>113,946</b>	117,187

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 *	Libya	40%	Lease of oil drilling rigs
Al Izz Islamic Bank **	Oman	15.18%	Islamic Banking
<b>Joint ventures</b>			
Feboran AD ***	Bulgaria	59.95%	Investment vehicle

\* Due to the political situation in Libya, the financial information of the associate company is not reliable, hence, the Group has stopped accounting for its share of profit or loss since 2014.

\*\* Equity accounted for based on the audited accounts, for the three month ended 31 December 2014.

\*\*\* Equity accounted for based on the management accounts for the three month ended 31 December 2014.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**  
**for the three months ended 31 March 2015**

USD 000's

**11 OTHER ASSETS**

	<b>31 March 2015</b> (reviewed)	31 December 2014 (audited)
Insurance claim (note 13)	22,735	2,613
Receivable from investee *	11,399	11,399
Ijarah rental receivable	2,498	9,514
Deferred expenses	2,115	2,101
Prepayments and advances	4,663	4,214
Intangible assets	158	179
Others	2,173	2,527
	<b>45,741</b>	<b>32,547</b>

\* 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 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.

**12 FINANCING FOR IJARAH ASSETS**

	<b>31 March 2015</b> (reviewed)	31 December 2014 (audited)
Murabaha financing	46,294	46,442
Term financing	58,191	59,370
	<b>104,485</b>	<b>105,812</b>

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 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 3.45% maturing on 23 January 2024.

Murabaha financing has been obtained by Menadrill Investment Company, a 59.44% subsidiary of the Bank at a floating rate of 3 months Libor plus 3% maturing on 7 September 2015.

**13 OTHER INCOME**

In 2014, one of the oil rigs suffered damage due to an explosion. The income represents insurance claim towards repairs and incidental loss.

**14 OTHER OPERATING EXPENSES RELATING TO IJARAH ASSETS**

	<b>31 March 2015</b> (reviewed)	31 March 2014 (reviewed)
Repairs and maintenance - rigs (note 8)	41,386	22,305
Insurance - rigs	857	967
Professional and consultancy fee	413	776
Miscellaneous expenses	469	633
	<b>43,125</b>	<b>24,681</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**  
**for the three months ended 31 March 2015**

USD 000's

**15** Income from investment securities includes gain on sale of equity investments carried at fair value through equity of USD Nil (2014: USD 39,622 thousand) and income from purchase and sale of quoted shares during the quarter of USD Nil (2014: USD 24,269 thousand).

**16 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. 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:

	<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 2015 (reviewed)</b>				
<b>Assets</b>				
Cash and bank balances	-	-	436	<b>436</b>
Equity accounted investees	113,946	-	-	<b>113,946</b>
Other assets	6	-	-	<b>6</b>
<b>Liabilities</b>				
Placements from financial institutions	-	-	32,000	<b>32,000</b>
Other liabilities	-	1,222	19,853	<b>21,075</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**  
**for the three months ended 31 March 2015**

USD 000's

## 16 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 2014(audited)				
<b>Assets</b>				
Cash and bank balances	-	-	436	436
Equity accounted investees	117,187	-	-	117,187
Other assets	6	-	-	6
<b>Liabilities</b>				
Placements from financial institutions	-	-	32,000	32,000
Other liabilities	-	685	9,809	10,494

The transactions with related parties included in the interim 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 2015 (reviewed)</b>				
<b>Income</b>				
Share of results of associates	(1,709)	-	-	(1,709)
<b>Expenses</b>				
Staff costs	-	463	-	463
Financing cost on placements from financial institutions	-	-	44	44
Other operating expenses	-	817	-	817



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## 16 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 2014 (reviewed)				
Income				
Share of results of associates	147	-	-	147
Expenses				
Staff costs	-	353	-	353
Financing cost on placements from financial institutions	-	-	68	68
Other operating expenses	-	186	-	186

## 17 COMMITMENTS

	31 March 2015 (reviewed)	31 December 2014 (audited)
Forward treasury commitments	4,011	6,684
Operating lease commitments	1,448	1,565
	<b>5,459</b>	<b>8,249</b>

## 18 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	31 March 2015 (reviewed)		31 December 2014 (audited)	
	Assets	Liabilities	Assets	Liabilities
Banks and financial institutions	456,904	204,857	467,925	219,702
Energy power and infrastructure	619,979	3,613	631,416	13,285
Others	244,178	18,581	260,268	7,999
	<b>1,321,061</b>	<b>227,051</b>	<b>1,359,609</b>	<b>240,986</b>

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## 18 SEGMENT INFORMATION (continued)

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

Segment	31 March 2015 (reviewed)		31 December 2014 (audited)	
	Assets	Liabilities	Assets	Liabilities
MENA	692,590	164,572	711,925	178,698
Europe	105,183	58,191	124,429	59,370
America	412,740	3,643	416,745	2,277
Asia	110,548	645	106,510	641
	<b>1,321,061</b>	<b>227,051</b>	<b>1,359,609</b>	<b>240,986</b>

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.

## 19 DIVIDEND DECLARED

At the Annual General Meeting held on 31 March 2015, the shareholders of the Group resolved to distribute USD 10,000 thousand as cash dividends.

## 20 FINANCIAL INSTRUMENTS

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

## 31 March 2015 (reviewed)

**Financial assets:**

	Carrying amount	Fair value
Cash and bank balances	22,103	22,103
Placements with financial institutions	115,918	115,918
Murabaha financing	32,659	32,659
Ijarah assets	478,056	478,056
Investment securities <sup>1</sup>	82,663	82,663
Other assets <sup>2</sup>	38,305	38,305
<b>Total</b>	<b>769,704</b>	<b>769,704</b>

**Financial liabilities:**

Placements from financial institutions	90,519	90,519
Financing for Ijarah assets	104,485	104,485
Other liabilities <sup>3</sup>	30,418	30,418
<b>Total</b>	<b>225,422</b>	<b>225,422</b>

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## 20 FINANCIAL INSTRUMENTS (continued)

31 December 2014 (audited)	Carrying amount	Fair value
Financial assets:		
Cash and bank balances	19,026	19,026
Placements with financial institutions	112,868	112,868
Murabaha financing	32,863	32,863
Ijarah assets	502,725	502,725
Investment securities <sup>1</sup>	100,980	100,980
Other assets <sup>2</sup>	25,553	25,553
<b>Total</b>	<b>794,015</b>	<b>794,015</b>
Financial liabilities:		
Placements from financial institutions	104,081	104,081
Financing for Ijarah assets	105,812	105,812
Other liabilities <sup>3</sup>	29,466	29,466
<b>Total</b>	<b>239,359</b>	<b>239,359</b>

<sup>1</sup> Equity type instruments carried at cost less impairment of USD 15,995 thousand (31 December 2014: USD 15,995 thousand) are excluded due to absence of reliable measure of fair value and debt type instruments at amortised cost of USD 403,793 (31 December 2014: USD 415,230).

<sup>2</sup> Other assets are excluding deferred expenses, advances paid and intangible assets-software.

<sup>3</sup> 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 value of quoted securities is derived from quoted market prices in active markets, if available (Level 1).

Under unquoted investments which are held at fair value through equity are investments amounting to USD 15,995 thousand (31 December 2014: USD 15,995 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

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*20 FINANCIAL INSTRUMENTS (continued)*

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

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

<b>31 March 2015</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 shares	<b>82,663</b>	-	-	<b>82,663</b>
<b>31 December 2014</b> (audited)	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Fair value through equity</b>				
Quoted equity shares	100,980	-	-	100,980