

FIRST ENERGY BANK BSC (c)
31 MARCH 2016
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 th 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> H. E. Abdulla Saif Al Nuaimi, <i>Vice-Chairman</i> Abdulla Abdulkarim Showaiter Adel A. Aziz Al Jabr Matar Mohamed AIBlooshi
Director and CEO	:	Mohamed Shukri Ghanem
Auditors	:	KPMG Fakhro, Bahrain

First Energy Bank BSC (c)

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the three months period ended 31 March 2016

CONTENTS	Page
Independent auditors' report on review of condensed consolidated interim financial information	1
Condensed consolidated interim financial information	
Condensed consolidated statement of financial position	2
Condensed consolidated income statement	3
Condensed consolidated statement of changes in equity	4 - 5
Condensed consolidated statement of cash flows	6
Condensed consolidated statement of sources and uses of zakah and charity fund	7
Notes to the condensed consolidated interim financial information	8 - 17



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1

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

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

11 May 2016

Introduction

We have reviewed the accompanying 31 March 2016 condensed consolidated interim financial information of First Energy Bank BSC (c) (the "Bank") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2016;
- the condensed consolidated income statement for the three-month period ended 31 March 2016;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2016;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2016;
- the condensed consolidated statement of sources and uses of zakah and charity fund for the three-month period ended 31 March 2016; 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 2016 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 2016

USD 000's

	Note	31 March 2016 (reviewed)	31 December 2015 (audited)
ASSETS			
Cash and bank balances		14,642	16,646
Placements with financial institutions	7	163,888	120,347
Financing assets		71,851	74,208
Ijarah assets	8	258,857	261,797
Investment securities	9	451,994	449,043
Equity accounted investees	10	76,323	76,880
Other assets	11	43,980	41,338
Property and equipment		9,980	10,079
Total assets		1,091,515	1,050,338
Liabilities and equity			
LIABILITIES			
Placements from financial institutions		88,954	82,257
Bank financing	12	200,910	161,522
Other liabilities		30,275	33,533
Total liabilities		320,139	277,312
EQUITY			
Share capital		1,000,000	1,000,000
Treasury shares	17	(7,261)	-
Statutory reserve		9,736	9,736
Foreign exchange translation reserve		(4,514)	(5,076)
Accumulated losses		(271,558)	(278,601)
Total equity attributable to shareholders of the parent		726,403	726,059
Non-controlling interests		44,973	46,967
TOTAL EQUITY		771,376	773,026
Total liabilities and equity		1,091,515	1,050,338

The Board of Directors approved the condensed consolidated interim financial information consisting of pages 2 to 17 on 11 May 2016 and signed on its behalf by.


 Khaleefa Bin Butti Bin Omair
 Chairman


 Mohamed Ghanem
 Board Member and CEO

CONDENSED CONSOLIDATED INCOME STATEMENT
For the three months ended 31 March 2016

USD 000's

	Note	Three months ended 31 March 2016 (reviewed)	Three months ended 31 March 2015 (reviewed)
INCOME			
<i>Ijarah assets</i>			
Rental income		2,629	2,570
Other income	13	-	49,750
Finance cost		(1,055)	(1,018)
Depreciation on Ijarah assets		(2,940)	(3,231)
Other operating expenses relating to ijarah assets	14	(1,090)	(43,125)
Net income from Ijarah assets		(2,456)	4,946
Income from investment securities		5,577	5,837
Income from financing and placements with financial institutions		1,774	714
Share of results of equity accounted investees		(1,119)	(1,709)
Other income	17	7,261	-
Total income		11,037	9,788
EXPENSES			
Staff cost		3,091	3,351
Finance cost of general financing and placements from financial institutions		601	107
Depreciation and amortization		190	162
Other operating expenses		1,956	422
Total expenses		5,838	4,042
Profit for the period before impairment allowance		5,199	5,746
Impairment allowance		(140)	-
PROFIT FOR THE PERIOD		5,059	5,746
Attributable to:			
Shareholders of the parent		7,043	4,994
Non-controlling interests		(1,984)	752
		5,059	5,746

The condensed consolidated interim financial information consists of pages 2 to 17.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March 2016

USD 000's

	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
31 March 2016 (reviewed)									
Balance at 1 January 2016	1,000,000	-	9,736	-	(5,076)	(278,601)	726,059	46,967	773,026
Effects of exchange rate difference on equity accounted investees	-	-	-	-	562	-	562	-	562
Profit for the period	-	-	-	-	-	7,043	7,043	(1,984)	5,059
Total recognised income and expense for the period	-	-	-	-	562	7,043	7,605	(1,984)	5,621
Acquisition of treasury shares	-	(7,261)	-	-	-	-	(7,261)	-	(7,261)
Dividends of subsidiary	-	-	-	-	-	-	-	(10)	(10)
Balance at 31 March 2016	1,000,000	(7,261)	9,736	-	(4,514)	(271,558)	726,403	44,973	771,376

The condensed consolidated interim financial information consists of pages 2 to 17.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2016 (continued)

USD 000's

	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	Retained earnings			Total
31 March 2015 (reviewed)									
Balance at 1 January 2015	1,000,000	-	9,736	(41,621)	(3,655)	25,418	989,878	128,745	1,118,623
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)
Profit for the period	-	-	-	-	-	4,994	4,994	752	5,746
Total recognised income and expense for the period	-	-	-	(18,317)	(1,532)	4,994	(14,855)	752	(14,103)
Transfer to zakah and charity fund	-	-	-	-	-	(500)	(500)	-	(500)
Dividend declared for 2014	-	-	-	-	-	(10,000)	(10,000)	-	(10,000)
Dividends of subsidiary	-	-	-	-	-	-	-	(10)	(10)
Balance at 31 March 2015	1,000,000	-	9,736	(59,938)	(5,187)	19,912	964,523	129,487	1,094,010

The condensed consolidated interim financial information consists of pages 2 to 17.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended 31 March 2016

USD 000's

	Note	Three months ended 31 March 2016 (reviewed)	Three months ended 31 March 2015 (reviewed)
OPERATING ACTIVITIES			
Net profit for the period		5,059	5,746
Adjustments for:			
Depreciation on Ijarah assets	8	2,940	3,231
Depreciation and amortisation		192	164
Amortisation of premium		38	912
Impairment allowance		140	-
Share of results of equity accounted investees		1,119	1,709
Gain on disposal of investment securities		(723)	(1,221)
Gain on asset swap transaction		(7,261)	-
Operating profit before changes in operating assets and liabilities		1,504	10,541
Net changes in operating assets and liabilities:			
Financing assets		2,357	433
Other assets		(1,929)	(13,215)
Placements from financial institutions		6,697	(13,562)
Other liabilities		(3,226)	(9,448)
Payment to charities		(32)	(98)
Net cash generated from / (used in) operating activities		5,371	(25,349)
INVESTING ACTIVITIES			
Purchase of investment securities		(13,935)	(47,399)
Proceeds from disposal / maturity of investment securities		10,806	58,916
Additions to Ijarah assets		-	(29,562)
Receipt of insurance claim relating to Ijarah assets		-	51,000
Purchase of equipment and software		(83)	(142)
Net cash (used in) / generated from investing activities		(3,212)	32,813
FINANCING ACTIVITIES			
Dividend paid to non-controlling interest		(10)	(10)
Repayment of bank financing		(612)	(1,327)
Drawdown of bank financing		40,000	-
Net cash generated from / (used in) financing activities		39,378	(1,337)
Net increase in cash and cash equivalents		41,537	6,127
Cash and cash equivalents at beginning of the period		136,993	131,894
Cash and cash equivalents at end of the period		178,530	138,021
Cash and bank balances		14,642	22,103
Placements with financial institutions with original maturity of 90 days or less		163,888	115,918
		178,530	138,021

The condensed consolidated interim financial information consists of pages 2 to 17.

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

For the three months ended 31 March 2016

USD 000's

	Three months ended 31 March 2016 (reviewed)	Three months ended 31 March 2015 (reviewed)
Sources of zakah and charity funds		
Undistributed charity and zakah funds at the beginning of the period	136	209
Contributions by the Bank	-	500
Total sources of zakah and charity funds during the period	136	709
Uses of zakah and charity fund		
Contributions for charitable purposes	(32)	(98)
Total uses of funds during the period	(32)	(98)
Undistributed zakah and charity fund at end of the period	104	611

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the three months ended 31 March 2016**

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 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). 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'.

The condensed consolidated interim 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 2015. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the latest annual audited financial statements for the year ended 31 December 2015.

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 2015 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 2015.

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 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the three months ended 31 March 2016

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

3.1 Basis of consolidation

The condensed consolidated interim 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 2016:

<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	65%	Development and lease of 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 2015.

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 2015.

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 2016

USD 000's

7 PLACEMENTS WITH FINANCIAL INSTITUTIONS

	31 March 2016 (reviewed)	31 December 2015 (audited)
Commodity murabaha contracts	105,694	62,633
Wakala contracts	58,212	57,724
Gross murabaha and wakala contracts	163,906	120,357
Less: Deferred profits	(18)	(10)
	163,888	120,347

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

8 IJARAH ASSETS

	Aircraft ⁽ⁱ⁾	Oil rigs ⁽ⁱⁱ⁾	Total
Cost:			
At 1 January 2016	100,000	217,783	317,783
At 31 March 2016	100,000	217,783	317,783
Depreciation:			
At 1 January 2016	14,100	41,886	55,986
Charge for the period	900	2,040	2,940
At 31 March 2016	15,000	43,926	58,926
Net book value:			
As at 31 March 2016 (reviewed)	85,000	173,857	258,857
As at 31 December 2015 (audited)	85,900	175,897	261,797

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

(ii) This represents two oil rigs. One rig with a carrying value of USD 96,814 thousand (2015: USD 97,853 thousand) is mortgaged against murabaha financing (refer note 12).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2016

USD 000's

9 INVESTMENT SECURITIES

	31 March 2016 (reviewed)	31 December 2015 (audited)
Equity type instruments - at fair value through equity		
- Quoted equity securities (at fair value)	33,282	33,422
- Unquoted equity securities (at cost less impairment) *	995	995
	34,277	34,417
Debt type instruments - At amortised cost		
- Quoted Sukuk **	320,442	317,351
- Subordinated financing	99,542	99,542
Collective impairment allowance	(2,267)	(2,267)
	417,717	414,626
Total investment securities	451,994	449,043

* Unquoted equity securities are net of impairment allowance of USD 20,000 thousand (31 December 2015: USD 40,000 thousand).

** Quoted sukuk of USD 156 million (31 December 2015: USD 156 million) are pledged against general bank financing of USD 100 million (31 December 2015: USD 60 million) (refer note 12).

10 EQUITY ACCOUNTED INVESTEEES

	31 March 2016 (reviewed)	31 December 2015 (audited)
Associates	121,178	121,767
Joint ventures	11,539	11,507
Impairment allowance	(56,394)	(56,394)
	76,323	76,880

Movement on the equity accounted investees during the period:

	31 March 2016 (reviewed)	31 December 2015 (audited)
At beginning of the period	76,880	117,187
Acquisition during the period	-	20,708
Share of results of equity accounted investees, net	(1,119)	(3,200)
Impairment allowance	-	(56,394)
Foreign exchange translation differences	562	(1,421)
Balance at the end of the period	76,323	76,880

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2016

USD 000's

10 EQUITY ACCOUNTED INVESTEEES (continued)

Equity accounted investees comprise the following:

Name	Country of incorporation	% holding	Nature of business
Associates:			
Arab Drilling and Workover Company ⁽ⁱ⁾	Libya	40%	Lease of oil drilling rigs
Al Izz Islamic Bank ⁽ⁱⁱ⁾	Oman	15.18%	Islamic Banking
Adcan Pharma LLC (Adcan) ⁽ⁱⁱⁱ⁾	United Arab Emirates	40%	Pharmaceutical
Medisal for Pharmaceuticals Industry LLC (Medisal) ^(iv)	United Arab Emirates	45%	Pharmaceutical
Joint ventures			
Feboran AD ^(v)	Bulgaria	59.95%	Investment vehicle

(i) Due to the political situation in Libya, the financial information of the associate company is considered unreliable, hence, the Group has stopped accounting for its share of profit or loss.

(ii) The information for 2016 presented in the table includes the results of Al Izz Islamic Bank based on the audited accounts for the period from 1 October 2015 to 31 December 2015.

(iii) + (iv) In 2015, the Group acquired 40% stake in Adcan and 45% stake in Medisal. These associate companies are in the start-up phase.

(v) The information for 2016 presented in the table includes the results of Feboran AD based on the management accounts for the period from 1 October 2015 to 31 December 2015.

11 OTHER ASSETS

	31 March 2016 (reviewed)	31 December 2015 (audited)
Receivable on sale of investment	16,966	16,381
Receivable from investee *	11,722	11,722
Ijarah rental receivable	5,779	4,076
Prepayments and advances	4,625	4,302
Insurance claim (note 13)	1,300	1,300
Intangible assets	126	136
Others	3,462	3,421
	43,980	41,338

* 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2016

USD 000's

12 BANK FINANCING

	31 March 2016 (reviewed)	31 December 2015 (audited)
Financing for Ijarah assets		
Murabaha financing *	46,334	46,344
Term financing **	53,585	54,688
	99,919	101,032
General financing ***	100,991	60,490
	200,910	161,522

* 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). Murabaha financing has been obtained by Menadrill Investment Company, a 65% subsidiary of the Bank at a floating rate 3 month Libor plus 4% maturing on 4 September 2016.

** 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.

*** This represent financing for general purpose secured by sukuk (note 9).

13 OTHER INCOME

In 2015, this represents insurance claim towards repair cost and loss of relating to the rigs, which suffered damage because of an explosion which has been received.

14 OTHER OPERATING EXPENSES RELATING TO IJARAH ASSETS

	31 March 2016 (reviewed)	31 March 2015 (reviewed)
Repairs and maintenance - rigs	196	41,386
Insurance - rigs	569	857
Professional and consultancy fee	163	413
Miscellaneous expenses	162	469
	1,090	43,125

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2016

USD 000's

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. 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:

	Associates	Key management personnel/ Shari'a board members/ external auditors	Significant shareholders/ board members/ entities in which directors are interested	Total
31 March 2016 (reviewed)				
Assets				
Cash and bank balances	-	-	106	106
Equity accounted investees	76,323	-	-	76,323
Other assets	7	-	-	7
Liabilities				
Placements from financial institutions	-	-	34,067	34,067
Other liabilities	-	852	11,288	12,140

	Associates	Key management personnel/ Shari'a board members/ external auditors	Significant shareholders/ board members/ entities in which directors are interested	Total
31 December 2015(audited)				
Assets				
Cash and bank balances	-	-	109	109
Equity accounted investees	76,880	-	-	76,880
Other assets	7	-	-	7
Liabilities				
Placements from financial institutions	-	-	34,016	34,016
Other liabilities	-	894	11,287	12,181

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2016

USD 000's

15 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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
31 March 2016 (reviewed)				
Income				
Share of results of equity accounted investees	(1,119)	-	-	(1,119)
Expenses				
Staff cost	-	562	-	562
Financing cost on placements from financial institutions	-	-	51	51
Other operating expenses	-	257	-	257

	Associates	Key management personnel/ Shari'a board members/ external auditors	Significant shareholders/ board members/ entities in which directors are interested	Total
31 March 2015 (reviewed)				
Income				
Share of results of equity accounted investees	(1,709)	-	-	(1,709)
Expenses				
Staff cost	-	463	-	463
Financing cost on placements from financial institutions	-	-	44	44
Other operating expenses	-	817	-	817

16 COMMITMENTS

	31 March 2016 (reviewed)	31 December 2015 (audited)
Operating lease commitments	994	1,128
	994	1,128

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2016

USD 000's

17 TREASURY SHARES

During the period, the Bank entered into a swap agreement with one of its shareholders whereby, the Bank acquired 10,000,000 treasury shares (at USD 7,261 thousand) and 100,000 equity shares (at USD 125 thousand) of one of its subsidiaries in exchange of 200,000 shares in an unquoted instrument which is fully provided for. Since the shares given up were fully provided in the books, the Bank recognised a gain of USD 7,261 thousand on this swap transaction.

The shareholders in their meeting dated 10 May 2016 approved the acquisition of treasury shares.

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:

31 March 2016 (reviewed)	Level 1	Level 2	Level 3	Total
Fair value through equity				
Quoted equity securities	33,282	-	-	33,282
31 December 2015 (audited)	Level 1	Level 2	Level 3	Total
Fair value through equity				
Quoted equity securities	33,422	-	-	33,422

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:

31 March 2016 (reviewed)	Carrying amount	Fair value
Financial assets:		
Financing assets	71,851	71,851
Ijarah assets	258,857	258,857
Investment securities ¹	351,457	348,307
Total	682,165	679,015
Financial liabilities:		
Bank financing	200,910	200,910
Total	200,910	200,910

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2016

USD 000's

18 FINANCIAL INSTRUMENTS (continued)

ii Financial instruments not at fair value (continued):

31 December 2015 (audited)	Carrying amount	Fair value
Financial assets:		
Financing assets	74,208	74,208
Ijarah assets	261,797	261,797
Investment securities ¹	348,506	347,750
Total	684,511	683,755
Financial liabilities:		
Bank financing	161,522	161,522
Total	161,522	161,522

¹ Equity type instruments carried at cost less impairment, of USD 995 thousand (31 December 2015: USD 995 thousand) and debt type instruments of USD 99,542 (31 December 2015: USD 99,542) are excluded due to absence of reliable measure of fair value and amortised cost classification, respectively.

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