

FIRST ENERGY BANK BSC (c)
31 MARCH 2017
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> Abdulla Abdulkarim Showaiter Adel A. Aziz Al Jabr Matar Mohamed Al Blooshi Khaled Jassim Kalban Mohamed Salim Omair Al Shamsi Ammar Ali Mohamed Jaber Abdulla Al Yousef Al Suwaidi
Chief Executive Officer	:	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 2017

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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

14 May 2017

Introduction

We have reviewed the accompanying 31 March 2017 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 2017;
- the condensed consolidated income statement for the three-month period ended 31 March 2017;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2017;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2017;
- the condensed consolidated statement of sources and uses of zakah and charity fund for the three-month period ended 31 March 2017; 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 2017 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 2017

USD 000's

	Note	31 March 2017 (reviewed)	31 December 2016 (audited)
ASSETS			
Cash and bank balances		9,497	8,861
Placements with financial institutions	7	12,682	138,255
Financing assets		160,361	184,497
Ijarah assets	8	202,878	205,037
Investment securities	9	399,705	441,695
Equity accounted investees	10	55,195	54,944
Other assets	11	30,890	29,452
Property and equipment		10,434	9,765
Total assets		881,642	1,072,506
Liabilities and equity			
LIABILITIES			
Placements from financial institutions		89,987	171,218
Bank financing	12	89,511	197,805
Other liabilities		23,736	27,977
Total liabilities		203,234	397,000
EQUITY			
Share capital		1,000,000	1,000,000
Treasury shares	16	(7,261)	(7,261)
Statutory reserve		9,802	9,802
Investments fair value reserve		3,305	4,715
Foreign exchange translation reserve		(5,312)	(5,640)
Accumulated losses		(369,238)	(367,594)
Total equity attributable to shareholders of the parent		631,296	634,022
Non-controlling interests		47,112	41,484
TOTAL EQUITY		678,408	675,506
Total liabilities and equity		881,642	1,072,506

The Board of Directors approved the condensed consolidated interim financial information consisting of pages 2 to 18 on 14 May 2017 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 2017

USD 000's

	Note	Three months ended 31 March 2017 (reviewed)	Three months ended 31 March 2016 (reviewed)
INCOME			
<i>Ijarah assets</i>			
Rental income		2,692	2,629
Finance cost		(909)	(1,055)
Depreciation on Ijarah assets		(2,159)	(2,940)
Other operating expenses relating to Ijarah assets	13	(2,345)	(1,090)
Net income from Ijarah assets		(2,721)	(2,456)
Income from investment securities		7,165	5,577
Income from financing and placements with financial institutions		3,604	1,774
Share of results of equity accounted investees		6	(1,119)
Other income	16	1,337	7,261
Total income		9,391	11,037
EXPENSES			
Staff cost		2,256	3,091
Finance cost		839	601
Depreciation and amortization		127	190
Other operating expenses		2,075	1,956
Total expenses		5,297	5,838
Profit before impairment allowance		4,094	5,199
Impairment on investment securities		-	(140)
PROFIT FOR THE PERIOD		4,094	5,059
Attributable to:			
Shareholders of the parent		4,014	7,043
Non-controlling interests		80	(1,984)
		4,094	5,059

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March 2017

USD 000's

	Equity attributable to shareholders of the parent						Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Statutory reserve	Investments fair value reserve	Foreign exchange translation reserve	Accumulated losses			
31 March 2017 (reviewed)									
Balance at 1 January 2017	1,000,000	(7,261)	9,802	4,715	(5,640)	(367,594)	634,022	41,484	675,506
Changes in fair value of investments at fair value through equity	-	-	-	(1,410)	-	-	(1,410)	-	(1,410)
Effects of exchange rate difference on equity accounted investees	-	-	-	-	328	-	328	-	328
Change in ownership interest in subsidiary	-	-	-	-	-	(5,558)	(5,558)	5,558	-
Profit for the period	-	-	-	-	-	4,014	4,014	80	4,094
Total recognised income and expense for the period	-	-	-	(1,410)	328	(1,544)	(2,626)	5,638	3,012
Transfer to zakah and charity fund	-	-	-	-	-	(100)	(100)	-	(100)
Dividends of subsidiary	-	-	-	-	-	-	-	(10)	(10)
Balance at 31 March 2017	1,000,000	(7,261)	9,802	3,305	(5,312)	(369,238)	631,296	47,112	678,408

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March 2017 (continued)

USD 000's

	Equity attributable to shareholders of the parent						Total	Non-controlling Interests	Total equity
	Share capital	Treasury shares	Statutory reserve	Investments fair value reserve	Foreign exchange translation reserve	Accumulated losses			
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 18.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended 31 March 2017

USD 000's

	Note	Three months ended 31 March 2017 (reviewed)	Three months ended 31 March 2016 (reviewed)
OPERATING ACTIVITIES			
Net profit for the period		4,094	5,059
Adjustments for:			
Depreciation on Ijarah assets	8	2,159	2,940
Depreciation and amortisation		127	192
Amortization of (discount) / premium		(452)	38
Impairment allowance		-	140
Share of results of equity accounted investees		(6)	1,119
Gain on disposal of investment securities and sukuk		(2,689)	(723)
Gain on asset swap transaction		-	(7,261)
Operating profit before changes in operating assets and liabilities		3,233	1,504
Net changes in operating assets and liabilities:			
Financing assets		24,136	2,357
Other assets		(2,116)	(1,929)
Placements from financial institutions		(81,231)	6,697
Other liabilities		(4,316)	(3,226)
Payment to charities		(25)	(32)
Net cash (used in) / generated from operating activities		(60,319)	5,371
INVESTING ACTIVITIES			
Purchase of investment securities		(153,735)	(13,935)
Proceeds from disposal / maturity of investment securities		197,539	10,806
Purchase of property and equipment and intangible assets		(118)	(83)
Net cash generated from / (used in) investing activities		43,686	(3,212)
FINANCING ACTIVITIES			
Dividend paid to non-controlling interest		(10)	(10)
Repayment of bank financing		(108,294)	(612)
Proceeds from bank financing		-	40,000
Net cash (used in) / generated from financing activities		(108,304)	39,378
Net (decrease) / increase in cash and cash equivalents		(124,937)	41,537
Cash and cash equivalents at beginning of the period		147,116	136,993
Cash and cash equivalents at end of the period		22,179	178,530
Cash and bank balances		9,497	14,642
Placements with financial institutions with original maturity of 90 days or less		12,682	163,888
		22,179	178,530

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

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

For the three months ended 31 March 2017

USD 000's

	Three months ended 31 March 2017 (reviewed)	Three months ended 31 March 2016 (reviewed)
Sources of zakah and charity funds		
Undistributed charity and zakah funds at the beginning of the period	104	136
Contributions by the Bank	100	-
Total sources of zakah and charity funds during the period	204	136
Uses of zakah and charity fund		
Contributions for charitable purposes	(25)	(32)
Total uses of funds during the period	(25)	(32)
Undistributed zakah and charity fund at end of the period	179	104

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the three months ended 31 March 2017

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'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

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 2016. 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 2016.

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 2016 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 2016.

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 2016.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the three months ended 31 March 2017

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 2017:

<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	98.50%	To purchase and lease one A330-300 aircraft to Malaysia Airlines.
MENAdrill Investment Company, Cayman Islands	99.99%	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.
FEB Aqar S.P.C., Kingdom of Bahrain	100%	Real estate activities with own or lease property.

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 2016.

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 2016.

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 2017

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7 PLACEMENTS WITH FINANCIAL INSTITUTIONS

	31 March 2017 (reviewed)	31 December 2016 (audited)
Commodity murabaha contracts	6,182	54,389
Wakala contracts	6,502	83,916
Total gross murabaha and wakala contracts	12,684	138,305
Less: Deferred profits on murabaha contracts	(2)	(50)
	12,682	138,255

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 2017	100,000	172,783	272,783
At 31 March 2017	100,000	172,783	272,783
Depreciation:			
At 1 January 2017	17,700	50,046	67,746
Charge for the period	900	1,259	2,159
At 31 March 2017	18,600	51,305	69,905
Net book value:			
As at 31 March 2017 (reviewed)	81,400	121,478	202,878
As at 31 December 2016 (audited)	82,300	122,737	205,037

(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 77,769 thousand (2016: USD 78,410 thousand) was mortgaged against murabaha financing. The murabaha financing was fully settled on 2 March 2017 (refer note 12).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017

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9 INVESTMENT SECURITIES

	31 March 2017 (reviewed)	31 December 2016 (audited)
Equity type instruments - at fair value through equity		
- Quoted equity securities (at fair value)	35,421	36,831
- Unquoted equity securities (at cost less impairment) (i)	995	995
	36,416	37,826
Debt type instruments - At amortised cost		
- Quoted Sukuk (ii)	266,243	306,823
- Subordinated financing (iii)	99,542	99,542
Collective impairment allowance	(2,496)	(2,496)
	363,289	403,869
Total investment securities	399,705	441,695

- (i) Unquoted equity securities represent 15% indirect investment in Al Dur Power and Water Company BSC (c).
- (ii) Quoted sukuk of USD 73 million (31 December 2016: USD 155 million) are pledged against general bank financing of USD 40 million (31 December 2016: USD 100 million) (refer note 12).
- (iii) Subordinated financing represents funding provided to Al Dur Power and Water Company BSC (c).

10 EQUITY ACCOUNTED INVESTEEES

	31 March 2017 (reviewed)	31 December 2016 (audited)
Associates	117,394	118,206
Joint ventures	13,188	12,125
Impairment allowance	(75,387)	(75,387)
	55,195	54,944

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017

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10 EQUITY ACCOUNTED INVESTEEES (continued)

Movement on the equity accounted investees during the period:

	31 March 2017 (reviewed)	31 December 2016 (audited)
At beginning of the period	54,944	76,880
Share of results of equity accounted investees	6	(2,251)
Impairment allowance	-	(18,993)
Foreign exchange translation differences	328	(564)
Intercompany finance expense	(83)	(128)
Balance at the end of the period	55,195	54,944

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:

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 retail 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 investments have been fully provided for.

(ii) The information for 2017 presented in the table includes the results of Al Izz Islamic Bank based on the un-audited accounts for the period from 1 October 2016 to 31 December 2016.

(iii) + (iv) These associate companies are in the start-up phase. The information for 2017 presented in the table includes the results of Medisal based on the un-audited accounts for the period from 1 January 2016 to 31 December 2016.

(v) The information for 2017 presented in the table includes the results of Feboran AD based on the management accounts for the period from 1 October 2016 to 31 December 2016.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017

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11 OTHER ASSETS

	31 March 2017 (reviewed)	31 December 2016 (audited)
Receivable from investee *	11,838	11,681
Ijarah rental receivable	12,611	10,921
Prepayments and advances	3,214	3,692
Intangible assets	45	60
Others	3,182	3,098
	30,890	29,452

* 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.

12 BANK FINANCING

	31 March 2017 (reviewed)	31 December 2016 (audited)
<i>Financing for Ijarah assets</i>		
Murabaha financing *	-	46,356
Term financing **	49,278	50,376
	49,278	96,732
General financing ***	40,233	101,073
	89,511	197,805

* 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 99.99% subsidiary of the Bank at a floating rate 3 month Libor plus 4% that matured on 2 March 2017. As of 31 March 2017, the murabaha financing has been fully settled from the additional capital injection from the Bank resulting to the increase in share capital from 65% to 99.99%.

** 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).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017

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13 OTHER OPERATING EXPENSES RELATING TO IJARAH ASSETS

	31 March 2017 (reviewed)	31 March 2016 (reviewed)
Repairs and maintenance - rigs	1,794	196
Insurance - rigs	132	569
Professional and consultancy fee	159	163
Miscellaneous expenses	260	162
	2,345	1,090

14 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:

31 March 2017 (reviewed)	Associates	Key management personnel/ Shari'a board members/ external auditors	Significant shareholders/ board members/ entities in which directors are interested	Total
Assets				
Cash and bank balances	-	-	139	139
Financing assets	10,655	-	76,745	87,400
Equity accounted investees	55,195	-	-	55,195
Other assets	10	-	-	10
Liabilities				
Placements from financial institutions	-	-	34,425	34,425
Other liabilities	1,053	876	11,288	13,217

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017

USD 000's

14 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 2016(audited)				
Assets				
Cash and bank balances	-	-	139	139
Placements with financial institutions	-	-	3,001	3,001
Financing assets	10,448	-	100,078	110,526
Equity accounted investees	54,944	-	-	54,944
Other assets	10	-	-	10
Liabilities				
Placements from financial institutions	-	-	34,319	34,319
Other liabilities	3,273	762	11,288	15,323

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 2017 (reviewed)				
Income				
Income from financing and placements with financial institutions	125	-	1,680	1,805
Share of results of equity accounted investees	6	-	-	6
Other income	-	-	1,180	1,180
Expenses				
Staff cost	-	635	-	635
Financing cost on placements from financial institutions	-	-	105	105
Other operating expenses	-	224	-	224

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017

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14 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 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

15 COMMITMENTS

	31 March 2017 (reviewed)	31 December 2016 (audited)
Financing commitments	1,596	1,866
Operating lease commitments	1,046	626
	2,642	2,492

16 TREASURY SHARES

In 2016, 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 for 200,000 shares in an existing unquoted equity investment which is fully provided for. Since the shares given up were fully provided, the Bank recognised a gain of USD 7,261 thousand on this swap transaction.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017

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17 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 2017 (reviewed)	Level 1	Level 2	Level 3	Total
Fair value through equity				
Quoted equity securities	35,421	-	-	35,421
31 December 2016 (audited)	Level 1	Level 2	Level 3	Total
Fair value through equity				
Quoted equity securities	36,831	-	-	36,831

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 2017 (reviewed)	Carrying amount	Fair value
Financial assets:		
Financing assets	160,361	160,361
Ijarah assets	202,878	202,878
Investment securities ¹	299,168	299,392
Total	662,407	662,631
Financial liabilities:		
Bank financing	89,511	89,511
Total	89,511	89,511

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2017

USD 000's

17 FINANCIAL INSTRUMENTS (continued)

ii Financial instruments not at fair value (continued):

31 December 2016 (audited)

Financial assets:

Financing assets

Ijarah assets

Investment securities¹

Total

Carrying amount	Fair value
184,497	184,497
205,037	205,037
341,158	348,815
730,692	738,349

Financial liabilities:

Bank financing

Total

197,805	197,805
197,805	197,805

¹ Equity type instruments carried at cost less impairment, of USD 995 thousand (31 December 2016: USD 995 thousand) and debt type instruments of USD 99,542 (31 December 2016: 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.