

**Al Salam Bank-Bahrain B.S.C.**

**INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**31 MARCH 2015**

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT: TO THE BOARD OF DIRECTORS OF AL SALAM BANK-BAHRAIN B.S.C.**

### **Introduction**

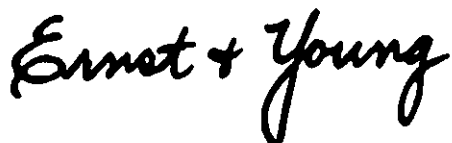
We have reviewed the accompanying interim condensed consolidated financial statements of Al Salam Bank-Bahrain B.S.C. ("the Bank") and its subsidiaries (together "the Group") as at 31 March 2015, comprising of the interim consolidated statement of financial position as at 31 March 2015 and the related interim consolidated statements of income, changes in owners' equity and cash flows for the three month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies disclosed in note 2. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 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 International Standards on Auditing. Consequently, it 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 interim condensed consolidated financial statements are not prepared, in all material aspects, in accordance with the accounting policies disclosed in note 2.



27 April 2015  
Manama, Kingdom of Bahrain

# Al Salam Bank-Bahrain B.S.C.

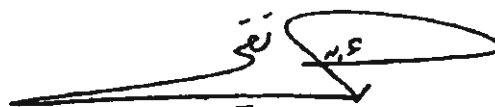
## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2015 (reviewed)

		<i>(Reviewed)</i>	<i>(Audited)</i>
		31 March	31 December
		2015	2014
	<i>Note</i>	<i>BD '000</i>	<i>BD '000</i>
<b>ASSETS</b>			
Cash and balances with banks and Central Bank of Bahrain		247,650	277,751
Central Bank of Bahrain Sukuk		128,563	94,678
Murabaha and Wakala receivables from banks		156,955	182,110
Corporate Sukuk		137,887	139,304
Murabaha financing		304,111	270,428
Mudaraba financing		198,657	189,601
Ijarah Muntahia Bittamleek		149,990	141,052
Musharaka		10,818	10,851
Assets under conversion	3	222,637	308,659
Non-trading investments	4	150,297	147,096
Investments in real estate		63,687	65,149
Development properties		59,336	59,262
Investment in associates		10,703	10,492
Other assets	5	32,893	32,893
Goodwill		25,971	25,971
Assets held-for-sale		54,399	-
<b>TOTAL ASSETS</b>		<b>1,954,554</b>	<b>1,955,297</b>
<b>LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY</b>			
<b>LIABILITIES</b>			
Murabaha and Wakala payables to banks		113,226	121,266
Wakala payables to non-banks		1,085,017	1,034,052
Customers' current accounts		242,515	226,648
Term financing		20,082	21,337
Liabilities under conversion	3	17,320	149,621
Other liabilities		53,592	45,418
Liabilities relating to assets classified as held-for-sale		37,938	-
<b>TOTAL LIABILITIES</b>		<b>1,569,690</b>	<b>1,598,342</b>
<b>EQUITY OF INVESTMENT ACCOUNTHOLDERS</b>		<b>59,307</b>	<b>28,152</b>
<b>OWNERS' EQUITY</b>			
Share capital	6	214,093	214,093
Reserves and retained earnings		97,842	93,777
Proposed appropriations		-	10,705
Total equity attributable to shareholders of the Bank		311,935	318,575
Non-controlling interest		13,622	10,228
<b>TOTAL OWNERS' EQUITY</b>		<b>325,557</b>	<b>328,803</b>
<b>TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY</b>		<b>1,954,554</b>	<b>1,955,297</b>



Sh. Hessa Bint Khalifa Al Khalifa  
Chairperson of the Board



Yousif A. Taqi  
Director & Chief Executive Officer

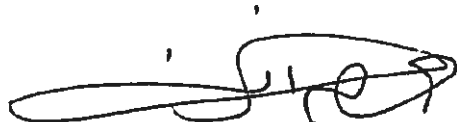
The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

# Al Salam Bank-Bahrain B.S.C.

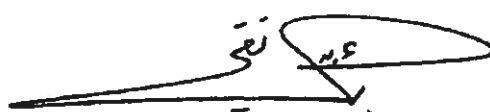
## INTERIM CONSOLIDATED INCOME STATEMENT

For the three month period ended 31 March 2015 (reviewed)

	31 March 2015 BD '000	31 March 2014 BD '000
	<i>Note</i>	
<b>OPERATING INCOME</b>		
Income from financing contracts	13,743	6,021
Income from Sukuk	2,733	1,260
Gains on sale of investments and Sukuk	7 155	2,167
Income from investments	8 676	604
Fair value changes on investments	274	1,611
Dividend income	378	297
Foreign exchange (losses)/gains	(117)	233
Fees, commission and other income - net	1,487	439
	<u>19,329</u>	<u>12,632</u>
Profit on Murabaha and Wakala payables to banks	(186)	(209)
Profit on Wakala payables to non-banks	(7,437)	(4,109)
Profit on term financing	(223)	(234)
Profit relating to equity of investment accountholders	(54)	(42)
	<u>11,429</u>	<u>8,038</u>
<b>OPERATING EXPENSES</b>		
Staff cost	3,235	1,669
Premises and equipment cost	693	258
Depreciation	567	66
Other operating expenses	2,663	1,301
	<u>7,158</u>	<u>3,294</u>
<b>PROFIT BEFORE PROVISIONS AND RESULTS</b>		
OF ASSOCIATES AND JOINT VENTURES	4,271	4,744
Provision for impairment - net	(1,212)	(883)
Share of profit from an associate	855	232
	<u>3,914</u>	<u>4,093</u>
<b>NET PROFIT FOR THE PERIOD</b>		
<i>Attributable to:</i>		
- Shareholders of the Bank	3,793	4,016
- Non-controlling interest	121	77
	<u>3,914</u>	<u>4,093</u>
<b>WEIGHTED AVERAGE NUMBER OF SHARES (in '000)</b>	<u>2,140,931</u>	<u>1,504,166</u>
<b>BASIC AND DILUTED EARNINGS PER SHARE (FILS)</b>	<u>1.8</u>	<u>2.7</u>



Sh. Hessa Bint Khalifa Al Khalifa  
Chairperson of the Board



Yousif A. Taqi  
Director & Chief Executive Officer

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

# Al Salam Bank-Bahrain B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2015 (reviewed)

	31 March 2015	31 March 2014
Note	BD '000	BD '000
<b>OPERATING ACTIVITIES</b>		
Net profit for the period	3,914	4,093
Adjustments:		
Depreciation	567	66
Fair value changes on investments	(274)	(1,611)
Provision for impairment - net	1,212	883
Share of profit from an associate	(855)	(232)
Income from assets classified as held-for-sale	(227)	-
Operating income before changes in operating assets and liabilities	<u>4,337</u>	<u>3,199</u>
<b>Changes in operating assets and liabilities:</b>		
Mandatory reserve with Central Bank of Bahrain	1,298	(45)
Central Bank of Bahrain Sukuk	(33,885)	412
Murabaha and Wakala receivables from banks with original maturities of 90 days or more	3,613	4,927
Corporate Sukuk	1,417	(618)
Murabaha financing	6,979	5,068
Mudaraba financing	(5,700)	(6,725)
Ijarah Muntahia Bittamleek	5,959	957
Musharaka financing	33	(447)
Assets under conversion	25,895	-
Non-trading investments and investment in associates, net	(2,027)	(3,994)
Investments in real estate and development properties, net	1,404	7,040
Assets and liabilities held-for-sale	(16,234)	-
Other assets	(501)	(1,836)
Murabaha and Wakala payables to banks	(8,040)	(1,956)
Wakala from non-banks	1,013	(27,803)
Customers' current accounts	15,867	65,461
Liabilities under conversion	(60,071)	-
Other liabilities	8,174	(5,580)
Net cash (used in) from operating activities	<u>(50,469)</u>	<u>38,060</u>
<b>INVESTING ACTIVITIES</b>		
Cash flow arising on acquisition of a subsidiary	3	127,670
Purchase of premises and equipment	(66)	(34)
Net cash (used in) from investing activities	<u>(66)</u>	<u>127,636</u>
<b>FINANCING ACTIVITIES</b>		
Term financing	(1,255)	190
Equity of investment accountholders	8,877	2,318
Share issue expenses	-	(125)
Dividends paid	(10,830)	(7,446)
Net movements in non-controlling interest	3,398	(7,596)
Net cash from (used in) financing activities	<u>190</u>	<u>(12,659)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(50,345)</u>	<u>153,037</u>
Cash and cash equivalents at 1 January	<u>408,535</u>	<u>171,040</u>
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<u><u>358,190</u></u>	<u><u>324,077</u></u>
<b>Cash and cash equivalents comprise of:</b>		
Cash and other balances with Central Bank of Bahrain	178,209	165,012
Balances with other banks	28,389	9,274
Murabaha and Wakala receivables from banks with original maturities of less than 90 days	151,592	149,791
	<u><u>358,190</u></u>	<u><u>324,077</u></u>

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Al Salam Bank-Bahrain B.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the three month period ended 31 March 2015 (reviewed)

	Attributable to shareholders of the Bank										Amounts in BD '000s		
	Share capital	Treasury stock	Statutory reserve	Retained earnings	Changes in fair value	Real estate fair value reserve	Foreign exchange translation reserve	Share premium reserve	Total reserves	Proposed appropriations		Total	Non-controlling interest
<b>Balance as of</b>													
1 January 2015	214,093	-	12,481	46,497	1,287	22,704	(1,401)	12,209	93,777	10,705	318,575	10,228	328,803
Net profit for the period	-	-	-	3,793	-	-	-	-	3,793	-	3,793	121	3,914
Net changes in fair value	-	-	-	-	945	16	-	-	961	-	961	-	961
Foreign currency re-translation	-	-	-	-	-	-	(689)	-	(689)	-	(689)	-	(689)
Dividend paid	-	-	-	-	-	-	-	-	-	(10,705)	(10,705)	(125)	(10,830)
Net movements in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	3,398	3,398
<b>Balance at 31 March 2015</b>	<b>214,093</b>	<b>-</b>	<b>12,481</b>	<b>50,290</b>	<b>2,232</b>	<b>22,720</b>	<b>(2,090)</b>	<b>12,209</b>	<b>97,842</b>	<b>-</b>	<b>311,935</b>	<b>13,622</b>	<b>325,557</b>
<b>Balance as of</b>													
1 January 2014	149,706	(492)	10,926	43,272	651	21,659	(501)	2,573	78,580	7,485	235,279	10,818	246,097
Net profit for the year	-	-	-	4,016	-	-	-	-	4,016	-	4,016	77	4,093
Net changes in fair value	-	-	-	-	(148)	-	-	-	(148)	-	(148)	-	(148)
Foreign currency re-translation	-	-	-	-	-	-	(32)	-	(32)	-	(32)	-	(32)
Dividend paid	-	-	-	-	-	-	-	-	-	(7,446)	(7,446)	-	(7,446)
Shares issued on acquisition	64,387	-	-	-	-	-	-	8,499	8,499	-	72,886	-	72,886
Share issue expenses	-	-	-	-	-	-	-	(125)	(125)	-	(125)	-	(125)
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	-	-	-	-	222	222
Settlement of non-controlling interest	-	-	-	(158)	-	-	-	-	(158)	-	(158)	(7,438)	(7,596)
Transfer	-	-	-	39	-	-	-	-	39	(39)	-	-	-
<b>Balance at 31 March 2014</b>	<b>214,093</b>	<b>(492)</b>	<b>10,926</b>	<b>47,169</b>	<b>503</b>	<b>21,659</b>	<b>(533)</b>	<b>10,947</b>	<b>90,671</b>	<b>-</b>	<b>304,272</b>	<b>3,679</b>	<b>307,951</b>

The attached notes 1 to 12 form part of these interim consolidated financial statements.

31 March 2015

## **1 INCORPORATION AND PRINCIPAL ACTIVITIES**

Al Salam Bank-Bahrain B.S.C. ("the Bank") was incorporated in the Kingdom of Bahrain under the Bahrain Commercial Companies Law No. 21/2001 and is registered with Ministry of Industry and Commerce ("MOIC") under Commercial Registration Number 59308 on 19 January 2006. The Bank is regulated and supervised by the Central Bank of Bahrain ("the CBB") and has an Islamic retail banking license and is operating under Islamic principles, and in accordance with all the relevant regulatory guidelines for Islamic banks issued by the CBB. The Bank's registered office is P.O. Box 18282, Building 22, Avenue 58, Block 436, Al Seef District, Kingdom of Bahrain.

On 30 March 2014, the Bank acquired 100% stake in BMI Bank B.S.C.(c) ("BMI"), a closed shareholding company in the Kingdom of Bahrain, through exchange of shares. The current period numbers include the effect of consolidation of BMI and the comparatives, where appropriate, do not include the results of BMI as the acquisition was completed on 30 March 2014. BMI operates under a retail conventional banking license issued by the CBB. On 8 January 2015, BMI's Shari'a Supervisory Board meeting was held and approved the conversion of BMI from a conventional to an Islamic Bank effective 1 January 2015. BMI's operations are compliant with Shari'a principles effective 1 January 2015.

The Bank and its subsidiary BMI operate through twelve branches in the Kingdom of Bahrain and offers a full range of Shari'a-compliant banking services and products. The activities of the Bank include managing profit sharing investment accounts, offering Islamic financing contracts, dealing in Shari'a-compliant financial instruments as principal/agent, managing Shari'a-compliant financial instruments and other activities permitted for under the CBB's Regulated Islamic Banking Services as defined in the licensing framework. The Bank's ordinary shares are listed in the Bahrain Bourse and Dubai Financial Market.

The Bank together with its subsidiaries is referred to as "the Group".

These interim condensed consolidated financial statements have been authorised for issue in accordance with a resolution of the Board of Directors dated 27 April 2015.

## **2 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

These interim condensed consolidated financial statements have been prepared in accordance with the guidance given by International Accounting Standard 34 - "Interim Financial Reporting". These interim condensed consolidated financial statements incorporate all assets, liabilities and off-balance sheet financial instruments held by the Group. With the exception of the accounting policies for business combination and treasury stock, the accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2014, which were prepared in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and in conformity with the Bahrain Commercial Companies Law and the CBB and Financial Institutions Law. In accordance with AAOIFI, for matters for which no AAOIFI standards exist, including "Interim Financial Reporting", the Group uses the relevant International Financial Reporting Standard.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with AAOIFI. In addition, results for the three months ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 March 2015

**3 ASSETS AND LIABILITIES UNDER CONVERSION**

These represent interest bearing non-Shari'a compliant assets and liabilities of BMI. These assets and liabilities have been reported as separate line items on the face of the consolidated statement of financial position. The details of the assets and liabilities under conversion are as follows:

	<i>(Reviewed)</i> 31 March 2015 BD '000	<i>(Audited)</i> 31 December 2014 BD '000
<b>Assets</b>		
Due from banks and financial institutions	7,541	13,949
Loans and advances	139,449	215,438
Non-trading investments	74,280	75,189
Other assets	1,367	4,083
	<u>222,637</u>	<u>308,659</u>
<b>Liabilities</b>		
Customers' deposits	10,417	138,793
Other liabilities	6,903	10,828
	<u>17,320</u>	<u>149,621</u>

The above non-trading investments include BD 9 thousands of an equity security and BD 74,271 thousands of debt securities classified as available-for-sale investments. Non-trading investments amounting to BD 57,814 thousands, BD 16,457 thousands and BD 9 thousands are categorized under level 1, level 2 and level 3 of the fair value hierarchy respectively.

**4 NON-TRADING INVESTMENTS**

Non-trading investments are classified as available-for-sale or fair value through profit or loss.

**Fair value hierarchy**

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 that have a significant effect on the recorded fair value are observable, either directly or indirectly;

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

The following table shows an analysis of the financial instruments carried at fair value in the consolidated statement of financial position:

31 March 2015	<i>(Reviewed)</i>			Total BD '000
	Level 1 BD '000	Level 2 BD '000	Level 3 BD '000	
Financial assets at fair value through profit or loss	22,263	-	106,790	129,053
Available-for-sale financial assets	6,594	-	14,650	21,244
	<u>28,857</u>	<u>-</u>	<u>121,440</u>	<u>150,297</u>



# Al Salam Bank-Bahrain B.S.C.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 March 2015

### 4 NON-TRADING INVESTMENTS (continued)

31 December 2014	----- <i>(Audited)</i> -----			Total BD '000
	<i>Level 1</i> BD '000	<i>Level 2</i> BD '000	<i>Level 3</i> BD '000	
Financial assets at fair value through profit or loss	18,476	-	107,303	125,779
Available-for-sale financial assets	6,730	-	14,587	21,317
	<u>25,206</u>	<u>-</u>	<u>121,890</u>	<u>147,096</u>

During the period ended 31 March 2015 and year ended 31 December 2014, there were no transfers between Level 1, Level 2, and Level 3 fair value measurements.

### 5 OTHER ASSETS

	<i>(Reviewed)</i> 31 March 2015 BD '000	<i>(Audited)</i> 31 December 2014 BD '000
	<b>Assets under conversion</b>	
Non-trading-investments - debt	2,232	3,848
Non-trading investments - available-for-sale - equity *	2,170	2,412
	<u>4,402</u>	<u>6,260</u>
Profit receivable	9,855	6,878
Premises and equipment	4,993	5,494
Prepayments	2,022	1,001
Repossessed assets	4,105	3,897
Rental receivable on Ijarah Muntahia Bittamleek assets	390	669
Other receivables and advances	7,126	8,694
	<u>32,893</u>	<u>32,893</u>

\* The above available-for-sale equity investments are classified as Level 3 (2014: Level 3) in the fair value hierarchy (note 4).

### 6 SHARE CAPITAL

	<i>(Reviewed)</i> 31 March 2015 BD'000	<i>(Audited)</i> 31 December 2014 BD'000
	<b>Authorised:</b>	
2,500,000,000 ordinary shares (2014: 2,500,000,000 shares) of BD 0.100 each	250,000	250,000
<b>Issued and fully paid: (BD 0.100 per share)</b>		
Balance at the beginning	214,093	149,706
Shares issued	-	64,387
	<u>214,093</u>	<u>214,093</u>

#### 6.1 Business combination

During 2014, the Bank made an offer to acquire 100% of the issued and paid up shares of BMI, at an exchange ratio of eleven new shares of the Bank for each share of BMI. The acquisition through share exchange was approved by the shareholders of the Bank in their Extraordinary General Assembly Meeting held on 8 October 2013. The Bank issued 643,866,927 new shares of the Bank. This resulted in proceeds of BD 72,886 thousands from the new issue, including a share premium of BD 8,499 thousands. The goodwill arising out of above acquisition amounted to BD 25,971 thousands.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 March 2015

## 7 GAINS ON SALE OF INVESTMENTS AND SUKUK

	<i>31 March 2015 BD'000</i>	<i>31 March 2014 BD'000</i>
<b>Gain on sale of:</b>		
Development properties	191	1,401
FVTPL investments	22	4
Sukuk	-	762
Available-for-sale investments	(58)	-
	<u>155</u>	<u>2,167</u>

## 8 INCOME FROM INVESTMENTS

	<i>31 March 2015 BD'000</i>	<i>31 March 2014 BD'000</i>
Income from assets classified as held-for-sale	227	-
Rental income from investments in real estate	382	427
Income from FVTPL investments	67	177
	<u>676</u>	<u>604</u>

## 9 TOTAL COMPREHENSIVE INCOME

	<i>31 March 2015 BD '000</i>	<i>31 March 2014 BD '000</i>
<b>Net profit for the period</b>	<u>3,914</u>	<u>4,093</u>
<b>Other comprehensive income / (loss):</b>		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Net changes in fair value of available-for-sale investments	945	(148)
Changes in fair value of investments in real estate	16	-
Foreign currency re-translation	(689)	(32)
<b>Other comprehensive income (loss) for the period</b>	<u>272</u>	<u>(180)</u>
<b>Total comprehensive income for the period</b>	<u>4,186</u>	<u>3,913</u>
<b>Attributable to:</b>		
Equity holders of the Bank	4,065	3,836
Non-controlling interest	121	77
	<u>4,186</u>	<u>3,913</u>

31 March 2015

**10 RELATED PARTY TRANSACTIONS**

Related parties comprise major shareholders, directors of the Bank, senior management, close members of their families, entities owned or controlled by them and companies affiliated by virtue of common ownership or directors with that of the Bank. The transactions with these parties were made on commercial terms.

The significant balances with related parties at 31 March 2015 were as follows:

	<i>March 2015 (Reviewed)</i>				<i>Total BD '000</i>
	<i>Associates, and joint ventures BD '000</i>	<i>Major shareholders BD '000</i>	<i>Directors and related entities BD '000</i>	<i>Senior management BD '000</i>	
<b>Assets:</b>					
Cash and balances with banks and					
Central Bank of Bahrain	-	163	-	-	163
Murabaha financing	30,160	-	18	43	30,221
Mudaraba financing	14,310	-	40	17	14,367
Ijarah Muntahia Bittamleek	-	-	970	202	1,172
Musharaka financing	843	-	63	-	906
Assets under conversion	-	-	-	21	21
Other assets	1,268	-	23	6	1,297
<b>Liabilities and equity of investment accountholders:</b>					
Wakala payables to non-banks	7,456	102,560	3,129	881	114,026
Customers' current accounts	3,571	-	841	45	4,457
Equity of investment accountholders	-	-	492	151	643
Liabilities under conversion	12	-	1	13	26
Other liabilities	76	2,351	14	4	2,445
Contingent liabilities and commitments	542	-	-	-	542

	<i>December 2014 (Audited)</i>				<i>Total BD '000</i>
	<i>Associates, and joint ventures BD '000</i>	<i>Major shareholders BD '000</i>	<i>Directors and related entities BD '000</i>	<i>Senior management BD '000</i>	
<b>Assets:</b>					
Cash and balances with banks and					
Central Bank of Bahrain	-	28	-	-	28
Murabaha financing	30,160	-	20	49	30,229
Mudaraba financing	14,310	-	56	-	14,366
Ijarah Muntahia Bittamleek	-	-	1,007	207	1,214
Musharaka financing	843	-	65	-	908
Assets under conversion	243	-	404	74	721
Other assets	885	6	3	6	900
<b>Liabilities and equity of investment accountholders:</b>					
Wakala payables to non-banks	9,057	90,015	3,355	946	103,373
Customers' current accounts	941	3,905	1,980	55	6,881
Equity of investment accountholders	-	-	1,400	121	1,521
Liabilities under conversion	1,554	-	805	-	2,359
Other liabilities	129	4	17	4	154
Contingent liabilities and commitments	1,106	-	-	-	1,106

**10 RELATED PARTY TRANSACTIONS (continued)**

The income and expenses in respect of related parties included in the interim condensed consolidated financial statements are as follows:

	<i>31 March 2015 (Reviewed)</i>				
	<i>Associates and joint ventures</i>	<i>Major shareholders</i>	<i>Directors and related entities</i>	<i>Senior management</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
<b>Income:</b>					
Income from financing contracts	86	725	24	1	836
Other income	49	-	-	-	49
<b>Expenses:</b>					
Profit on Wakala payables to non-banks	45	-	19	5	69

	<i>31 March 2014 (Reviewed)</i>				
	<i>Associates and joint ventures</i>	<i>Major shareholders</i>	<i>Directors and related entities</i>	<i>Senior management</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
<b>Income:</b>					
Income from financing contracts	100	-	37	1	138
<b>Expenses:</b>					
Profit on Wakala payables to non-banks	19	-	11	4	34

**11 CONTINGENT LIABILITIES AND COMMITMENTS**

	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>31 March 2015</i>	<i>31 December 2014</i>
	<i>BD'000</i>	<i>BD'000</i>
<b>Contingent liabilities on behalf of customers</b>		
Guarantees	33,689	37,077
Letters of credit	7,728	9,704
Acceptances	2,282	3,464
	<u>43,699</u>	<u>50,245</u>
<b>Irrevocable unutilised commitments</b>		
Unutilised financing commitments	71,955	87,337
Unutilised non-funded commitments	54,380	50,023
Commitments towards development cost	23,310	23,880
	<u>149,645</u>	<u>161,240</u>
<b>Commitment relating to purchase of investment</b>	<u>4,182</u>	<u>4,182</u>
<b>Capital expenditure commitments</b>		
Estimated capital expenditure contracted for at the consolidated statement of financial position date but not provided for	32	45
	<u>197,558</u>	<u>215,712</u>
<b>Forward foreign exchange contracts - notional amount</b>	<u>759</u>	<u>15,781</u>

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**11 CONTINGENT LIABILITIES AND COMMITMENTS (continued)**

Letters of credit, guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers contingent upon their failure to perform under the terms of the contract.

Commitments generally have fixed expiration dates, or other termination clauses. Since commitment may expire without being utilized, the total contract amounts do not necessarily represent future cash requirements.

**Operating lease commitment - Group as lessee**

The Group has entered into various operating lease agreements for its premises. Future minimal rentals payable under the non-cancellable leases are as follows:

	<i>(Reviewed)</i> 31 March 2015 BD '000	<i>(Audited)</i> 31 December 2014 BD '000
Within 1 year	1,797	1,789
After one year but not more than five years	3,214	3,517
	<u>5,011</u>	<u>5,306</u>

**12 SEGMENT INFORMATION****Primary segment information**

For management purposes, the Group is organised into four major business segments:

- Banking** - Principally managing Shari'a compliant profit sharing investment accounts, and offering Shari'a compliant financing contracts and other Shari'a-compliant products. This segment comprises corporate banking, retail banking and private banking and wealth management.
- Treasury** - Principally handling Shari'a compliant money market, trading and treasury services including short-term commodity Murabaha.
- Investments** - Principally the Group's proprietary portfolio and serving clients with a range of investment products, funds and alternative investments.
- Capital** - Manages the undeployed capital of the Group by investing it in high quality financial instruments, incurs all expenses in managing such investments and accounts for the capital governance related expenses.

These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at estimated market rates on an arm's length basis. Transfer charges are based on a pool rate which approximates the cost of funds.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## 12 SEGMENT INFORMATION (continued)

Segment information for the period ended 31 March 2015 was as follows:

	<i>31 March 2015 (Reviewed)</i>				
	<i>Banking BD '000</i>	<i>Treasury BD '000</i>	<i>Investments BD '000</i>	<i>Capital BD '000</i>	<i>Total BD '000</i>
Operating income	9,037	1,275	887	230	11,429
Segment result	3,258	1,179	242	(765)	3,914
<b>Other Information</b>					
Segment assets	808,884	575,546	416,072	154,052	1,954,554
Segment liabilities and equity	1,392,735	129,866	92,560	339,393	1,954,554

Goodwill resulting from BMI acquisition is allocated to banking segment.

Segment information for the period ended 31 March 2014 was as follows:

	<i>31 March 2014 (Reviewed)</i>				
	<i>Banking BD '000</i>	<i>Treasury BD '000</i>	<i>Investments BD '000</i>	<i>Capital BD '000</i>	<i>Total BD '000</i>
Operating income	3,273	1,235	1,480	2,050	8,038
Segment result	1,530	1,019	797	747	4,093

Segment information for the year ended 31 December 2014 (audited) was as follows:

<b>Other information</b>					
Segment assets	830,396	537,408	356,947	230,546	1,955,297
Segment liabilities and equity	1,444,201	121,549	62,258	327,289	1,955,297

**Secondary segment information**

The Group primarily operates in the GCC and derives substantially all its operating income and incurs all operating expenses in the GCC.