

Al Salam Bank-Bahrain B.S.C.

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 SEPTEMBER 2013

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 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") as at 30 September 2013, comprising of the interim consolidated statement of financial position as at 30 September 2013 and the related interim consolidated statements of income, cash flows and changes in owners' equity for the nine 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.



9 October 2013
Manama, Kingdom of Bahrain

Al Salam Bank-Bahrain B.S.C.

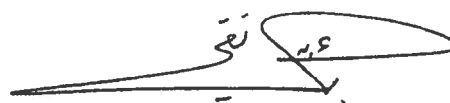
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2013 (reviewed)

		<i>(Reviewed)</i>	<i>(Audited)</i>
		<i>30 September</i>	<i>31 December</i>
		<i>2013</i>	<i>2012</i>
	<i>Note</i>	<i>BD '000</i>	<i>BD '000</i>
ASSETS			
Cash and balances with banks and Central Bank of Bahrain		95,942	66,843
Central Bank of Bahrain Sukuk		102,937	117,612
Murabaha and Wakala receivables from banks		120,418	103,290
Corporate Sukuk		88,844	74,993
Murabaha financing		160,686	127,537
Mudaraba financing		103,296	99,572
Ijarah Muntahia Bittamleek		98,938	82,954
Musharaka		20,302	17,467
Non-trading investments	3	209,071	204,202
Investment in an associate		7,335	7,573
Investment properties		14,485	2,500
Other assets	4	22,922	36,908
Premises and equipment		628	767
TOTAL ASSETS		1,045,804	942,218
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY			
LIABILITIES			
Murabaha and Wakala payables to banks		92,676	90,852
Wakala payables to non-banks		608,480	521,929
Customers' current accounts		82,791	83,921
Other liabilities		20,835	19,175
TOTAL LIABILITIES		804,782	715,877
EQUITY OF INVESTMENT ACCOUNTHOLDERS		31,865	18,276
OWNERS' EQUITY			
Share capital	5	149,706	149,706
Treasury stock		(492)	(492)
Reserves and retained earnings		59,943	51,366
Proposed appropriations		-	7,485
TOTAL OWNERS' EQUITY		209,157	208,065
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY		1,045,804	942,218



Sh. Hessa Bint Khalifa Al Khalifa
Chairperson of the Board



Yousif A. Taqi
Director and Chief Executive Officer

The attached notes 1 to 9 form part of these interim condensed consolidated financial statements.

Al Salam Bank-Bahrain B.S.C.

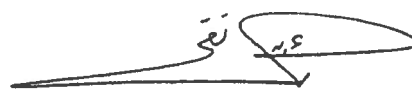
INTERIM CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2013 (reviewed)

	<i>Three months ended 30 September 2013 BD '000</i>	<i>Three months ended 30 September 2012 BD '000</i>	<i>Nine months ended 30 September 2013 BD '000</i>	<i>Nine months ended 30 September 2012 BD '000</i>
OPERATING INCOME				
Income from financing contracts	6,758	3,924	17,787	12,511
Income from Sukuk	2,367	2,337	6,964	6,572
Gains on sale of investments and sukuk	197	1,495	2,169	5,073
Income from FVTPL investments	879	463	2,324	917
Fair value changes on FVTPL investments	(314)	(152)	(68)	(4,237)
Net (loss) gain from available-for-sale investments	-	(168)	-	1,591
Dividend income	155	410	560	1,178
Foreign exchange gains	279	109	665	486
Fees, commission and other income - net	308	6,263	1,393	6,695
	10,629	14,681	31,794	30,786
Profit on Murabaha and Wakala payables to banks	(135)	(134)	(484)	(436)
Profit on Wakala payables to non-banks	(4,353)	(4,970)	(12,929)	(15,811)
Profit relating to equity of investment accountholders	(40)	(41)	(107)	(128)
Total operating income	6,101	9,536	18,274	14,411
OPERATING EXPENSES				
Staff costs	1,443	1,435	4,219	4,493
Premises and equipment cost	266	280	868	880
Depreciation	72	80	211	326
Other operating expenses	859	791	2,578	2,430
Total operating expenses	2,640	2,586	7,876	8,129
PROFIT BEFORE PROVISIONS	3,461	6,950	10,398	6,282
Provisions / write-off	(354)	(65)	(1,269)	(209)
NET PROFIT FOR THE PERIOD	3,107	6,885	9,129	6,073
<i>Attributable to:</i>				
Shareholders of the Bank	3,107	6,885	9,129	6,037
Non-controlling interest	-	-	-	36
	3,107	6,885	9,129	6,073
WEIGHTED AVERAGE NUMBER OF SHARES (in '000)				
	1,491,372	1,491,403	1,491,372	1,491,403
BASIC AND DILUTED EARNINGS PER SHARE (FILS)				
	2.1	4.6	6.1	4.0



Sh. Hessa Bint Khalifa Al Khalifa
Chairperson of the Board



Yousif A. Taqi
Director and Chief Executive Officer

The attached notes 1 to 9 form part of these interim condensed consolidated financial statements.

Al Salam Bank-Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2013 (reviewed)

	<i>Nine months ended 30 September 2013 BD '000</i>	<i>Nine months ended 30 September 2012 BD '000</i>
OPERATING ACTIVITIES		
Net profit for the period	9,129	6,073
Adjustments:		
Depreciation	211	326
Net loss on investments	68	2,646
Provisions / write-off	1,269	209
Operating income before changes in operating assets and liabilities	<u>10,677</u>	<u>9,254</u>
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	(830)	(2,630)
Central Bank of Bahrain Sukuk	14,675	(10,881)
Murabaha and Wakala receivables from banks with original maturities of 90 days or more	(4,480)	1,016
Corporate Sukuk	(13,851)	(25,855)
Murabaha financing	(34,117)	9,792
Mudaraba financing	(3,724)	(39,085)
Ijarah Muntahia Bittamleek	(16,008)	(10,902)
Musharaka financing	(2,835)	(4,534)
Non-trading investments, net	(5,290)	2,271
Other assets	13,709	(4,821)
Murabaha and Wakala payables to banks	1,824	(1,767)
Wakala from non-banks	86,551	57,489
Customers' current accounts	(1,130)	21,429
Other liabilities	1,660	(6,947)
Net cash from (used in) operating activities	<u>46,831</u>	<u>(6,171)</u>
INVESTING ACTIVITIES		
Purchase of premises and equipment	(72)	(62)
Purchase of investment properties	(11,985)	-
Net cash used in investing activities	<u>(12,057)</u>	<u>(62)</u>
FINANCING ACTIVITIES		
Equity of investment accountholders	13,589	17,890
Purchase of treasury stock	-	(27)
Dividends	(7,446)	-
Net cash from financing activities	<u>6,143</u>	<u>17,863</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	40,917	11,630
Cash and cash equivalents at 1 January	<u>149,013</u>	<u>187,729</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	<u>189,930</u>	<u>199,359</u>
Cash and cash equivalents comprise of:		
Cash and other balances with Central Bank of Bahrain	51,927	47,949
Balances with other banks	23,120	16,945
Murabaha and Wakala receivables from banks with original maturities of less than 90 days	114,883	134,465
	<u>189,930</u>	<u>199,359</u>

The attached notes 1 to 9 form part of these interim condensed consolidated financial statements.

Al Salam Bank-Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the period ended 30 September 2013 (reviewed)

Amounts in BD '000s

	Attributable to shareholders of the Bank										Total	Non-controlling interest	Total owners' equity
	Share capital	Treasury stock	Statutory reserve	Retained earnings	Changes in fair value	Foreign exchange translation reserve	Share premium reserve	Total reserves	Proposed appropriations	Total			
Balance as of 1 January 2013	149,706	(492)	9,689	39,583	92	(571)	2,573	51,366	7,485	208,065	-	208,065	
Net profit for the period	-	-	-	9,129	-	-	-	9,129	-	9,129	-	9,129	
Net change in fair value	-	-	-	-	(353)	-	-	(353)	-	(353)	-	(353)	
Changes on investment in an associate	-	-	-	-	-	(238)	-	(238)	-	(238)	-	(238)	
Dividend paid	-	-	-	-	-	-	-	-	(7,446)	(7,446)	-	(7,446)	
Transfer	-	-	-	39	-	-	-	39	(39)	-	-	-	
Balance at 30 September 2013	149,706	(492)	9,689	48,751	(261)	(809)	2,573	59,943	-	209,157	-	209,157	
Balance as of 1 January 2012	149,706	(465)	8,662	37,823	(1,830)	-	2,573	47,228	-	196,469	4,156	200,625	
Net profit for the period	-	-	-	6,037	-	-	-	6,037	-	6,037	36	6,073	
Net change in fair value	-	-	-	-	2,296	(609)	-	1,687	-	1,687	-	1,687	
Treasury shares purchased	-	(27)	-	-	-	-	-	-	-	(27)	-	(27)	
Transfer to other liabilities	-	-	-	-	-	-	-	-	-	-	(4,192)	(4,192)	
Balance at 30 September 2012	149,706	(492)	8,662	43,860	466	(609)	2,573	54,952	-	204,166	-	204,166	

The attached notes 1 to 9 form part of these interim condensed consolidated financial statements.

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 was registered with Ministry of Industry and Commerce 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.

In 2009, the Bank acquired a 90.31% stake in Bahraini Saudi Bank B.S.C. (BSB), a publicly listed commercial bank in the Kingdom of Bahrain engaged in retail banking. In January 2012, BSB shares were delisted from Bahrain Bourse. On 26 February 2012, approval was granted by CBB to convert BSB's license from conventional to Islamic Bank. On 24 April 2012, the operations of BSB merged with those of the Bank as more fully explained in note 5.

The Bank operates through eight retail 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 Banking Services as defined in the licensing framework. The Bank's ordinary shares are listed in the Bahrain Bourse and Dubai Financial Market.

These interim condensed consolidated financial statements have been authorised for issue in accordance with a resolution of the Board of Directors dated 9 October 2013.

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 Bank. With the exception of the application of accounting policy for investment real estate, 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 financial statements for the year ended 31 December 2012, 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 Central Bank of Bahrain and Financial Institutions Law. In accordance with AAOIFI, for matters for which no AAOIFI standards exist, including "Interim Financial Reporting", the Bank uses the relevant International Financial Reporting Standard.

AAOIFI issued a new accounting standard, Financial Accounting Standard 26 - Investment in real estate ("FAS 26") and is effective for financial periods beginning 1 January 2013. This standard shall apply in the recognition, measurement and disclosure of the entity's direct investment in real estate that is acquired for the purpose of earning periodical income or held for future capital appreciation or both. In accordance with FAS 26, the investment in real estate initially recognized at cost and subsequently measured based on intention whether the investment in real estate is held for use or held for sale. For held for use investments, an entity shall choose as its accounting policy either the fair value model or the cost model. The Bank has adopted the fair value model for its investments in real estate. Under the fair value model any unrealized gains are recognized directly in owners' equity. Any unrealized losses are adjusted in equity to the extent of the available credit balance. Where unrealized losses exceed the available balance in owners' equity, these are recognized in the consolidated income statement. In case there are unrealized losses relating to investment in real estate that have been recognized in the consolidated income statement in a previous financial period, the unrealized gains relating to the current financial period is recognized to the extent of crediting back such previous losses in the consolidated income statement. The adoption of FAS 26 did not have any material impact on the Bank's interim condensed consolidated financial statements.

The interim condensed consolidated financial statements do not contain all information and disclosure required for full financial statements prepared in accordance with AAOIFI. In addition, results for the nine month ended 30 September 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

30 September 2013 (reviewed)

3 NON-TRADING INVESTMENTS

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques.

Fair value hierarchy

The Bank 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; and

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 interim consolidated statement of financial position:

30 September 2013

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Financial assets at fair value through profit or loss	9,179	6	192,791	201,976
Available-for-sale financial assets	7,095	-	-	7,095
	16,274	6	192,791	209,071

During the reporting period ended 30 September 2013 and 31 December 2012, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

31 December 2012

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Financial assets at fair value through profit or loss	9,736	445	182,987	193,168
Available-for-sale financial assets	11,034	-	-	11,034
	20,770	445	182,987	204,202

30 September 2013 (reviewed)

4 OTHER ASSETS

	<i>30 September</i>	<i>31 December</i>
	<i>2013</i>	<i>2012</i>
	<i>BD '000</i>	<i>BD '000</i>
Assets under conversion*	6,677	18,393
Income receivable on Islamic financing contracts and Sukuk	7,081	4,775
Repossessed assets	3,721	6,425
Prepayments	616	365
Other receivables	4,827	6,950
	<u>22,922</u>	<u>36,908</u>

*The above assets were previously disclosed as assets under conversion. Subsequent to the merger of BSB with the Bank, these non-Shari'a compliant assets were reclassified to other assets.

5 OWNERS' EQUITY

	<i>30 September</i>	<i>31 December</i>
	<i>2013</i>	<i>2012</i>
	<i>BD '000</i>	<i>BD '000</i>
Share capital:		
Authorised:		
2,000,000,000 (2012: 2,000,000,000) ordinary shares of BD 0.100 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid: (BD 0.100 per share)		
Balance at beginning and end of period - 1,497,063,825 shares	<u>149,706</u>	<u>149,706</u>

Non-controlling interest:

The shareholders of BSB in an Extraordinary General Assembly Meeting held on 22 December 2011 resolved to merge BSB's operations with those of the Bank. Consequently, on 24 April 2012, the Commercial Registration of BSB was cancelled by the Ministry of Industry and Commerce (MOIC). Following this, the Bank acquired all the assets, and assumed all the liabilities of BSB, with effect from 25 April 2012 and integrated BSB's operations with those of the Bank.

The Bank's financial obligations to the non-controlling interest of BSB have been transferred to other liabilities in the interim consolidated statement of financial position, pending completion of legal formalities and settlement.

6 TOTAL COMPREHENSIVE INCOME

	<i>Three</i>	<i>Three</i>	<i>Nine</i>	<i>Nine</i>
	<i>months ended</i>	<i>months ended</i>	<i>months ended</i>	<i>months ended</i>
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
NET PROFIT FOR THE PERIOD	<u>3,107</u>	<u>6,885</u>	<u>9,129</u>	<u>6,073</u>
Other comprehensive income				
Items to be reclassified to profit				
or loss in subsequent periods:				
Net changes in fair value	321	1,006	(353)	2,296
Exchange differences on investment in an associate	(157)	(609)	(238)	(609)
Other comprehensive income (loss) for the period	<u>164</u>	<u>397</u>	<u>(591)</u>	<u>1,687</u>
TOTAL COMPREHENSIVE INCOME				
FOR THE PERIOD	<u>3,271</u>	<u>7,282</u>	<u>8,538</u>	<u>7,760</u>
Attributable to:				
Equity holders of the Bank	3,271	7,282	8,538	7,724
Non-controlling interest	-	-	-	36
	<u>3,271</u>	<u>7,282</u>	<u>8,538</u>	<u>7,760</u>

30 September 2013 (reviewed)

7 RELATED PARTY TRANSACTIONS

Related parties comprise major shareholders, directors of the Bank, 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 30 September 2013 were as follows:

	<i>30 September 2013</i>			
	<i>Associates and joint ventures BD '000</i>	<i>Directors and related entities BD '000</i>	<i>Senior management BD '000</i>	<i>Total BD '000</i>
Assets:				
Murabaha financing	36,650	29	42	36,721
Mudaraba financing	14,310	80	-	14,390
Ijarah Muntahia Bittamleek	-	2,038	232	2,270
Musharaka financing	2,100	-	-	2,100
Other assets	581	11	6	598
Liabilities and equity of investment accountholders:				
Wakala payables to non-banks	2,576	1,558	555	4,689
Customers' current accounts	2,743	430	41	3,214
Equity of investment accountholders	2,714	759	86	3,559
Other liabilities	4	4	2	10
Commitments & contingent liabilities	1,741	-	-	1,741

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

	<i>30 September 2013</i>			
	<i>Associates and joint ventures BD '000</i>	<i>Directors and related entities BD '000</i>	<i>Senior management BD '000</i>	<i>Total BD '000</i>
Income:				
Income from financing contracts	2,709	267	2	2,978
Expenses:				
Profit on Wakala payables to non-banks	47	32	11	90

Al Salam Bank-Bahrain B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2013 (reviewed)

7 RELATED PARTY TRANSACTIONS (continued)

The significant balances with related parties at 31 December 2012 were as follows:

	31 December 2012			Total BD '000
	Associates and joint ventures BD '000	Directors and related entities BD '000	Senior management BD '000	
Assets:				
Murabaha financing	30,198	13	70	30,281
Mudaraba financing	14,214	100	-	14,314
Ijarah Muntahia Bittamleek	-	2,310	-	2,310
Musharaka financing	2,061	-	-	2,061
Other assets	822	4	-	826
Liabilities and equity of investment accountholders:				
Wakala payables to non-banks	2,459	926	230	3,615
Customers' current accounts	5,145	154	10	5,309
Equity of investment accountholders	1,866	110	10	1,986
Commitments & Contingent liabilities	13,698	-	-	13,698

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

	30 September 2012			Total BD '000
	Associates and joint ventures BD '000	Directors and related entities BD '000	Senior management BD '000	
Income:				
Income from Islamic financing contracts	856	-	4	860
Expenses:				
Profit on Wakala payables to non-banks	64	26	4	94

8 CONTINGENT LIABILITIES AND COMMITMENTS

The Bank has the following commitments:

	<i>30 September</i>	<i>31 December</i>
	<i>2013</i>	<i>2012</i>
	<i>BD '000</i>	<i>BD '000</i>
Contingent liabilities on behalf of customers		
Guarantees	6,729	9,744
Letters of credit	615	814
Acceptances	127	275
	<u>7,471</u>	<u>10,833</u>
Irrevocable unutilised commitments		
Unutilised financing commitments	10,868	20,396
Unutilised non-funded commitments	7,657	6,219
Unutilised capital commitments	1,189	1,391
	<u>19,714</u>	<u>28,006</u>
	<u>27,185</u>	<u>38,839</u>

Letters of credit, guarantees (including standby letters of credit) commit the Bank 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 drawn upon, the total contract amounts do not necessarily represent future cash requirements.

Operating lease commitment - Bank as lessee

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

	<i>30 September</i>	<i>31 December</i>
	<i>2013</i>	<i>2012</i>
	<i>BD '000</i>	<i>BD '000</i>
Within 1 year	678	714
After one year but not more than five years	572	915
	<u>1,250</u>	<u>1,629</u>

9 SEGMENT INFORMATION

Primary segment information

For management purposes, the Bank 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 Bank's proprietary portfolio and serving clients with a range of investment products, funds and alternative investments.
- Capital** - manages the undeployed capital of the Bank 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 Bank 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.

Segment information for the period ended 30 September 2013 was as follows:

	<i>30 September 2013</i>				
	<i>Banking</i>	<i>Treasury</i>	<i>Investments</i>	<i>Capital</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Operating income	9,126	4,939	2,131	2,078	18,274
Segment result	5,215	4,385	1,158	(1,629)	9,129
Other information					
Segment assets	390,597	409,239	187,077	58,891	1,045,804
Segment liabilities and equity	728,119	93,244	6,617	217,824	1,045,804

Segment information for the period ended 30 September 2012 was as follows:

	<i>Banking</i>	<i>Treasury</i>	<i>Investments</i>	<i>Capital</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Operating income	1,657	4,818	1,062	6,874	14,411
Segment result	(1,511)	4,155	(318)	3,747	6,073

Segment information for the year ended 31 December 2012 was as follows:

	<i>Banking</i>	<i>Treasury</i>	<i>Investments</i>	<i>Capital</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Segment assets	348,043	361,628	171,287	61,260	942,218
Segment liabilities and equity	629,981	90,966	2,547	218,724	942,218

Secondary segment information

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