

Al Salam Bank-Bahrain B.S.C.
INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
30 June 2017 (Reviewed)

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 consolidated statement of financial position of Al Salam Bank-Bahrain B.S.C. ("the Bank") and its subsidiaries (together "the Group") as at 30 June 2017, and the related interim consolidated income statement, statements of cash flows and changes in owners' equity for the six 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.



7 August 2017

Manama, Kingdom of Bahrain

Al Salam Bank-Bahrain B.S.C.

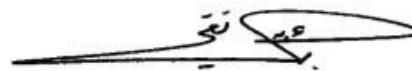
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017 (reviewed)

		<i>(Reviewed)</i>	<i>(Audited)</i>
		30 June	31 December
		2017	2016
	<i>Note</i>	BD '000	BD '000
ASSETS			
Cash and balances with banks and Central Bank		97,036	131,990
Sovereign Sukuk		364,167	358,269
Murabaha and Wakala receivables from banks		146,046	182,452
Corporate Sukuk		11,853	28,934
Murabaha financing		221,726	213,687
Mudaraba financing		278,603	252,807
Ijarah Muntahia Bittamleek		194,079	188,485
Musharaka		15,780	12,304
Assets under conversion	3	21,377	37,016
Non-trading investments	4	120,703	122,073
Investments in real estate		51,863	51,863
Development properties		20,256	17,781
Investment in associates		11,489	10,561
Other assets	5	46,238	27,260
Goodwill		25,971	25,971
Assets classified as held-for-sale		-	19,840
TOTAL ASSETS		1,627,187	1,681,293
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY			
LIABILITIES			
Murabaha and Wakala payables to banks		120,097	132,032
Murabaha and Wakala payables to non-banks		637,138	723,439
Current accounts		319,730	279,609
Liabilities under conversion	3	1,451	217
Murabaha term financing		98,045	91,837
Other liabilities		52,275	49,043
Liabilities relating to assets classified as held-for-sale		-	11,421
TOTAL LIABILITIES		1,228,736	1,287,598
EQUITY OF INVESTMENT ACCOUNTHOLDERS		76,267	68,796
OWNERS' EQUITY			
Share capital		214,093	214,093
Treasury stock		(1,733)	(1,646)
Reserves and retained earnings		109,074	100,213
Proposed appropriations		-	10,705
Total equity attributable to shareholders of the Bank		321,434	323,365
Non-controlling interest		750	1,534
TOTAL OWNERS' EQUITY		322,184	324,899
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY		1,627,187	1,681,293



Sh. Hessa Bint Khalifa Al Khalifa
Chairperson of the Board



Yousif A. Taqi
Director & Chief Executive Officer

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Al Salam Bank-Bahrain B.S.C.

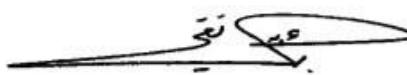
INTERIM CONSOLIDATED INCOME STATEMENT

For the six month period ended 30 June 2017 (reviewed)

		<i>Three months ended 30 June 2017 BD '000</i>	<i>Three months ended 30 June 2016 BD '000</i>	<i>Six months ended 30 June 2017 BD '000</i>	<i>Six months ended 30 June 2016 BD '000</i>
OPERATING INCOME					
Income from financing contracts		10,822	9,538	21,624	18,650
Income from Sukuk		4,164	3,714	8,353	8,103
(Loss) / gain on sale of investments and Sukuk	6	(33)	942	423	2,054
Income from investments	7	818	1,299	1,566	1,631
Fair value changes on investments		(563)	131	(275)	1,227
Dividend income		147	30	407	382
Foreign exchange gain		337	245	330	694
Fees, commission and other income - net	8	4,309	2,026	7,985	3,236
		20,001	17,925	40,413	35,977
Profit on Murabaha and Wakala payables to banks		(472)	(778)	(981)	(1,112)
Profit on Wakala payables to non-banks		(3,801)	(4,501)	(8,006)	(9,230)
Profit on Murabaha term financing		(637)	(410)	(1,122)	(820)
Return on equity of investment accountholders before Group's share as a Mudarib		(49)	(52)	(91)	(107)
Group's share as a Mudarib		22	23	41	48
		(27)	(29)	(50)	(59)
Total operating income		15,064	12,207	30,254	24,756
OPERATING EXPENSES					
Staff cost		2,708	2,892	5,321	5,523
Premises and equipment cost		346	587	727	1,232
Depreciation		298	988	833	1,980
Other operating expenses		2,447	2,508	4,777	4,654
Total operating expenses		5,799	6,975	11,658	13,389
PROFIT BEFORE PROVISIONS AND RESULTS OF ASSOCIATES		9,265	5,232	18,596	11,367
Provision for financing and investments - net		(5,174)	(1,353)	(11,111)	(3,714)
Share of profit from associates		-	-	910	727
NET PROFIT FOR THE PERIOD		4,091	3,879	8,395	8,380
ATTRIBUTABLE TO:					
- Shareholders of the Bank		4,127	4,060	8,477	8,710
- Non-controlling interest		(36)	(181)	(82)	(330)
		4,091	3,879	8,395	8,380
Weighted average number of shares (in '000)		2,125,092	2,140,931	2,125,092	2,140,931
Basic and diluted earnings per share (fils)		2	2	4	4



Sh. Hessa Bint Khalifa Al Khalifa
Chairperson of the Board



Yousif A. Taqi
Director & Chief Executive Officer

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2017 (reviewed)

	<i>Six months ended 30 June 2017 BD '000</i>	<i>Six months ended 30 June 2016 BD '000</i>
OPERATING ACTIVITIES		
Net profit for the period	8,395	8,380
Adjustments:		
Depreciation	833	1,980
Amortisation of premium on Sukuk - net	602	849
Fair value changes on investments	275	(1,227)
Gain on sale of investments and Sukuk	(423)	-
Provision for financing and investments - net	11,111	3,714
Share of profit from associates	(910)	(727)
Operating income before changes in operating assets and liabilities	19,883	12,969
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank	(1,798)	1,241
Murabaha and Wakala receivables from banks with original maturities of 90 days or more	(23,508)	(5,868)
Murabaha financing	(16,310)	(15,736)
Mudaraba financing	(26,852)	4,481
Ijarah Muntahia Bittamleek	(5,227)	(186)
Musharaka	(3,476)	(2,905)
Assets under conversion	14,898	5,452
Other assets	(19,837)	5,674
Murabaha and Wakala payables to banks	(11,935)	5,138
Wakala from non-banks	(86,301)	(77,458)
Current accounts	40,121	51,151
Liabilities under conversion	1,234	(2,134)
Other liabilities	3,232	(1,248)
Net cash used in operating activities	(115,876)	(19,429)
INVESTING ACTIVITIES		
Sovereign Sukuk	(6,472)	42,302
Corporate Sukuk	17,053	4,255
Net cash flow arising on acquisition of a subsidiary	-	7,997
Non-trading investments	555	(6,415)
Investment in associates	929	115
Investments in real estate	-	(362)
Development properties	(2,475)	7,074
Purchase of premises and equipment	(336)	(1,332)
Sale of a subsidiary	6,990	-
Net cash from investing activities	16,244	53,634
FINANCING ACTIVITIES		
Murabaha term financing	17,398	37,931
Equity of investment accountholders	7,471	7,614
Dividends paid	(10,626)	(10,705)
Purchase of treasury stock	(87)	-
Murabaha term financing paid	(11,190)	-
Net cash from financing activities	2,966	34,840
NET CHANGE IN CASH AND CASH EQUIVALENTS	(96,666)	69,045
Cash and cash equivalents at 1 January	284,928	223,677
CASH AND CASH EQUIVALENTS AT 30 JUNE	188,262	292,722

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six month period ended 30 June 2017 (reviewed)

	<i>Six months ended 30 June 2017 BD '000</i>	<i>Six months ended 30 June 2016 BD '000</i>
Cash and cash equivalents comprise of:		
Cash and other balances with Central Bank	20,326	141,173
Balances with other banks	45,398	21,527
Murabaha and Wakala receivables from banks with original maturities of less than 90 days	122,538	130,022
	188,262	292,722

The attached notes 1 to 13 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 six month period ended 30 June 2017 (reviewed)

Amounts in BD '000s

	<i>Attributable to shareholders of the Bank</i>												
	<i>Reserves</i>									<i>Proposed appropriations</i>	<i>Total</i>	<i>Non-controlling interest</i>	<i>Total owners' equity</i>
	<i>Share capital</i>	<i>Treasury stock</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Changes in fair value</i>	<i>Real estate fair value reserve</i>	<i>Foreign exchange translation reserve</i>	<i>Share premium reserve</i>	<i>Total reserves</i>				
Balance as of 1 January 2017	214,093	(1,646)	15,338	50,695	445	24,234	(2,708)	12,209	100,213	10,705	323,365	1,534	324,899
Net profit for the period	-	-	-	8,477	-	-	-	-	8,477	-	8,477	(82)	8,395
Net changes in fair value	-	-	-	-	947	-	-	-	947	-	947	-	947
Foreign currency re-translation	-	-	-	-	-	-	85	-	85	-	85	-	85
Dividend paid	-	-	-	79	-	-	-	-	79	(10,705)	(10,626)	-	(10,626)
Sale of a subsidiary	-	-	-	-	-	(727)	-	-	(727)	-	(727)	(702)	(1,429)
Purchase of treasury stock	-	(87)	-	-	-	-	-	-	-	-	(87)	-	(87)
Balance at 30 June 2017	214,093	(1,733)	15,338	59,251	1,392	23,507	(2,623)	12,209	109,074	-	321,434	750	322,184
Balance as of 1 January 2016	214,093	-	13,716	46,803	(148)	24,253	(2,693)	12,209	94,140	10,705	318,938	1,064	320,002
Net profit for the period	-	-	-	8,710	-	-	-	-	8,710	-	8,710	(330)	8,380
Net changes in fair value	-	-	-	-	(120)	-	-	-	(120)	-	(120)	-	(120)
Foreign currency re-translation	-	-	-	-	-	-	(117)	-	(117)	-	(117)	(53)	(170)
Dividend paid	-	-	-	-	-	-	-	-	-	(10,705)	(10,705)	-	(10,705)
Non-controlling interest arising on acquisition of a subsidiary (note 3)	-	-	-	-	-	-	-	-	-	-	-	582	582
Balance at 30 June 2016	214,093	-	13,716	55,513	(268)	24,253	(2,810)	12,209	102,613	-	316,706	1,263	317,969

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

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, Commerce and Tourism ("MOICT") 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, Bahrain World Trade Center East Tower, King Faisal Highway, Manama 316, 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. During January 2015, the Shari'a Supervisory Board approved BMI Bank to be an Islamic bank effective 1 January 2015. BMI Bank's operations are in compliance with Shari'a principles effective 1 January 2015.

On 29 November 2016, the shareholders of BMI resolved to approve the transfer of business of BMI to the Bank. The transfer of all business notice period ended on 11 April 2017 and CBB approved the transfer of business of BMI to the Bank on 19 April 2017. The Bank has initiated the process to takeover all the rights and assume all the obligations of BMI at their carrying values.

During 2016, the Bank acquired 70% stake in Al Salam Bank Seychelles Limited ("ASBS"), (previously "BMIO") an offshore bank in Seychelles. BMIO used to operate under an offshore banking license issued by the Central Bank of Seychelles. From 20 May 2016, ASBS was granted a Banking Business License which permits onshore as well as offshore banking activities.

The Bank and its subsidiaries operate through 10 branches in the Kingdom of Bahrain and Seychelles and offer a full range of Shari'a-compliant banking services and products. The activities of the Bank includes 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 7 August 2017.

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. 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 2016, 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 IFRS.

These 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 six months ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**2.1 New standards, interpretations and amendments**

These interim condensed consolidated financial statements have been prepared using accounting policies, which are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2016. There have been no new standards, interpretations and amendments during the period that might have any material impact on the interim condensed consolidated financial statements of the Group.

3 ASSETS AND LIABILITIES UNDER CONVERSION

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

	<i>(Reviewed)</i> 30 June <i>2017</i> BD '000	<i>(Audited)</i> 31 December <i>2016</i> BD '000
Assets		
Loans and advances	20,244	35,408
Non-trading investments - debt	1,117	1,592
Non-trading investment - fair value through equity *	16	16
	21,377	37,016
Liabilities		
Customers' deposits	1,400	-
Other liabilities	51	217
	1,451	217

* The above fair value through equity investment is classified as Level 3 (2016: Level 3) in the fair value hierarchy (note 4). During the period, there were no movements in the fair value of this investment.

4 NON-TRADING INVESTMENTS

Non-trading investments are classified as fair value through equity 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; or

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 June 2017	----- <i>(Reviewed)</i> -----			Total <i>BD '000</i>
	<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	7,088	5,404	101,689	114,181
Financial assets at fair value through equity	4,546	-	1,976	6,522
	11,634	5,404	103,665	120,703

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

4 NON-TRADING INVESTMENTS (continued)

31 December 2016	------(Audited)-----			
	<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	7,755	5,011	102,637	115,403
Financial assets at fair value through equity	3,968	-	2,702	6,670
	<u>11,723</u>	<u>5,011</u>	<u>105,339</u>	<u>122,073</u>

During the period, an amount of BD nil (2016: BD 1,793 thousands) was transferred from Level 1 to Level 3 fair value measurements.

The movements in fair value of non-trading investments classified in level 3 of the fair value hierarchy are as follows:

	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2017</i>	<i>2016</i>
	<i>BD '000</i>	<i>BD '000</i>
At 1 January	105,339	106,392
Additions during the period / year	-	414
Fair value changes	(1,674)	(1,109)
Transfer from level 1 to level 3	-	1,793
Disposals during the period / year	-	(2,151)
	<u>103,665</u>	<u>105,339</u>

5 OTHER ASSETS

	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2017</i>	<i>2016</i>
	<i>BD '000</i>	<i>BD '000</i>
Assets under conversion (a)		
Non-trading investments - debt	236	236
Non-trading investments - fair value through equity (b)	1,478	1,449
	<u>1,714</u>	<u>1,685</u>
Repossessed assets	14,351	4,863
Profit receivable	9,737	9,922
Premises and equipment	1,985	2,514
Prepayments	2,091	1,874
Rental receivable on Ijarah Muntahia Bittamleek assets	1,245	449
Credit card receivables - net (c)	2,687	2,926
Other receivables and advances (d)	12,428	3,027
	<u>46,238</u>	<u>27,260</u>

(a) These represent non-Shari'a compliant assets resulted from the acquisition of Bahraini Saudi Bank B.S.C. ("ex-BSB").

(b) The above fair value through equity investments are classified as Level 3 in the fair value hierarchy (note 4). Movements in fair value through equity investments are as follows:

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

5 OTHER ASSETS (continued)

	<i>Fair value measurement using significant unobservable inputs</i>	
	<i>Level 3</i>	
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2017</i>	<i>2016</i>
	<i>BD '000</i>	<i>BD '000</i>
At 1 January	1,449	2,036
Fair value changes	-	-
Additions / transfer during the period / year	29	(82)
Disposals during the period / year	-	(505)
	1,478	1,449

(c) It includes a specific provision against credit card receivables amounting to BD 1,838 thousands (2016: BD 1,773 thousands).

(d) This includes BD 8,396 thousands (2016: 1,912 thousands) relating to receivable from sale of Sukuk, investments and advances to acquire investments.

6 (LOSS) / GAIN ON SALE OF INVESTMENTS AND SUKUK

	<i>Three months ended 30 June 2017 BD '000</i>	<i>Three months ended 30 June 2016 BD '000</i>	<i>Six months ended 30 June 2017 BD '000</i>	<i>Six months ended 30 June 2016 BD '000</i>
(Loss) / gain on sale of:				
Development properties*	-	944	98	1,924
Other investments	-	40	35	40
Fair value through profit or loss investments	(45)	1	(45)	61
Sukuk	12	(22)	12	29
Held for sale investments	-	-	323	-
Fair value through equity investments	-	(21)	-	-
	(33)	942	423	2,054

* Sales: BD 315 thousands (2016: BD 10,906 thousands) and cost: BD 217 thousands (2016: BD 8,982 thousands).

7 INCOME FROM INVESTMENTS

	<i>Three months ended 30 June 2017 BD '000</i>	<i>Three months ended 30 June 2016 BD '000</i>	<i>Six months ended 30 June 2017 BD '000</i>	<i>Six months ended 30 June 2016 BD '000</i>
Income on investments classified as fair value through profit or loss	800	1,029	1,494	845
Rental income from investments in real estate	18	270	72	786
	818	1,299	1,566	1,631

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

8 FEES, COMMISSION AND OTHER INCOME - NET

	<i>Three months ended 30 June 2017 BD '000</i>	<i>Three months ended 30 June 2016 BD '000</i>	<i>Six months ended 30 June 2017 BD '000</i>	<i>Six months ended 30 June 2016 BD '000</i>
Fiduciary and other fees	32	43	55	53
Other income*	2,363	271	4,317	594
Financing and transaction related fees and commission	1,914	1,712	3,613	2,589
	4,309	2,026	7,985	3,236

* During the period ended 30 June 2017, the Group repossessed certain collaterals amounting to a total of BD 9,488 thousands (2016: BD 4,863 thousands) from its customers. These repossessed collaterals are included in other assets. Also, the Group sold a facility to a third party at a value of BD 1,594 thousands (2016: BD nil thousands). The excess amount over carrying values amounting to BD 3,933 thousands (2016: BD nil) is included in other income.

9 TOTAL COMPREHENSIVE INCOME

	<i>Three months ended 30 June 2017 BD '000</i>	<i>Three months ended 30 June 2016 BD '000</i>	<i>Six months ended 30 June 2017 BD '000</i>	<i>Six months ended 30 June 2016 BD '000</i>
Net profit for the period	4,091	3,879	8,395	8,380
<i>Items to be reclassified to interim consolidated income statement in subsequent periods:</i>				
Unrealized gain reclassified to interim consolidated income statement on disposal of fair value through equity investments	-	(59)	-	(82)
Unrealised gain / (loss) on fair value through equity investments	344	(13)	947	(38)
Foreign currency re-translation	71	(39)	85	(170)
Other comprehensive gain / (loss) for the period	415	(111)	1,032	(290)
Total comprehensive income for the period	4,506	3,768	9,427	8,090
<i>Attributable to:</i>				
- Shareholders of the Bank	4,474	3,905	9,509	8,473
- Non-controlling interest	32	(137)	(82)	(383)
	4,506	3,768	9,427	8,090

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

10 RELATED PARTY TRANSACTIONS (continued)

The balances with related parties at 30 June 2017 were as follows:

	<i>30 June 2017 (Reviewed)</i>				
	<i>Associates</i>	<i>Major shareholders</i>	<i>Directors</i>		<i>Total</i>
			<i>and related entities</i>	<i>Senior management</i>	
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Assets:					
Cash and balances with banks and					
Central Bank	-	22	-	-	22
Murabaha and Wakala					
receivables from banks	-	-	-	-	-
Murabaha financing	22,281	-	-	96	22,377
Mudaraba financing	2,654	-	3,580	-	6,234
Ijarah Muntahia Bittamleek	-	-	1,757	217	1,974
Musharaka	-	-	40	-	40
Other assets	27	-	84	24	135
Liabilities and equity of investment accountholders:					
Murabaha and Wakala payables					
to banks	-	7,540	-	-	7,540
Murabaha and Wakala payables					
to non-banks	5,502	57,340	548	1,757	65,147
Current accounts	444	24	509	49	1,026
Equity of investment accountholders	-	-	646	135	781
Other liabilities	72	-	3	8	83
Contingent liabilities and commitments	176	-	-	-	176
31 December 2016 (Audited)					
	<i>31 December 2016 (Audited)</i>				
	<i>Associates</i>	<i>Major shareholders</i>	<i>Directors</i>		<i>Total</i>
			<i>and related entities</i>	<i>Senior management</i>	
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Assets:					
Cash and balances with banks and					
Central Bank	-	181	-	-	181
Murabaha and Wakala					
receivables from banks	-	6,786	-	-	6,786
Murabaha financing	25,172	-	-	115	25,287
Mudaraba financing	1,885	-	1,743	-	3,628
Ijarah Muntahia Bittamleek	-	-	1,875	226	2,101
Musharaka	-	-	45	-	45
Other assets	947	2	61	24	1,034
Liabilities and equity of investment accountholders:					
Murabaha and Wakala payables					
to non-banks	4,235	10,505	158	1,134	16,032
Current accounts	343	9	1,329	132	1,813
Equity of investment accountholders	-	-	825	135	960
Other liabilities	60	-	-	5	65
Contingent liabilities and commitments	743	-	-	-	743

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

10 RELATED PARTY TRANSACTIONS (continued)

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

	<i>30 June 2017 (Reviewed)</i>				
	<i>Associates</i>	<i>Major</i>	<i>Directors</i>	<i>Senior</i>	<i>Total</i>
	<i>BD '000</i>	<i>shareholders</i>	<i>and related</i>	<i>management</i>	<i>BD '000</i>
		<i>BD '000</i>	<i>entities</i>	<i>BD '000</i>	
			<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Income:					
Income from financing contracts	7	16	122	5	150
Expenses:					
Profit on Wakala payables to non-banks	49	148	4	27	228
Share of profits on equity of investment account holders	-	-	2	-	2
Other operating expenses	-	-	637	-	637
Provision for impairment	3,750	-	-	-	3,750

	<i>30 June 2016 (Reviewed)</i>				
	<i>Associates</i>	<i>Major</i>	<i>Directors</i>	<i>Senior</i>	<i>Total</i>
	<i>BD '000</i>	<i>shareholders</i>	<i>and related</i>	<i>management</i>	<i>BD '000</i>
		<i>BD '000</i>	<i>entities</i>	<i>BD '000</i>	
			<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Income:					
Income from financing contracts	-	11	61	2	74
Expenses:					
Profit on Wakala payables to non-banks	11	200	1	7	219
Share of profits on equity of investment account holders	-	-	2	-	2
Other operating expenses	-	-	241	-	241

11 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2017</i>	<i>2016</i>
	<i>BD '000</i>	<i>BD '000</i>
Contingent liabilities on behalf of customers		
Guarantees	22,396	24,993
Letters of credit	30,557	20,788
Acceptances	4,279	3,607
	57,232	49,388
Irrevocable unutilised commitments		
Unutilised financing commitments	110,003	114,491
Unutilised non-funded commitments	18,781	23,308
Commitments towards development cost	927	2,951
	129,711	140,750
Forward foreign exchange contracts - notional amount	20,828	20,280

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.

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30 June 2017

11 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

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>	<i>(Audited)</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2017</i>	<i>2016</i>
	<i>BD '000</i>	<i>BD '000</i>
Within 1 year	1,171	1,168
After one year but not more than five years	2,163	2,360
	3,334	3,528

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.

Segment information for the period ended 30 June 2017 was as follows:

	<i>30 June 2017 (Reviewed)</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	19,290	7,051	800	3,113	30,254
Segment result	5,063	5,783	(899)	(1,470)	8,477
Other Information					
Segment assets	708,996	638,762	220,018	59,411	1,627,187
Segment liabilities and equity	905,641	347,772	36,457	337,317	1,627,187

Goodwill resulting from BMI acquisition is allocated to banking segment.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

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12 SEGMENT INFORMATION (continued)

Segment information for the period ended 30 June 2016 was as follows:

	<i>30 June 2016 (Reviewed)</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	16,209	4,022	4,313	212	24,756
Segment result	7,109	2,639	1,175	(2,543)	8,380

Segment information for the year ended 31 December 2016 (Audited) was as follows:

Other information					
Segment assets	706,572	678,896	236,338	59,487	1,681,293
Segment liabilities and equity	1,021,629	317,079	50,312	292,273	1,681,293

Goodwill resulting from BMI acquisition is allocated to banking segment.

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.

13 COMPARATIVE FIGURES

Certain of the prior year figures have been reclassified to conform to the current period presentation. Such reclassifications did not affect previously reported net profit, total assets, total liabilities and total equity of the Group.