

Bahrain Islamic Bank B.S.C.
CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION
30 June 2017



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Independent auditors' report on review of condensed consolidated interim financial information

The Board of Directors
Bahrain Islamic Bank B.S.C.
Manama
Kingdom of Bahrain

Introduction

We have reviewed the accompanying 30 June 2017 condensed consolidated interim financial information of Bahrain Islamic Bank B.S.C. (the "Bank") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2017;
- the condensed consolidated statement of income for the three-month and six-month period ended 30 June 2017;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2017;
- the condensed consolidated statement of changes in owners' equity for the six-month period ended 30 June 2017;
- the condensed consolidated statement of sources and uses of good faith qard fund for the six-month period ended 30 June 2017;
- the condensed consolidated statement of sources and uses of zakah and charity fund for the six-month period ended 30 June 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 the 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 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 30 June 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.

27 July 2017


Bahrain Islamic Bank B.S.C.


CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	30 June 2017 BD'000 (reviewed)	31 December 2016 BD'000 (audited)
ASSETS			
Cash and balances with banks and Central Bank		69,115	63,208
Placements with financial institutions		111,079	63,805
Financing assets	8	576,991	526,637
Investment securities	9	164,777	145,731
Ijarah Muntahia Bittamleek		160,505	151,752
Ijarah rental receivables		9,680	8,618
Investment in associates		23,852	26,487
Investment in real estate	10	28,304	28,276
Property and equipment		15,418	15,881
Other assets	11	11,722	11,793
TOTAL ASSETS		1,171,443	1,042,188
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY			
Liabilities			
Placements from financial institutions		191,000	103,874
Customers' current accounts		166,820	152,647
Other liabilities	12	12,106	14,879
Total Liabilities		369,926	271,400
Equity of Investment Accountholders		687,047	654,316
Owners' Equity			
Share capital		101,339	101,339
Treasury shares		(864)	(563)
Shares under employee share incentive scheme		(498)	(604)
Share premium		98	56
Reserves		14,395	16,244
Total Owners' Equity		114,470	116,472
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY		1,171,443	1,042,188

This condensed consolidated interim financial information, which consist of pages 2 to 14, were approved by the Board of Directors on 27 July 2017 and signed on its behalf by:


 Dr. Esam Abdulla Fakhro
 Chairman


 Brig. Ebrahim Abdulla Al Mahmood
 Vice Chairman


 Hassan Amin Jarrar
 Chief Executive Officer

بنك البحرين الإسلامي BISB

Bahrain Islamic Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the six months ended 30 June 2017

	Six months ended 30 June		Three months ended 30 June	
	2017 BD'000 (reviewed)	2016 BD'000 (reviewed)	2017 BD'000 (reviewed)	2016 BD'000 (reviewed)
INCOME				
Income from financing	19,268	16,932	10,061	8,494
Income from investment in Sukuk	2,802	1,891	1,397	943
Total income from jointly financed assets	22,070	18,823	11,458	9,437
Return on equity of investment accountholders	(16,020)	(12,423)	(7,562)	(6,228)
Group's share as Mudarib	11,995	9,281	5,399	4,612
Net return on equity of investment accountholders	(4,025)	(3,142)	(2,163)	(1,616)
Group's share of income from jointly financed assets (both as mudarib and investor)	18,045	15,681	9,295	7,821
Expense on placements from financial institutions	(1,485)	(594)	(908)	(303)
Fee and commission income	3,880	3,084	1,826	1,248
Income from investment securities	492	708	174	708
Income from investment in real estate	213	(941)	117	(1,111)
Share of results of associates, net	(1,282)	(366)	16	(185)
Other income	772	1,157	354	929
Total income	20,635	18,729	10,874	9,107
EXPENSES				
Staff costs	6,825	5,979	3,253	3,013
Depreciation	765	756	387	376
Other expenses	5,152	5,297	2,719	2,621
Total expenses	12,742	12,032	6,359	6,010
Profit before impairment allowances	7,893	6,697	4,515	3,097
Impairment provision on financing assets, net	(1,800)	(2,083)	(82)	(1,564)
Impairment provision on investments, net	(2,815)	(1,534)	(1,738)	(164)
PROFIT FOR THE PERIOD	3,278	3,080	2,695	1,369
BASIC AND DILUTED EARNINGS PER SHARE (file)	3.28	3.08	2.69	1.37

Dr. Esam Abdulla Fakhro
Chairman

Brig. Ebrahim Abdulla Al Mahmood
Vice Chairman

Hassan Jarrar
Chief Executive Officer

بنك البحرين الإسلامي BisB

Bahrain Islamic Bank B.S.C.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	<i>Six months ended</i>	
	<i>30 June</i>	
	2017	2016
	BD'000	BD'000
	<i>(reviewed)</i>	<i>(reviewed)</i>
OPERATING ACTIVITIES		
Profit for the period	3,278	3,080
Adjustments for non-cash items:		
Depreciation	765	756
Impairment provisions on financing, net	1,800	2,083
Impairment provisions on investments, net	2,815	1,534
Loss on sale of investment in real estate	-	1,122
Share of results of associates, net	1,282	366
Operating profit before changes in operating assets and liabilities	9,940	8,941
Working capital adjustments:		
Mandatory reserve with Central Bank of Bahrain	(935)	125
Financing assets	(48,300)	(41,011)
Ijarah Muntahia Bittamleek	(10,649)	(13,456)
Other assets	156	4,009
Customers' current accounts	14,173	16,299
Other liabilities	(5,621)	2,983
Placements from financial institutions	87,126	(4,078)
Equity of investment accountholders	32,731	17,467
Net cash from / (used in) operating activities	78,621	(8,721)
INVESTING ACTIVITIES		
Disposal of investment in real estate	-	11,771
Purchase of property and equipment	(302)	(367)
Purchase of investment securities	(25,275)	(20,136)
Proceeds from disposal of investment securities	3,128	29,607
Net cash (used in) / from investing activities	(22,449)	20,875
FINANCING ACTIVITIES		
Purchase of treasury shares	(301)	-
Dividends paid	(3,627)	(25)
Net cash used in financing activities	(3,928)	(25)
NET CHANGE IN CASH AND CASH EQUIVALENTS	52,244	12,129
Cash and cash equivalents at 1 January	90,736	100,199
CASH AND CASH EQUIVALENTS AT 30 JUNE	142,980	112,328
Cash and cash equivalents comprise of:		
Cash on hand	14,211	18,166
Balances with CBB, excluding mandatory reserve deposits	4,692	6,679
Balances with banks and other financial institutions excluding restricted balances	12,998	11,347
Placements with financial institutions with original maturities less than 90 days	111,079	76,136
	142,980	112,328

Bahrain Islamic Bank B.S.C.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
For the six months ended 30 June 2017

	Share capital BD'000	Treasury shares BD'000	Shares under employee incentive scheme BD'000	Share premium BD'000	Statutory reserve BD'000	Reserves			Equity attributable to owners of the parent BD'000		Non-controlling interest BD'000	Total owners' equity BD'000
						Real estate fair value reserve BD'000	Investments fair value reserve BD'000	Retained earnings BD'000	Total reserves BD'000	Equity attributable to owners of the parent BD'000		
2017 - reviewed												
Balance at 1 January 2017	101,339	(563)	(604)	56	1,963	5,361	531	8,389	16,244	116,472	-	116,472
Profit for the period	-	-	-	-	-	-	-	3,278	3,278	3,278	-	3,278
Cash Dividends	-	-	-	-	-	-	-	(5,051)	(5,051)	(5,051)	-	(5,051)
Zakah Paid	-	-	-	-	-	-	-	(137)	(137)	(137)	-	(137)
Purchase of Treasury Shares	-	(301)	-	-	-	-	-	-	-	(301)	-	(301)
Shares allocated during the period	-	-	106	42	-	-	-	-	-	148	-	148
Net movement in investments fair value reserve	-	-	-	-	-	-	61	-	61	-	-	61
Balance at 30 June 2017	101,339	(864)	(498)	98	1,963	5,361	592	6,479	14,395	114,470	-	114,470
2016 - reviewed												
Balance at 1 January 2016	97,441	(563)	(879)	2,794	1,121	7,085	621	1,892	10,719	109,512	-	109,512
Profit for the period	-	-	-	-	-	-	-	3,080	3,080	3,080	-	3,080
Bonus shares	3,898	-	(23)	(2,794)	-	-	-	(1,081)	(1,081)	-	-	-
Shares allocated during the period	-	-	298	56	-	-	-	-	-	354	-	354
Net movement in real estate fair value reserve	-	-	-	-	-	(107)	-	-	(107)	(107)	-	(107)
Net movement in investments fair value reserve	-	-	-	-	-	-	74	-	74	-	-	74
Balance at 30 June 2016	101,339	(563)	(604)	56	1,121	6,978	695	3,891	12,685	112,913	-	112,913

Bahrain Islamic Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF SOURCES AND USES OF GOOD FAITH QARD FUND

For the six months ended 30 June 2017

	<i>Qard Hasan receivables BD'000 (reviewed)</i>	<i>Funds available for Qard Hasan BD'000 (reviewed)</i>	<i>Total BD'000 (reviewed)</i>
Balance at 1 January 2017	<u>65</u>	<u>63</u>	<u>128</u>
Uses of Qard fund			
Marriage	-	-	-
Others (Waqf)	11	(11)	-
Total uses during the period	<u>11</u>	<u>(11)</u>	<u>-</u>
Repayments	(18)	18	-
Balance at 30 June 2017	<u>58</u>	<u>70</u>	<u>128</u>
Balance at 1 January 2016	<u>60</u>	<u>68</u>	<u>128</u>
Uses of Qard fund			
Marriage	3	(3)	-
Others (Waqf)	15	(15)	-
Total uses during the period	<u>18</u>	<u>(18)</u>	<u>-</u>
Repayments	(4)	4	-
Balance at 30 June 2016	<u>74</u>	<u>54</u>	<u>128</u>
Sources of Qard fund		<i>30 June 2017 BD'000 (reviewed)</i>	<i>30 June 2016 BD'000 (reviewed)</i>
Contribution by the Bank		125	125
Donation		3	3
		<u>128</u>	<u>128</u>

Bahrain Islamic Bank B.S.C.

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

For the six months ended 30 June 2017

	30 June 2017 BD'000 (reviewed)	30 June 2016 BD'000 (reviewed)
Sources of Zakah and charity funds		
Undistributed Zakah and charity funds at the beginning of the period	222	472
Non-Islamic income / late payment fee	548	38
Donations	36	1
Total sources of Zakah and charity funds during the period	806	511
Uses of Zakah and charity funds		
Philanthropic societies	125	15
Aid to needy families	340	84
Total uses of funds during the period	465	99
Undistributed zakah and charity funds at the end of the period	341	412

For the six months ended 30 June 2017

1 REPORTING ENTITY

Bahrain Islamic Bank B.S.C. (the "Bank") was incorporated in the Kingdom of Bahrain in 1979 by Amiri Decree No 2 of 1979 and registered with the Ministry of Industry and Commerce ("MOIC") under Commercial Registration (CR) number 9900, to carry out banking and other financial trading activities in accordance with the teachings of Islam (Shari'a). The Bank operates under an Islamic retail banking license issued by the Central Bank of Bahrain ("CBB"). The Bank's Shari'a Supervisory Board is entrusted to ensure the Bank's adherence to Shari'a rules and principles in its transactions and activities. The Bank is listed on the Bahrain Bourse.

The Bank's registered office is at Building 722, Road 1708, Block 317, Manama, Kingdom of Bahrain.

The Bank has nine branches (2016: nine), all operating in the Kingdom of Bahrain.

The consolidated financial statements include the results of the Bank and its subsidiaries (together the "Group").

2 BASIS OF PREPARATION AND PRESENTATION

The condensed consolidated interim financial information for the six month period ended 30 June 2017 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 contain all the information and disclosures required for full annual consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements as at 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 last audited consolidated financial statements as at and for the year ended 31 December 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 Group's audited consolidated financial statements for the year ended 31 December 2016.

4 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the 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 judgments, 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 judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were same as applied to the consolidated financial statements as at and for the year ended 31 December 2016.

6 COMPARATIVE INFORMATION

The condensed interim financial information is reviewed, not audited. The comparatives for the condensed consolidated statement of financial position have been extracted from the Group's audited consolidated financial statements for the year ended 31 December 2016 and comparatives for the condensed consolidated statements of income, changes in owner's equity, cash flows, sources and uses of Good Faith Qard Fund and sources and uses of Zakah and Charity Fund have been extracted from the Group's reviewed condensed consolidated interim financial information for the six months ended 30 June 2016.

7 SEASONALITY

The Bank does not have significant income of seasonal nature.

8 FINANCING ASSETS

	30 June 2017	31 December 2016
	BD'000	BD'000
	(Reviewed)	(Audited)
Murabaha	542,894	488,856
Musharaka	149,568	110,263
Gross financing assets	692,462	599,119
Deferred profits	(90,824)	(45,781)
Provision for impairment	(24,647)	(26,701)
	576,991	526,637

For the six months ended 30 June 2017

9 INVESTMENT SECURITIES

	30 June 2017 BD'000 (Reviewed)	31 December 2016 BD'000 (Audited)
i) Debt type instruments		
<i>Quoted Sukuk - carried at amortised cost</i>		
Balance at beginning of the period	61,626	20,486
Acquisitions	3,906	41,254
Disposals and redemptions	(719)	(114)
Balance at end of the period	64,813	61,626
<i>Unquoted Sukuk - carried at amortised cost</i>		
Balance at beginning of the period	60,763	80,295
Acquisitions	21,369	10,427
Disposals and redemptions	(1,721)	(29,959)
	80,411	60,763
Provision for impairment	(10,940)	(9,106)
Balance at end of the period	69,471	51,657
ii) Equity type instruments		
<i>Quoted shares - at fair value through equity</i>		
Balance at beginning of the period	2,392	2,392
Provision for impairment	(1,704)	(1,704)
Disposals	(688)	-
Balance at the end of the period	-	688
<i>Unquoted shares - at cost less impairment</i>		
Balance at beginning of the period	24,963	24,963
Provision for impairment	(8,638)	(7,371)
Balance at the end of the period	16,325	17,592
<i>Unquoted managed funds - at cost less impairment</i>		
Balance at beginning of the period	14,168	14,444
Foreign currency translation changes	-	(36)
Write off	-	(240)
Balance at the end of the period	14,168	14,168
Total net investment securities	164,777	145,731

For the six months ended 30 June 2017

10 INVESTMENT IN REAL ESTATE

	30 June 2017 BD'000 (Reviewed)	31 December 2016 BD'000 (Audited)
Lands	26,015	25,987
Buildings	2,289	2,289
	<u>28,304</u>	<u>28,276</u>
	30 June 2017 BD'000 (Reviewed)	31 December 2016 BD'000 (Audited)
Beginning of the period	28,276	43,601
Capitalized expenditure	28	-
Disposal	-	(13,518)
Fair value changes	-	(1,807)
End of the period	<u>28,304</u>	<u>28,276</u>

Investment in real estate comprises properties located in the Kingdom of Bahrain and the United Arab Emirates.

11 OTHER ASSETS

	30 June 2017 BD'000 (Reviewed)	31 December 2016 BD'000 (Audited)
Reposessed assets	6,916	6,916
Receivables	2,340	2,228
Staff advances	1,638	1,665
Prepaid expenses	485	945
Other	343	39
	<u>11,722</u>	<u>11,793</u>

12 OTHER LIABILITIES

	30 June 2017 BD'000 (Reviewed)	31 December 2016 BD'000 (Audited)
Managers' cheques	2,400	4,748
Accrued expenses	2,238	2,990
Payable to vendors	1,311	2,837
Life insurance (Takaful) fees payable	1,174	1,568
Dividends payable	2,200	776
Zakah and charity fund	341	222
Other	2,442	1,738
	<u>12,106</u>	<u>14,879</u>

For the six months ended 30 June 2017

13 COMMITMENTS AND CONTINGENT LIABILITIES**Credit related commitments**

These include commitments to enter into financing contracts which are designed to meet the requirements of the Group's customers.

Letters of credit and guarantees commit the Group to make payments on behalf of customers.

The Group has the following credit related commitments and contingent liabilities on behalf of customers:

	30 June 2017 BD'000 (Reviewed)	31 December 2016 BD'000 (Audited)
Letters of credit and acceptances	7,231	6,182
Guarantees	67,838	43,966
Credit Card	29,829	26,103
Operating lease commitments *	264	356
	<u>105,162</u>	<u>76,607</u>

* The Group has entered into commercial leases for certain branches. These leases have an average life of between 1 month and 3 years with renewal terms included in the contracts. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the lessee by entering into these leases.

14 RELATED PARTY TRANSACTIONS

Related parties comprise of 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 and transactions with related parties at 30 June 2017 were as follows:

	30 June 2017 (Reviewed)				
	Shareholders BD'000	Associates and joint ventures BD'000	Directors and related entities BD'000	Senior management BD'000	Total BD'000
Assets					
Financing assets	-	-	1,655	-	1,655
Investment in associates	-	23,852	-	-	23,852
Other assets	-	-	-	368	368
Liabilities and Equity of investment accountholders					
Customers' current accounts	-	999	369	124	1,492
Other liabilities	-	-	267	-	267
Equity of investment accountholders	50,657	504	1,852	1,027	53,840
	30 June 2017 (Reviewed)				
	Shareholders BD'000	Associates and joint ventures BD'000	Directors and related entities BD'000	Senior management BD'000	Total BD'000
Income					
Income from financing	-	-	47	-	47
Share of results of associates, net	-	(1,366)	-	-	(1,366)
Return on equity of investment accountholders	(485)	(6)	(11)	(11)	(513)
Expense on placements from financial institutions	(145)	-	-	-	(145)
Expenses					
Other expenses	-	-	(390)	(717)	(1,107)

14 RELATED PARTY TRANSACTIONS (continued)

	31 December 2016 (Audited)				Total BD'000
	Shareholders BD'000	Associates and joint ventures BD'000	Directors and related entities BD'000	Senior management BD'000	
Assets					
Financing assets	-	-	1,615	-	1,615
Investment in associates	-	26,487	-	-	26,487
Other assets	-	-	-	402	402
Liabilities and Equity of Investment accountholders					
Customers' current accounts	-	1,719	431	152	2,302
Other liabilities	-	1,568	360	-	1,928
Equity of investment accountholders	65,656	602	1,218	1,142	68,618
	30 June 2016 (Reviewed)				
	Shareholders BD'000	Associates and joint ventures BD'000	Directors and related entities BD'000	Senior management BD'000	Total BD'000
Income					
Income from financing	-	-	45	-	45
Share of results of associates, net	-	(366)	-	-	(366)
Return on equity of investment accountholders	(370)	(1)	(7)	(16)	(394)
Expense on placements from financial institutions	(153)	-	-	-	(153)
Expenses					
Other expenses	-	-	(355)	(722)	(1,077)

Compensation of the key management personnel is as follows:

	Six months ended 30 June	
	2017 BD'000	2016 BD'000
Short term employee benefits	588	611
Other long term benefits	129	111
	717	722

15 FINANCIAL INSTRUMENTS

Fair value hierarchy

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 values of quoted securities/sukuk are derived from quoted market prices in active markets, if available. For unquoted securities/sukuk, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

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

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

For the six months ended 30 June 2017

15 FINANCIAL INSTRUMENTS (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy at 30 June 2017:

	<i>Level 1</i> <i>BD'000</i>	<i>Level 2</i> <i>BD'000</i>	<i>Level 3</i> <i>BD'000</i>	<i>Total</i> <i>BD'000</i>
Investments carried at fair value through equity				
Quoted equity securities	-	-	-	-
31 December 2016	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Investments carried at fair value through equity				
Quoted equity securities	688	-	-	688

Transfers between Level 1, Level 2 and Level 3

During the six-months period ended 30 June 2017 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurement.

Fair values of quoted securities/sukuk are derived from quoted market prices in active markets, if available. In case of financing assets the average profit rate of the portfolio is in line with current market rates for similar facilities and hence after consideration of adjustment for prepayment risk and impairment charges it is expected that the current value would not be materially different from fair value of these assets. Other than equity investments and managed funds carried at cost of BD 30,493 thousand (2016 BD 31,760 thousand), the estimated fair value of the Bank's other financial instruments are not significantly different from their carrying values due to their short-term nature.

16 SEGMENTAL INFORMATION

For management purposes, the Group is organised into three major business segments;

Corporate	Principally handling equity of corporate investment accountholders', corporate current accounts, and providing Islamic financing facilities to corporate customers.
Retail	Principally handling equity of individual retail customers' investment accountholders', retail current accounts, and providing Islamic financing facilities to individual customers.
Investment	Principally handling equity of banks' and financial institutions' investment accountholders, providing money market, trading and treasury services as well as the management of the Group's investment activities. Investment activities involve handling investments in local and international markets and investment in properties.

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.

For the six months ended 30 June 2017

16 SEGMENTAL INFORMATION (continued)

Segment information is disclosed as follows:

	<i>For the six months ended 30 June 2017 (Reviewed)</i>			
	<i>Corporate BD'000</i>	<i>Retail BD'000</i>	<i>Investment BD'000</i>	<i>Total BD'000</i>
Total income	6,227	13,869	539	20,635
Total expenses	(2,296)	(8,927)	(1,519)	(12,742)
Provision for impairment	(2,056)	853	(3,412)	(4,615)
Profit / (loss) for the period	1,875	5,795	(4,392)	3,278

Other information

	<i>30 June 2017 (Reviewed)</i>			
	<i>Corporate BD'000</i>	<i>Retail BD'000</i>	<i>Investment BD'000</i>	<i>Total BD'000</i>
Segment assets	328,616	464,129	378,698	1,171,443
Segment liabilities, and equity	339,034	521,426	310,983	1,171,443

	<i>For the six months ended 30 June 2016 (Reviewed)</i>			
	<i>Corporate BD'000</i>	<i>Retail BD'000</i>	<i>Investment BD'000</i>	<i>Total BD'000</i>
Total income	4,398	13,916	415	18,729
Total expenses	(1,956)	(8,696)	(1,380)	(12,032)
Provision for impairment	(661)	(1,415)	(1,541)	(3,617)
Profit / (loss) for the period	1,781	3,805	(2,506)	3,080

Other information

	<i>31 December 2016 (Audited)</i>			
	<i>Corporate BD'000</i>	<i>Retail BD'000</i>	<i>Investment BD'000</i>	<i>Total BD'000</i>
Segment assets	277,177	452,746	312,265	1,042,188
Segment liabilities, and equity	304,460	512,642	225,086	1,042,188

The Group operates solely in the Kingdom of Bahrain and, as such, no geographical segment information is presented.

17 COMPARATIVES

Certain prior period amounts have been regrouped to conform to current period's presentation. Such regrouping did not affect previously reported profit for the period or total equity.