

BAHRAIN ISLAMIC BANK B.S.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
30 JUNE 2019

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the six months ended 30 June 2019

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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

8 August 2019

Introduction

We have reviewed the accompanying 30 June 2019 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 2019;
- the condensed consolidated statement of income for the three-month and six-month period ended 30 June 2019;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2019;
- the condensed consolidated statement of changes in owners' equity for the six-month period ended 30 June 2019;
- the condensed consolidated statement of sources and uses of good faith qard fund for the six-month period ended 30 June 2019;
- the condensed consolidated statement of sources and uses of zakah and charity fund for the six-month period ended 30 June 2019; 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 2019 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.


Bahrain Islamic Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	30 June 2019 BD'000 (reviewed)	31 December 2018 BD'000 (audited)
ASSETS			
Cash and balances with banks and Central Bank		57,868	65,437
Placements with financial institutions		104,532	137,450
Financing assets	8	577,035	580,076
Investment securities	9	277,920	240,053
Ijarah Muntahia Bittamleek		171,580	165,730
Ijarah rental receivables		24,435	21,141
Investment in associates		21,287	21,643
Investment in real estate	10	21,328	24,284
Property and equipment		13,453	13,641
Other assets	11	9,711	11,062
TOTAL ASSETS		1,279,149	1,280,517
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY			
Liabilities			
Placements from financial institutions		146,983	114,744
Placements from non-financial institutions and individuals		165,060	36,234
Borrowings from financial institutions		75,754	96,386
Customers' current accounts		159,940	133,244
Other liabilities	12	14,786	25,148
Total Liabilities		562,523	405,756
Equity of Investment Accountholders		596,618	757,012
Owners' Equity			
Share capital		106,406	106,406
Treasury shares		(892)	(892)
Shares under employee share incentive scheme		(160)	(391)
Share premium		180	120
Reserves		14,474	12,506
Total Owners' Equity		120,008	117,749
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY		1,279,149	1,280,517

The condensed consolidated interim financial information was approved by the Board of Directors on 8 August 2019 and signed on its behalf by:


 Dr. Esam Abdulla Fakhro
 Chairman


 Brig. Ebrahim Abdulla Al Mahmood
 Vice Chairman



 Hassan Amin Jarrar
 Chief Executive Officer


Bahrain Islamic Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the six months ended 30 June 2019

	Six months ended		Three months ended	
	30 June		30 June	
	2019	2018	2019	2018
Note	BD'000	BD'000	BD'000	BD'000
	(reviewed)	(reviewed)	(reviewed)	(reviewed)
INCOME				
Income from financing	22,614	20,808	11,082	10,286
Income from investment in Sukuk	6,125	5,347	3,147	2,757
Total income from jointly financed assets	28,739	26,155	14,229	13,043
Return on equity of investment accountholders	(15,495)	(18,033)	(7,498)	(8,850)
Group's share as Mudarib	9,612	11,484	4,377	5,718
Net return on equity of investment accountholders	(5,883)	(6,549)	(3,121)	(3,132)
Group's share of income from jointly financed assets (both as mudarib and investor)	22,856	19,606	11,108	9,911
Expense on placements from financial institutions	(2,180)	(1,003)	(1,190)	(725)
Expense on placements from non-financial institutions and individuals	(1,963)	(265)	(1,412)	(171)
Expense on borrowings from financial institutions	(1,591)	(1,812)	(721)	(810)
Fee and commission income	3,935	3,538	2,067	1,740
Income from investment securities	642	206	26	113
Income from investment in real estate	212	(343)	222	(111)
Share of results of associates, net	(146)	50	(93)	46
Other income	801	475	258	294
Total income	22,566	20,452	10,265	10,287
EXPENSES				
Staff costs	7,316	6,199	3,476	3,226
Depreciation	682	802	334	396
Other expenses	5,343	5,290	3,112	2,718
Total expenses	13,341	12,291	6,922	6,340
Profit before impairment allowances	9,225	8,161	3,343	3,947
Impairment allowance, net	13 (5,913)	(4,654)	(2,229)	(2,592)
PROFIT FOR THE PERIOD	3,312	3,507	1,114	1,355
BASIC AND DILUTED EARNINGS PER SHARE (fils)	3.15	3.34	1.06	1.29


Dr. Esam Abdulla Fakhro
Chairman


Brig. Ebrahim Abdulla Al Mahmood
Vice Chairman


Hassan Amin Jarrar
Chief Executive Officer

Bahrain Islamic Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	<i>Six months ended</i>	
	<i>30 June</i>	
	2019	2018
	BD'000	BD'000
	<i>(reviewed)</i>	<i>(reviewed)</i>
OPERATING ACTIVITIES		
Profit for the period	3,312	3,507
Adjustments for non-cash items:		
Depreciation	682	802
Impairment allowance, net	5,913	4,654
Amortization of gain on sale of investment in real estate	(9)	(9)
(Gain) / Loss on sale of investment in real estate	(117)	452
(Gain) / Loss on foreign exchange revaluation	(7)	15
Share of results of associates, net	146	(50)
Operating profit before changes in operating assets and liabilities	9,920	9,371
Working capital adjustments:		
Mandatory reserve with Central Bank of Bahrain	(1,020)	80
Financing assets	(1,787)	(12,356)
Ijarah Muntahia Bittamleek	(9,576)	(1,398)
Other assets	1,322	(1,215)
Customers' current accounts	26,696	18,275
Other liabilities	(10,488)	4,102
Placements from financial institutions	34,392	90,022
Placements from non-financial institutions and individuals	128,826	-
Equity of investment accountholders	(160,394)	(60,783)
Net cash from operating activities	17,891	46,098
INVESTING ACTIVITIES		
Disposal of investment in real estate	2,158	2,642
Purchase of property and equipment	(494)	(348)
Purchase of investment securities	(64,237)	(67,823)
Proceeds from disposal of investment securities	25,962	80,361
Net cash (used in) / from investing activities	(36,611)	14,832
FINANCING ACTIVITIES		
Borrowings from financial institutions	(20,632)	(63,486)
Dividends paid	(3)	(14)
Net cash used in financing activities	(20,635)	(63,500)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(39,355)	(2,570)
Cash and cash equivalents at 1 January	163,116	112,794
CASH AND CASH EQUIVALENTS AT 30 JUNE	123,761	110,224
Cash and cash equivalents comprise of:		
Cash on hand	10,727	10,923
Balances with CBB, excluding mandatory reserve deposits	223	1,100
Balances with banks and other financial institutions excluding restricted balances	8,279	9,149
Placements with financial institutions with original maturities less than 90 days	104,532	89,052
	123,761	110,224

Bahrain Islamic Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the six months ended 30 June 2019

	Reserves									
	Share capital BD'000	Treasury shares BD'000	Shares under employee share incentive scheme BD'000	Share premium BD'000	Statutory reserve BD'000	Real estate fair value reserve BD'000	Investment securities fair value reserve BD'000	Retained earnings / (Accumulated losses) BD'000	Total reserves BD'000	Total owners' equity BD'000
2019 - reviewed										
Balance at 1 January 2019	106,406	(892)	(391)	120	4,115	4,830	718	2,843	12,506	117,749
Profit for the period	-	-	-	-	-	-	-	3,312	3,312	3,312
Zakah approved	-	-	-	-	-	-	-	(179)	(179)	(179)
Donations approved	-	-	-	-	-	-	-	(250)	(250)	(250)
Shares allocated to staff during the period	-	-	231	60	-	-	-	-	-	291
Net movement in real estate fair value reserve	-	-	-	-	-	(915)	-	-	(915)	(915)
Balance at 30 June 2019	106,406	(892)	(160)	180	4,115	3,915	718	5,726	14,474	120,008
2018 - reviewed										
Balance at 1 January 2018	101,339	(864)	(498)	98	2,977	6,145	745	12,328	22,195	122,270
Impact of adopting FAS 30	-	-	-	-	-	-	-	(13,943)	(13,943)	(13,943)
Impact of adopting FAS 30 by associate	-	-	-	-	-	-	-	(350)	(350)	(350)
Balance at 1 January 2018 (Restated)	101,339	(864)	(498)	98	2,977	6,145	745	(1,965)	7,902	107,977
Profit for the period	-	-	-	-	-	-	-	3,507	3,507	3,507
Bonus shares	5,066	(28)	(34)	(35)	-	-	-	(4,969)	(4,969)	-
Zakah approved	-	-	-	-	-	-	-	(265)	(265)	(265)
Donations approved	-	-	-	-	-	-	-	(200)	(200)	(200)
Net movement in investment securities fair value reserve	-	-	-	-	-	-	(27)	-	(27)	(27)
Shares allocated to staff during the period	-	-	141	57	-	-	-	-	-	198
Balance at 30 June 2018	106,405	(892)	(391)	120	2,977	6,145	718	(3,892)	5,948	111,190

The accompanying notes 1 to 18 form part of this condensed consolidated interim financial information.

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 2019

	<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 2019	<u>71</u>	<u>57</u>	<u>128</u>
Sources of Qard Fund			
Non-Islamic income	-	87	87
Repayments	<u>(21)</u>	<u>21</u>	<u>-</u>
Total sources during the period	<u>(21)</u>	<u>108</u>	<u>87</u>
Uses of Qard fund			
Marriage	6	(6)	-
Others (Waqf)	<u>6</u>	<u>(6)</u>	<u>-</u>
Total uses during the period	<u>12</u>	<u>(12)</u>	<u>-</u>
Balance at 30 June 2019	<u>62</u>	<u>153</u>	<u>215</u>
Balance at 1 January 2018	<u>71</u>	<u>57</u>	<u>128</u>
Sources of Qard Fund			
Repayments	<u>21</u>	<u>(21)</u>	<u>-</u>
Total sources during the period	<u>21</u>	<u>(21)</u>	<u>-</u>
Uses of Qard fund			
Marriage	-	-	-
Others (Waqf)	<u>(16)</u>	<u>16</u>	<u>-</u>
Total uses during the period	<u>(16)</u>	<u>16</u>	<u>-</u>
Balance at 30 June 2018	<u>76</u>	<u>52</u>	<u>128</u>
		<i>30 June 2019 BD'000 (reviewed)</i>	<i>30 June 2018 BD'000 (reviewed)</i>
Sources of Qard fund			
Contribution by the Bank		125	125
Donation		3	3
Non-Islamic income		87	-
		<u>215</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 2019

	30 June 2019 BD'000 (reviewed)	30 June 2018 BD'000 (reviewed)
Sources of Zakah and charity funds		
Undistributed Zakah and charity funds at the beginning of the period	314	259
Non-Islamic income / late payment fee	378	298
Contributions by the Bank for zakah	179	265
Contributions by the Bank for donations	250	200
Total sources of Zakah and charity funds during the period	1,121	1,022
Uses of Zakah and charity funds		
Philanthropic societies	297	246
Aid to needy families	229	181
Islamic events	-	25
Others	14	11
Total uses of funds during the period	540	463
Undistributed zakah and charity funds at the end of the period	581	559

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

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, Commerce and Tourism ("MOICT") 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 (2018: nine), all operating in the Kingdom of Bahrain.

The consolidated financial statements include the results of the Bank and its wholly owned subsidiaries (together the "Group"). The Bank holds 100% of the share capital of Abaad Real Estate Company B.S.C. (c).

2 BASIS OF PREPARATION AND PRESENTATION

The condensed consolidated interim financial information for the six month period ended 30 June 2019 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 2018. 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 2018.

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 2018.

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 2018.

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 2018.

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 2018 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 2018.

7 SEASONALITY

The Bank does not have significant income of seasonal nature. The Other income includes BD 642 thousand (2018: BD 206 thousand) of dividends received from Bank's investments.

8 FINANCING ASSETS

	30 June 2019 BD'000 (Reviewed)	31 December 2018 BD'000 (Audited)
Murabaha	580,958	575,041
Musharaka	97,902	100,127
Gross financing assets	678,860	675,168
Deferred profits	(68,341)	(65,253)
Impairment allowance	(33,484)	(29,839)
	577,035	580,076

8.1 The movement on impairment allowances is as follows:

2019	Stage 1	Stage 2	Stage 3	Total
Gross financing assets	519,851	51,127	107,882	678,860
Less: Deferred profits	51,612	4,988	11,741	68,341
Less: Impairment allowance				
At 1 January 2019	2,157	3,146	24,536	29,839
Net movement between stages	36	(969)	933	-
Net charge for the period	(42)	146	4,827	4,931
Write-off	-	-	(1,286)	(1,286)
Impairment allowance at 30 June 2019	2,151	2,323	29,010	33,484
Net financing assets	466,088	43,816	67,131	577,035
2018	Stage 1	Stage 2	Stage 3	Total
Gross financing assets	522,720	66,735	85,713	675,168
Less: Deferred profits	50,559	5,166	9,528	65,253
Less: Impairment allowance				
At 1 January 2018	2,367	9,486	15,345	27,198
Net movement between stages	1,302	(4,304)	3,002	-
Net charge for the year	(1,512)	(2,036)	9,295	5,747
Write-off	-	-	(3,106)	(3,106)
Impairment allowance at 31 December 2018	2,157	3,146	24,536	29,839
Net financing assets	470,004	58,423	51,649	580,076

For the six months ended 30 June 2019

9 INVESTMENT SECURITIES

	30 June 2019 BD'000 (Reviewed)	31 December 2018 BD'000 (Audited)
i) Debt type instruments*		
<i>Quoted Sukuk - carried at amortised cost</i>		
Gross balance at the beginning of the period	160,727	176,806
Acquisitions	36,476	41,891
Disposals and redemptions	(2,716)	(57,970)
Gross balance at the end of the period	194,487	160,727
Impairment allowance	(20)	(23)
Net balance at the end of the period	194,467	160,704
<i>Unquoted Sukuk - carried at amortised cost</i>		
Gross balance at the beginning of the period	58,725	62,581
Acquisitions	27,761	33,699
Disposals and redemptions	(23,246)	(37,534)
Foreign currency translation changes	6	(21)
Gross balance at the end of the period	63,246	58,725
Impairment allowance	(12,193)	(12,196)
Net balance at the end of the period	51,053	46,529
ii) Equity type instruments		
<i>Unquoted shares - at cost less impairment</i>		
Gross balance	28,436	28,436
Impairment allowance	(10,204)	(9,784)
Net balance at the end of the period	18,232	18,652
<i>Unquoted managed funds - at cost less impairment</i>		
Gross balance	14,168	14,168
Impairment allowance	-	-
Net balance at the end of the period	14,168	14,168
Total net investment securities	277,920	240,053

* As of 30 June 2019, debt type instruments includes sukuk of BD 103,420 thousand (31 December 2018: BD 134,895 thousand) pledged against borrowings from financial institutions of BD 75,754 thousand (31 December 2018: BD 96,386 thousand).

For the six months ended 30 June 2019

10 INVESTMENT IN REAL ESTATE

	30 June 2019 BD'000 (Reviewed)	31 December 2018 BD'000 (Audited)
Lands	21,169	23,966
Buildings	159	318
	21,328	24,284
	30 June 2019 BD'000 (Reviewed)	31 December 2018 BD'000 (Audited)
Movement in investment in real estate:		
Beginning of the period	24,284	29,831
Disposal	(2,956)	(4,028)
Fair value changes	-	(1,519)
End of the period	21,328	24,284

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

11 OTHER ASSETS

	30 June 2019 BD'000 (Reviewed)	31 December 2018 BD'000 (Audited)
Reposessed assets	5,103	5,103
Receivables*	1,743	3,224
Staff advances	1,728	1,717
Prepaid expenses	897	803
Other	240	215
	9,711	11,062

* Receivables are net of ECL amounting to BD 268 thousand as of 30 June 2019 (31 December 2018: BD 233 thousand).

12 OTHER LIABILITIES

	30 June 2019 BD'000 (Reviewed)	31 December 2018 BD'000 (Audited)
Managers' cheques	2,660	3,560
Payable to vendors	3,956	3,874
Accrued expenses	2,231	3,551
Life insurance (Takaful) fees payable	503	845
Dividends payable	925	928
Zakah and charity fund	581	314
Other*	3,930	12,076
	14,786	25,148

* Other liabilities includes ECL of BD 82 thousand as of 30 June 2019 (31 December 2018: BD 185 thousand) on commitments.

13 IMPAIRMENT ALLOWANCE, NET

	30 June 2019 BD'000 <i>(Reviewed)</i>	30 June 2018 BD'000 <i>(Reviewed)</i>
Financing assets (note 8.1)	4,931	2,990
Ijarah rental receivables	432	(312)
Investments in Sukuk	(14)	664
Investments at fair value through equity	419	399
Investment in associate	216	1,241
Placements with financial institutions	(3)	1
Other assets	35	71
Commitments	(103)	(400)
	5,913	4,654

14 COMMITMENTS AND CONTINGENT LIABILITIES

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 2019 BD'000 <i>(Reviewed)</i>	31 December 2018 BD'000 <i>(Audited)</i>
Letters of credit and acceptances	5,838	6,166
Guarantees	63,180	66,316
Credit Cards	35,806	34,048
Altamweel Almaren	24,051	15,405
Commitments to finance	15,588	35,422
Operating lease commitments*	244	327
	144,707	157,684

* The Group has entered into commercial leases for certain branches. The remaining average period of these leases ranges between 1 month and 3 years with renewal terms included in the contracts. Renewals are at the option of the Bank. There are no restrictions placed upon the lessee by entering into these leases.

For the six months ended 30 June 2019

15 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 2019 were as follows:

	30 June 2019 (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	-	-	1,127	-	1,127
Investment in associates	-	21,287	-	-	21,287
Other assets	-	-	-	289	289
Liabilities and Equity of investment accountholders					
Placements from non-financial institutions and individuals	22,269	-	-	-	22,269
Customers' current accounts	-	3,383	390	147	3,920
Other liabilities	-	-	143	-	143
Equity of investment accountholders	23,150	-	678	1,045	24,873
	30 June 2019 (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	-	-	39	-	39
Share of results of associates, net	-	(146)	-	-	(146)
Return on equity of investment accountholders	(796)	-	(1)	(22)	(819)
Expense on placements from non-financial institutions and individuals	(50)	-	-	-	(50)
Expenses					
Staff costs	-	-	-	(789)	(789)
Other expenses	-	-	(30)	-	(30)
	31 December 2018 (Audited)				
	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	-	-	1,615	-	1,615
Investment in associates	-	21,643	-	-	21,643
Other assets	-	-	-	285	285
Liabilities and Equity of investment accountholders					
Customers' current accounts	-	177	425	77	679
Other liabilities	-	-	500	-	500
Equity of investment accountholders	48,972	-	695	980	50,647
	30 June 2018 (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	-	-	60	-	60
Share of results of associates, net	-	50	-	-	50
Return on equity of investment accountholders	(671)	-	(17)	(16)	(704)
Expense on borrowings from financial institutions	(532)	-	-	-	(532)
Expenses					
Staff costs	-	-	-	(685)	(685)
Other expenses	-	-	(122)	-	(122)

Compensation of the key management personnel is as follows:

	Six months ended 30 June	
	2019 BD'000	2018 BD'000
Short term employee benefits	633	561
Other long term benefits	156	124
	789	685

16 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.

As of 30 June 2019, the Bank did not have any financial instruments recorded at fair value.

Transfers between Level 1, Level 2 and Level 3

During the six-months period ended 30 June 2019 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 32,400 thousand (2018: BD 32,820 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.

17 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 2019

17 SEGMENTAL INFORMATION (continued)

Segment information is disclosed as follows:

	<i>For the six months ended 30 June 2019 (Reviewed)</i>			
	<i>Corporate BD'000</i>	<i>Retail BD'000</i>	<i>Investment BD'000</i>	<i>Total BD'000</i>
Total net income	4,487	11,992	6,087	22,566
Total expenses	(2,898)	(9,430)	(1,013)	(13,341)
Impairment allowance, net	(4,411)	(849)	(653)	(5,913)
Profit / (loss) for the period	(2,822)	1,713	4,421	3,312

Other information

	<i>30 June 2019 (Reviewed)</i>			
	<i>Corporate BD'000</i>	<i>Retail BD'000</i>	<i>Investment BD'000</i>	<i>Total BD'000</i>
Segment assets	362,830	471,963	444,356	1,279,149
Segment liabilities, and equity	434,404	568,542	276,203	1,279,149

	<i>For the six months ended 30 June 2018 (Reviewed)</i>			
	<i>Corporate BD'000</i>	<i>Retail BD'000</i>	<i>Investment BD'000</i>	<i>Total BD'000</i>
Total net income	4,119	11,715	4,618	20,452
Total expenses	(2,376)	(8,500)	(1,415)	(12,291)
Impairment allowance, net	(1,752)	(525)	(2,377)	(4,654)
Profit for the period	(9)	2,690	826	3,507

Other information

	<i>31 December 2018 (Audited)</i>			
	<i>Corporate BD'000</i>	<i>Retail BD'000</i>	<i>Investment BD'000</i>	<i>Total BD'000</i>
Segment assets	365,325	466,958	448,234	1,280,517
Segment liabilities, and equity	410,663	545,823	324,031	1,280,517

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

18 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.