

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
Al Baraka Islamic Bank B.S.C. (c)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 March 2017 (REVIEWED)



Ernst & Young
P.O. Box 140
10th Floor, East Tower
Bahrain World Trade Center
Manama
Kingdom of Bahrain

Tel: +973 1753 5455
Fax: +973 1753 5405
manama@bh.ey.com
ey.com/mena
C.R. No. 6700 / 29977

REVIEW REPORT TO THE BOARD OF DIRECTORS OF AL BARAKA ISLAMIC BANK B.S.C. (c)

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Al Baraka Islamic Bank B.S.C.(c) (the "Bank") and its subsidiary ("the Group") as of 31 March 2017, and the related interim consolidated statements of income, cash flows, changes in owners' equity and changes in off-balance sheet equity of investment accountholders for the three month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies disclosed in note 2. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with 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 International Standards on Auditing 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with the accounting policies disclosed in note 2.


11 May 2017
Manama, Kingdom of Bahrain


Al Baraka Islamic Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017 (Reviewed)

	Notes	31 March 2017 BD '000	Audited 31 December 2016 BD '000
ASSETS			
Cash and balances with banks and financial institutions		50,039	105,791
Receivables		299,027	279,953
Mudaraba financing		-	293
Ijara Muntahia Bittamleek		105,279	105,473
Musharaka		117,554	119,405
Investments	3	221,336	206,936
Investments in real estate		2,252	2,252
Ijara income receivables		13,171	11,537
Investment in joint venture		5,499	5,495
Premises and equipment		12,413	11,319
Goodwill		10,599	10,623
Other assets	4	41,657	40,161
TOTAL ASSETS		878,826	899,238
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS, SUBORDINATED DEBTS AND OWNERS' EQUITY			
Liabilities			
Due to banks and financial institutions		33,098	22,045
Current accounts		100,529	110,577
Medium term financing		39,610	34,149
Other liabilities	5	42,483	34,488
Total liabilities		215,720	201,259
Equity of investment accountholders		569,119	602,539
Subordinated debts	6	16,380	17,522
Owners' Equity			
Share capital		46,167	46,167
Reserves		9,215	9,483
Retained earnings		5,960	5,836
Equity attributable to parent's shareholders		61,342	61,486
Non-controlling interest		16,265	16,432
Total owners' equity		77,607	77,918
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS, SUBORDINATED DEBTS AND OWNERS' EQUITY		878,826	899,238
OFF-BALANCE SHEET ITEMS:			
EQUITY OF INVESTMENT ACCOUNTHOLDERS		30,108	28,648
CONTINGENCIES AND COMMITMENTS	7	125,055	105,324


Khalid Rashid Al-Zayani
Chairman


Adnan Ahmed Yousif
Deputy Chairman


Mohammed Essa Al Mutaweh
Chief Executive Officer & Board Member


The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

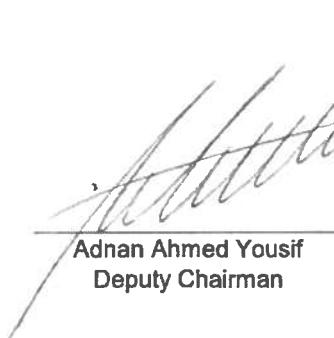
Al Baraka Islamic Bank B.S.C.

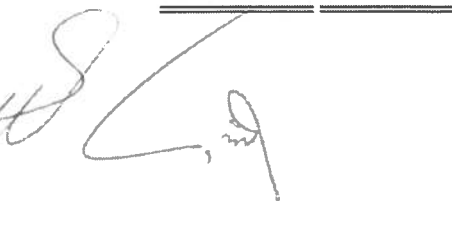
INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three months period ended 31 March 2017 (Reviewed)

	Notes	Three months ended 31 March	
		2017 BD '000	2016 BD '000
INCOME			
Income from jointly financed sales		3,553	2,848
Income from jointly financed, other financings and investments	8	5,244	3,490
Income from jointly financed assets		8,797	6,338
Return on equity of Investment accountholders before Group's share as a Mudarib		(6,851)	(5,117)
Group's share as a Mudarib		1,937	1,508
Return on equity of investment accountholders		(4,914)	(3,609)
Group's share as a Mudarib and Rabalmaal		3,883	2,729
Group's income from self financed sales		106	112
Group's income from self financed, other financings and investments	8	2,328	1,179
Revenue from banking services	9	1,090	1,057
Other income	10	351	342
Group's Mudarib/Agency fee from off-balance sheet equity of investment account holders		8	9
TOTAL OPERATING INCOME		7,766	5,428
OPERATING EXPENSES			
Staff expenses		(3,313)	(2,656)
Depreciation		(420)	(282)
Other operating expenses		(3,398)	(2,163)
TOTAL OPERATING EXPENSES		(7,131)	(5,101)
NET OPERATING INCOME		635	327
(Provision for) / reversal of impairment - net	11	(493)	171
NET INCOME BEFORE TAXATION		142	498
Tax expense		3	(18)
INCOME FOR THE PERIOD		145	480
Attributable to:			
Equity shareholders of the Parent		124	449
Non-controlling interest		21	31
		145	480


Khalid Rashid Al-Zayani
Chairman


Adnan Ahmed Yousif
Deputy Chairman


Mohammed Essa Al Mutaweh
Chief Executive Officer & Board Member

The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months period ended 31 March 2017 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	
	2017	2016
	BD '000	BD '000
OPERATING ACTIVITIES		
Net income before taxation	142	498
Adjustments for :		
Depreciation	420	282
(Provision for) / reversal of impairment - net	493	(172)
Gain on sale of premises and equipment	(10)	-
Gain on sale of investments	(550)	(21)
Share of loss from investment in joint venture	(4)	-
Operating profit before changes in operating assets and liabilities	<u>491</u>	<u>587</u>
Net changes in operating assets and liabilities:		
Balances with central banks in mandatory reserves	42,130	3,229
Receivables	(17,234)	13,924
Mudaraba financing	293	-
Ijara Muntahia Bittamleek	194	(2,253)
Musharaka	1,856	(20,230)
Ijara income receivables	(1,660)	(1,016)
Other assets	(1,437)	(116)
Other liabilities	8,010	1,252
Due to banks and financial institutions	11,054	2,193
Current accounts	(10,049)	(11,287)
Equity of investment accountholders	(33,420)	(11,761)
Tax paid	(60)	(47)
Net cash from / (used in) operating activities	<u>168</u>	<u>(25,525)</u>
INVESTING ACTIVITIES		
Purchase of investments	(26,445)	(2,091)
Sale of investments	12,213	1,677
Net purchase of premises and equipment	(1,502)	(277)
Net cash used in investing activities	<u>(15,734)</u>	<u>(691)</u>
FINANCING ACTIVITIES		
Subordinated debts	(1,142)	8,789
Medium term financing	5,460	1,509
Net cash from financing activities	<u>4,318</u>	<u>10,298</u>
Foreign currency translation adjustments	(79)	(9)
DECREASE IN CASH AND CASH EQUIVALENTS	(11,327)	(15,927)
Cash and cash equivalents at 1 January	<u>119,567</u>	<u>103,424</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>108,240</u>	<u>87,497</u>
For the purpose of the interim cash flows statement, cash and cash equivalents comprise the following:		
Cash in hand	13,210	9,067
Balances with central banks	7,019	4,326
Balances with other banks and financial institutions	5,436	17,508
Receivables - international commodities	82,575	56,596
	<u>108,240</u>	<u>87,497</u>

The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

Al Baraka Islamic Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the three months period ended 31 March 2017 (Reviewed)

Equity attributable to shareholders of the Parent

	Reserves							Total owners' equity BD '000			
	Share capital BD '000	Statutory BD '000	General BD '000	Employee defined benefit plan BD '000	Cumulative changes in fair value BD '000	Revaluation reserve of premises and equipment BD '000	Foreign exchange BD '000		Retained earnings BD '000	Total BD '000	Non-controlling interest BD '000
Balance at 1 January 2017	46,167	8,557	3,275	(43)	756	450	(3,512)	5,836	61,486	16,432	77,918
Cumulative changes in fair value	-	-	-	-	(211)	-	-	-	(211)	(157)	(368)
Foreign currency translation reserve	-	-	-	-	-	-	(66)	-	(66)	(37)	(103)
Remeasurement gains on defined benefit plan	-	-	-	9	-	-	-	-	9	6	15
Net income for the period	-	-	-	-	-	-	-	124	124	21	145
Balance at 31 March 2017	46,167	8,557	3,275	(34)	545	450	(3,578)	5,960	61,342	16,265	77,607
Balance at 1 January 2016	46,167	8,474	3,275	(65)	(46)	450	(4,444)	4,873	58,684	6,910	65,594
Cumulative changes in fair value	-	-	-	-	(21)	-	-	-	(21)	(12)	(33)
Foreign currency translation reserve	-	-	-	-	-	-	(7)	-	(7)	(3)	(10)
Remeasurement gains on defined benefit plan	-	-	-	5	-	-	-	-	5	3	8
Net income for the period	-	-	-	-	-	-	-	449	449	31	480
Balance at 31 March 2016	46,167	8,474	3,275	(60)	(67)	450	(4,451)	5,322	59,110	6,929	66,039

The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

Al Baraka Islamic Bank B.S.C. (c)

INTERIM STATEMENT OF CHANGES IN OFF-BALANCE SHEET EQUITY OF INVESTMENT ACCOUNTHOLDERS

For the three months period ended 31 March 2017 (Reviewed)

	<i>Balance at 1 January 2017 BD '000</i>	<i>Net Deposits BD '000</i>	<i>Gross income BD '000</i>	<i>Mudarib's/ agency fee BD '000</i>	<i>Balance at 31 March 2017 BD '000</i>
Receivables	25,103	1,281	172	(8)	26,548
Investments	3,546	14	-	-	3,560
	28,649	1,295	172	(8)	30,108

	<i>Balance at 1 January 2016 BD '000</i>	<i>Net withdrawals BD '000</i>	<i>Gross income BD '000</i>	<i>Mudarib's/ agency fee BD '000</i>	<i>Balance at 31 March 2016 BD '000</i>
Receivables	35,693	(5,345)	212	(9)	30,551
Investments	3,567	18	-	-	3,585
	39,260	(5,327)	212	(9)	34,136

The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017 (Reviewed)

1 INCORPORATION AND PRINCIPAL ACTIVITY

Al Baraka Islamic Bank B.S.C. (c) (the "Bank") is a closed shareholding company incorporated in the Kingdom of Bahrain on 21 February 1984. The Bank operates under a Retail Bank's licence number RB/025 issued by the Central Bank of Bahrain (CBB). The Bank has eight commercial branches in the Kingdom of Bahrain. The Bank is 91% owned by Al Baraka Banking Group ("Ultimate Parent").

The principal activities of the Bank and its subsidiary (the "Group") are taking demand, saving and investment accounts, providing Murabaha finance, Ijara and other Shari'a compliant forms of financing as well as managing investors' money on the basis of Mudaraba or agency for a fee, providing commercial banking services and other investment activities. The Bank's registered office is at Bahrain Bay, P.O. Box 1882, Manama, Kingdom of Bahrain.

These interim condensed consolidated financial statements were approved by the Board of Directors on 11 May 2017.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of Preparation

The interim condensed consolidated financial statements for the three month period ended 31 March 2017 have been prepared in accordance with the guidance given by International Accounting Standard 34 "Interim Financial Reporting". The interim condensed consolidated financial statements do not contain all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2016. In addition, results for the three month period ended 31 March 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

2.2 Accounting convention

The interim condensed consolidated financial statements are prepared on historical cost basis, except for investment in real estate, equity-type instruments through equity and land owned by the Bank (classified as premises and equipment) that have been measured at fair value.

The interim condensed consolidated financial statements are presented in Bahraini Dinars, being the reporting currency of the Group. All values are rounded off to the nearest Bahraini Dinar (BD) thousand unless otherwise indicated.

2.3 Basis of consolidation

These interim condensed consolidated financial statements include the financial statements of the Bank and its subsidiary after elimination of inter company transactions and balances.

The following is the principle subsidiary of the Bank, which is consolidated in these interim consolidated financial statements:

	<i>Ownership for 2017</i>	<i>Year of incorporation</i>	<i>Country of incorporation</i>	<i>No. of branches/ offices at 31 March 2017</i>
Held directly by the Bank				
Al Baraka Bank (Pakistan) Limited*	57.40%	2004	Pakistan	224

*Al Baraka Bank (Pakistan) Limited became a subsidiary on 21 December 2010.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017 (Reviewed)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.3 Basis of consolidation (continued)

Investment in Itqan Capital

The Bank has ownership interest of 83.07% with Itqan Capital (the "Company"). The Bank via a management agreement dated 1 July 2012 assigned the control to govern the financial and operating policies of the Company to the Ultimate Parent. The Bank has authorised the Ultimate Parent to represent it in the shareholders' meetings and to exercise control on the Company to do any or all acts and deeds and exercise all powers of the Bank pursuant to the Charter Document referred in the management agreement and or under any applicable laws.

The financial statements of the Company are not consolidated as it is controlled by the Ultimate Parent pursuant to the terms of the management agreement. The Ultimate Parent consolidates the financial statements of the Company in its consolidated financial statements which are prepared in accordance with AAOIFI standards and the same was approved by the CBB.

The investment acquired is initially recognised at cost, being the fair value of consideration given including acquisition charges associated with the investment. Subsequently, the investment is carried at cost less impairment losses, if any.

2.4 New standards, interpretations and amendments adopted by the Group

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 issued during the period.

3 INVESTMENTS

	31 March 2017			Audited 31 December 2016		
	Self financed BD '000	Jointly financed BD '000	Total BD '000	Self financed BD '000	Jointly financed BD '000	Total BD '000
i) Debt-type instruments at amortised cost						
Quoted						
Sukuk	27,620	39,266	66,886	27,434	39,149	66,583
Unquoted						
Sukuk	108,156	12,243	120,399	77,202	31,246	108,448
	135,776	51,509	187,285	104,636	70,395	175,031
ii) Equity-type instruments at fair value through equity						
Quoted						
Listed equity shares	4,720	172	4,892	3,194	159	3,353
Unquoted						
Equity investments	22,752	188	22,940	22,752	188	22,940
Managed funds	377	1,885	2,262	377	1,885	2,262
Real estate related	2,879	2,250	5,129	1,748	2,761	4,509
	30,728	4,495	35,223	28,071	4,993	33,064
Less: Provision for impairment	(988)	(184)	(1,172)	(987)	(172)	(1,159)
Total investments	165,516	55,820	221,336	131,720	75,216	206,936

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017 (Reviewed)

3 INVESTMENTS (continued)

Included in quoted equity type instruments, BD 4,787 thousand (2016: BD 3,261 thousand) of investments are fair valued using quoted prices in active markets.

Within unquoted investments which are held at fair value through equity are investments amounting to BD 29,819 thousand (2016: BD 29,199 thousand) which are held at cost less provision for impairment. These are investments in unlisted companies whose shares are not traded on active markets. The investments are primarily in closely-held companies located in the Gulf Co-operation Council ("GCC"). The investments are held at cost less provision for impairment due to the unpredictable nature of their future cash flows and the lack of other suitable methods for determining a reliable fair value.

The Group's investments in Sukuk held at amortised cost amounting to BD 186,729 thousand (2016: BD 174,474 thousand) has a fair value amounting to BD 186,502 thousand (2016: BD 174,136 thousand).

Investments stated at a carrying amount of BD 61,903 thousand (2016: BD 62,758 thousand) are placed in custody of a financial institution. Further, investments having carrying value of BD 17,010 thousand (2016: BD 17,010 thousand) are also pledged with another financial institution. These are for the purpose of securing borrowing lines from these financial institutions.

4 OTHER ASSETS

	<i>31 March</i> <i>2017</i> <i>BD '000</i>	<i>Audited</i> <i>31 December</i> <i>2016</i> <i>BD '000</i>
Deferred tax (note 4.1)	10,666	10,427
Advance against financing transactions	10,510	8,189
Collaterals pending sale	7,505	8,558
Advance against capital expenditure	3,046	2,937
Accounts receivable	1,913	1,355
Advance tax	1,373	1,420
Income receivable	108	245
Others	7,961	8,458
	43,082	41,589
Less: Provision for impairment	(1,425)	(1,428)
	41,657	40,161

Note 4.1

The above net deferred tax asset has been recognised in accordance with the Group's accounting policy. The management based on financial projections prepared during the year, estimates that sufficient taxable profits would be available in future against which the deferred tax asset could be realised.

5 OTHER LIABILITIES

	<i>31 March</i> <i>2017</i> <i>BD '000</i>	<i>Audited</i> <i>31 December</i> <i>2016</i> <i>BD '000</i>
Margins received	13,614	8,783
Accounts payable	9,011	6,398
Security deposit against Ijara Muntahia Bittamleek	5,638	6,060
Bills payable	5,166	4,997
Provision for employees benefits	2,408	2,997
Charity fund	278	207
Others	6,368	5,046
	42,483	34,488

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017 (Reviewed)

6 SUBORDINATED DEBT

	<i>Audited</i>	
	31 March	31 December
	2017	2016
	BD '000	BD '000
Subordinated Mudaraba and Murabaha by Ultimate Parent	11,751	12,273
Subordinated Mudaraba Sukuk	4,629	5,249
	16,380	17,522

7 CONTINGENCIES AND COMMITMENTS

	<i>Audited</i>	
	31 March	31 December
	2017	2016
	BD '000	BD '000
Foreign exchange contracts	41,548	24,345
Letters of credit	33,661	28,700
Guarantees	33,443	37,419
Acceptances	11,166	9,417
Taxation	5,226	5,238
Others	11	205
	125,055	105,324

8 INCOME FROM JOINTLY AND SELF FINANCED, OTHER FINANCINGS AND INVESTMENTS

	<i>Three months ended</i>	
	<i>31 March</i>	
	2017	2016
	BD '000	BD '000
Musharaka	2,554	1,258
Income from investments	2,535	1,604
Ijara Muntahia Bittamleek (note 8.1) - net	1,877	1,766
Gain on sale of investments	550	21
Dividend income	34	-
Rental income	22	20
	7,572	4,669

	<i>Three months ended</i>	
	<i>31 March</i>	
	2017	2016
	BD '000	BD '000
Income from jointly financed, other financings and investments	5,244	3,490
Income from self financed, other financings and investments	2,328	1,179
	7,572	4,669

8.1 Ijara Muntahia Bittamleek

	<i>Three months ended</i>	
	<i>31 March</i>	
	2017	2016
	BD '000	BD '000
Income from Ijara Muntahia Bittamleek	6,998	10,364
Depreciation on Ijara Muntahia Bittamleek	(5,121)	(8,598)
	1,877	1,766

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017 (Reviewed)

9 REVENUE FROM BANKING SERVICES

	Three months ended 31 March	
	2017 BD '000	2016 BD '000
Fees and commissions	605	554
Letters of credit and acceptances	357	446
Guarantees	128	57
	1,090	1,057

10 OTHER INCOME

	Three months ended 31 March	
	2017 BD '000	2016 BD '000
Foreign exchange gain - net	140	210
Others	211	132
	351	342

11 (PROVISION FOR) / REVERSAL OF IMPAIRMENT - NET

	Three months ended 31 March	
	2017 BD '000	2016 BD '000
(Provision for) / reversal of specific provision against non-performing assets - net	(213)	234
General provision charge	(280)	(63)
	(493)	171

12 SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's geographical segments. The geographical segments are based upon the location of the units responsible for recording the transactions and reflects the manner in which financial information is evaluated by management and the Board of Directors.

For financial reporting purposes, the Group is divided into two geographical segments, Middle East and Other Asian Countries. Other Asian Countries predominantly includes operations in Pakistan.

The results reported for the geographic segments are based on the Group's internal financial reporting systems. The accounting policies of the segments are the same as those applied in the preparation of the Group's interim condensed consolidated financial statements. Transactions between segments are conducted at estimated market rates on an arm's length basis.

The segmental results of the Group were as follows:

	Middle East		Other Asian Countries		Total	
	31 March 2017 BD '000	31 December 2016 BD '000	31 March 2017 BD '000	31 December 2016 BD '000	31 March 2017 BD '000	31 December 2016 BD '000
Assets	448,693	434,060	430,133	465,178	878,826	899,238
Liabilities, equity of investment accountholders and Subordinated debts	419,870	405,340	381,349	415,980	801,219	821,320

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017 (Reviewed)

12 SEGMENTAL INFORMATION (continued)

	<i>Middle East</i>		<i>Other Asian Countries</i>	
	<i>Three months ended</i>		<i>Three months ended</i>	
	<i>31 March</i>		<i>31 March</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Total operating income	3,237	2,901	4,529	2,527
Total operating expenses	(2,772)	(2,592)	(4,359)	(2,509)
(Provision for) / reversal of impairment - net	(371)	84	(122)	87
Taxation	-	-	3	(18)
Net income for the period	94	393	51	87

13 RELATED PARTY TRANSACTIONS

Related parties comprise major shareholders, directors of the Group, entities owned or controlled, jointly controlled or significantly influenced by them, companies affiliated by virtue of shareholding in common with that of the Group, Shari'a supervisory board and external auditors.

The significant balances with related parties were as follows:

	<i>Shareholders</i>		<i>Other Related Parties</i>		<i>Total</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>BD '000</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 financial institutions	213	307	52	37	265	344
Receivables	-	-	18,972	18,303	18,972	18,303
Ijara Muntahia Bittamleek	-	-	195	220	195	220
Musharaka	-	-	887	813	887	813
Ijara income receivables	-	-	30	31	30	31
Investments	-	-	32,671	32,779	32,671	32,779
Other assets	816	990	193	23	1,009	1,013
	1,029	1,297	53,000	52,206	54,029	53,503
Liabilities:						
Due to banks and financial institutions	1,363	1,288	340	247	1,703	1,535
Current accounts	89	48	1,668	971	1,757	1,019
Other liabilities	2	2	228	357	230	359
	1,454	1,338	2,236	1,575	3,690	2,913
Equity of investment accountholders	2,298	2,322	31,162	31,831	33,460	34,153
Subordinated Debts	11,751	12,273	-	-	11,751	12,273
OFF-BALANCE SHEET ITEMS:						
Equity of investment accountholders	-	-	28,698	28,168	28,698	28,168
Contingencies and commitments	64	-	2,150	1,671	2,214	1,671

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017 (Reviewed)

13 RELATED PARTY TRANSACTIONS (continued)

The transactions with the related parties included in the statement of income are as follows:

	Shareholders		Other Related Parties		Total	
	2017 BD '000	2016 BD '000	2017 BD '000	2016 BD '000	2017 BD '000	2016 BD '000
Income						
Income from jointly financed sales	-	-	128	96	128	96
Income from jointly financed, other financings and investments	-	-	104	103	104	103
Other income	30	20	-	-	30	20
Group's Mudarib/agency fee from off-balance sheet equity of investment account holders	8	9	-	17	8	26
	38	29	232	216	270	245
Expenses						
Return on equity of investment accontholders before Group's share as a Mudarib	176	6	165	76	341	82
Other expenses	17	66	195	141	212	207
	193	72	360	217	553	289

Compensation of key management personnel is as follows:

	Three months ended 31 March	
	2017 BD '000	2016 BD '000
Salaries	446	377
Other benefits	249	189
	695	566

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

Fair value is determined for each financial asset individually in accordance with the valuation policies set out below:

- (i) For investments that are traded in organised financial markets, fair value is determined by reference to the quoted market bid prices prevailing on the consolidated statement of financial position date.
- (ii) For unquoted investments, fair value is determined by reference to recent significant buy or sell transactions with third parties that are either completed or are in progress. Where no recent significant transactions have been completed or are in progress, fair value is determined by reference to the current market value of similar investments. For others, the fair value is based on the net present value of estimated future cash flows, or other relevant valuation methods.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017 (Reviewed)

14 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

- (iii) For investments that have fixed or determinable cash flows, fair value is based on the net present value of estimated future cash flows determined by the Group using current profit rates for investments with similar terms and risk characteristics.
- (iv) Investments which cannot be remeasured to fair value using any of the above techniques are carried at cost, less provision for impairment.