

**Al Salam Bank-Bahrain B.S.C.**

**INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**30 SEPTEMBER 2012**

## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF AL SALAM BANK-BAHRAIN B.S.C.

### Introduction

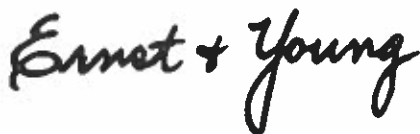
We have reviewed the accompanying interim condensed consolidated financial statements of Al Salam Bank-Bahrain B.S.C. ("the Bank") as at 30 September 2012, comprising of the interim consolidated statement of financial position as at 30 September 2012 and the related interim consolidated statements of income, cash flows and changes in owners' equity for the nine month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies disclosed in note 2. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material aspects, in accordance with the accounting policies disclosed in note 2.



15 October 2012  
Manama, Kingdom of Bahrain

Al Salam Bank-Bahrain B.S.C.

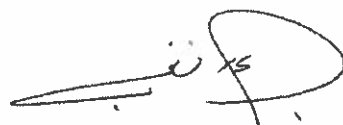
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2012 (reviewed)

		<i>Reviewed</i> 30 September 2012 BD '000	<i>Audited</i> 31 December 2011 BD '000
<b>ASSETS</b>			
Cash and balances with banks and Central Bank of Bahrain		86,795	72,318
Central Bank of Bahrain Sukuk		135,908	125,027
Murabaha and Wakala receivables from banks		134,465	135,698
Corporate Sukuk		75,505	49,650
Murabaha financing		125,591	135,383
Mudaraba financing		96,791	57,706
Ijarah Muntahia Bittamleek		77,379	66,477
Musharaka financing		16,245	11,711
Non-trading investments		213,333	223,320
Investment in an associate	3	6,757	-
Investment properties		2,500	2,500
Other assets	4	47,640	43,028
Premises and equipment		825	1,089
<b>TOTAL ASSETS</b>		<b>1,019,734</b>	<b>923,907</b>
<b>LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY</b>			
<b>LIABILITIES</b>			
Murabaha and Wakala payables to banks		102,806	104,573
Wakala payables to non-banks		572,636	515,147
Customers' current accounts		88,014	66,585
Other liabilities		17,966	20,721
<b>TOTAL LIABILITIES</b>		<b>781,422</b>	<b>707,026</b>
<b>EQUITY OF INVESTMENT ACCOUNTHOLDERS</b>		<b>34,146</b>	<b>16,256</b>
<b>OWNERS' EQUITY</b>			
Share capital	5	149,706	149,706
Treasury stock		(492)	(465)
Reserves and retained earnings		54,952	47,228
Total equity attributable to shareholders of the Bank		204,166	196,469
Non-controlling interest	5	-	4,156
<b>TOTAL OWNERS' EQUITY</b>		<b>204,166</b>	<b>200,625</b>
<b>TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY</b>		<b>1,019,734</b>	<b>923,907</b>



Sh. Hessa Bint Khalifa Al Khalifa  
Chairperson of the Board



Yousif A. Taqi  
Director and Chief Executive Officer

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

Al Salam Bank-Bahrain B.S.C.

INTERIM CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2012 (reviewed)

	<i>Three months ended 30 September 2012 BD '000</i>	<i>Three months ended 30 September 2011 BD '000</i>	<i>Nine months ended 30 September 2012 BD '000</i>	<i>Nine months ended 30 September 2011 BD '000</i>
<b>OPERATING INCOME</b>				
Income from financing contracts and sukuk	7,791	9,007	24,638	22,386
Gains on sale of investments and sukuk	1,495	472	5,073	2,209
Income from FVTPL investments	463	844	917	356
Fair value changes on FVTPL investments	(152)	70	(4,237)	742
Net (loss) gain from available-for-sale investments	(168)	-	1,591	-
Dividend income	410	416	1,178	975
Foreign exchange gains	109	361	486	1,053
Fees and commissions	114	131	432	603
Other income	4	125	6,263	243
	<b>16,211</b>	<b>11,426</b>	<b>36,341</b>	<b>28,567</b>
Profit on Murabaha and Wakala payables to banks	(134)	(165)	(436)	(529)
Profit on Wakala payables to non-banks	(4,970)	(4,082)	(15,811)	(11,787)
Profit relating to equity of investment accountholders	(41)	(31)	(128)	(125)
Depreciation on Ijarah Muntahia Bittamleek	(1,530)	(2,885)	(5,555)	(4,862)
Total operating income	<b>9,536</b>	<b>4,263</b>	<b>14,411</b>	<b>11,264</b>
<b>OPERATING EXPENSES</b>				
Staff costs	1,435	1,498	4,493	4,547
Premises and equipment cost	280	328	880	894
Depreciation	80	193	326	796
Other operating expenses	791	864	2,430	2,671
Total operating expenses	<b>2,586</b>	<b>2,883</b>	<b>8,129</b>	<b>8,908</b>
<b>NET PROFIT BEFORE PROVISIONS</b>	<b>6,950</b>	<b>1,380</b>	<b>6,282</b>	<b>2,356</b>
Provision on financing facilities	(65)	(34)	(209)	(387)
<b>NET PROFIT FOR THE PERIOD</b>	<b>6,885</b>	<b>1,346</b>	<b>6,073</b>	<b>1,969</b>
<i>Attributable to:</i>				
Shareholders of the Bank	6,885	1,308	6,037	1,826
Non-controlling interest	-	38	36	143
	<b>6,885</b>	<b>1,346</b>	<b>6,073</b>	<b>1,969</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES</b>	<b>1,491,402,726</b>	<b>1,492,426,455</b>	<b>1,491,402,726</b>	<b>1,492,426,455</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (FILS)</b>	<b>4.6</b>	<b>0.9</b>	<b>4.0</b>	<b>1.2</b>

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

# Al Salam Bank-Bahrain B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2012 (reviewed)

	<i>Nine months ended 30 September 2012 BD '000</i>	<i>Nine months ended 30 September 2011 BD '000</i>
<b>OPERATING ACTIVITIES</b>		
Net profit for the period	6,073	1,969
Adjustments:		
Depreciation	326	796
Fair value changes on FVTPL investments	4,237	(742)
Net loss from available-for-sale investments	(1,591)	-
Provision charge for financing facilities	209	387
Exchange differences on investment in an associate transferred to income statement	-	96
Operating profit before changes in operating assets and liabilities	<u>9,254</u>	<u>2,506</u>
<b>Changes in operating assets and liabilities:</b>		
Mandatory reserve with Central Bank of Bahrain	(2,630)	1,232
Central Bank of Bahrain Sukuk	(10,881)	(40,742)
Murabaha and Wakala receivables from banks with original maturities of 90 days or more	1,016	11,007
Corporate Sukuk	(25,855)	14,400
Murabaha financing	9,792	(5,185)
Mudaraba financing	(39,085)	(38,047)
Ijarah Muntahia Bittamleek	(10,902)	(8,492)
Musharaka financing	(4,534)	(2,069)
Non-trading investments, net	2,271	24,624
Other assets	(4,821)	(4,296)
Murabaha and Wakala payables to banks	(1,767)	1,286
Wakala payables to non-banks	57,489	9,569
Customers' current accounts	21,429	3,978
Other liabilities	(6,947)	(2,614)
Net cash used in operating activities	<u>(6,171)</u>	<u>(32,843)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of premises and equipment	(62)	(225)
Net cash used in investing activities	<u>(62)</u>	<u>(225)</u>
<b>FINANCING ACTIVITIES</b>		
Equity of investment accountholders	17,890	(1,212)
Purchase of treasury stock	(27)	(465)
Net cash from (used in) financing activities	<u>17,863</u>	<u>(1,677)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>11,630</b>	<b>(34,745)</b>
Cash and cash equivalents at 1 January	<u>187,729</u>	<u>203,116</u>
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b><u>199,359</u></b>	<b><u>168,371</u></b>
<b>Cash and cash equivalents comprise of:</b>		
Cash and other balances with Central Bank of Bahrain	47,949	62,987
Balances with other banks	16,945	11,852
Murabaha and Wakala receivables from banks with original maturities of less than 90 days	134,465	93,532
	<u>199,359</u>	<u>168,371</u>

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

Al Salam Bank-Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the period ended 30 September 2012 (reviewed)

Amounts in BD '000s

	Attributable to shareholders of the Bank							Total owners' equity			
	Share capital	Treasury stock	Statutory reserve	Retained earnings	Investment reserve	Changes in fair value	Foreign exchange translation reserve		Share premium reserve	Total reserves	Non-controlling interest
<b>Balance as of 1 January 2012</b>	149,706	(465)	8,662	37,823	-	(1,830)	-	2,573	47,228	4,156	200,625
<i>Total comprehensive income for the period:</i>											
Net profit for the period	-	-	-	6,037	-	-	-	-	6,037	36	6,073
Other comprehensive income (note 6):											
Net change in fair value	-	-	-	-	-	2,296	(609)	-	1,687	-	1,687
<b>Total comprehensive income</b>	-	-	-	6,037	-	2,296	(609)	-	7,724	36	7,760
Transfer to other liabilities (note 5)	-	-	-	-	-	-	-	-	-	(4,192)	(4,192)
Treasury shares purchased	-	(27)	-	-	-	-	-	-	-	-	(27)
<b>Balance as of 30 September 2012</b>	149,706	(492)	8,662	43,860	-	466	(609)	2,573	54,952	-	204,166
Balance as of 1 January 2011	149,706	-	8,631	4,603	33,039	172	(96)	2,573	48,922	3,997	202,625
Changes due to adoption of FAS 25	-	-	-	33,039	(33,039)	(757)	-	-	(757)	(8)	(765)
Balance as of 1 January 2011 (restated)	149,706	-	8,631	37,642	-	(585)	(96)	2,573	48,165	3,989	201,860
<i>Total comprehensive income for the period:</i>											
Net profit for the period	-	-	-	1,826	-	-	-	-	1,826	143	1,969
Other comprehensive income (note 6):											
Net change in fair value	-	-	-	-	-	(4,704)	-	-	(4,704)	6	(4,698)
Transfer to income statement	-	-	-	-	-	-	96	-	96	-	96
<b>Total comprehensive income</b>	-	-	-	1,826	-	(4,704)	96	-	(2,782)	149	(2,633)
Treasury shares purchased	-	(465)	-	-	-	-	-	-	-	-	(465)
<b>Balance as of 30 September 2011</b>	149,706	(465)	8,631	39,468	-	(5,289)	-	2,573	45,383	4,138	198,762

# Al Salam Bank-Bahrain B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2012 (reviewed)

### 1 INCORPORATION AND PRINCIPAL ACTIVITIES

Al Salam Bank-Bahrain B.S.C. ("the Bank") was incorporated in the Kingdom of Bahrain under the Bahrain Commercial Companies Law No. 21/2001 and was registered with Ministry of Industry and Commerce under Commercial Registration Number 59308 on 19 January 2006. The Bank is regulated and supervised by the Central Bank of Bahrain ("the CBB") and has an Islamic retail banking license and is operating under Islamic principles, and in accordance with all the relevant regulatory guidelines for Islamic banks issued by the CBB. The Bank's registered office is P.O. Box 18282, Building 22, Avenue 58, Block 436, Al Seef District, Kingdom of Bahrain.

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

The Bank operates through eleven retail branches in the Kingdom of Bahrain and offers a full range of Shari'a-compliant banking services and products. The activities of the Bank include managing profit sharing investment accounts, offering Islamic financing contracts, dealing in Shari'a-compliant financial instruments as principal/agent, managing Shari'a-compliant financial instruments and other activities permitted for under the CBB's Regulated Banking Services as defined in the licensing framework. The Bank's ordinary shares are listed in the Bahrain Bourse and Dubai Financial Market.

These interim condensed consolidated financial statements have been authorised for issue in accordance with a resolution of the Board of Directors dated 15 October 2012.

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with the guidance given by International Accounting Standard 34 - "Interim Financial Reporting". These interim condensed consolidated financial statements incorporate all assets, liabilities and off-balance sheet financial instruments held by the Bank. With the exception of the application of accounting policy for investment in associates, the accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2011, which were prepared in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and in conformity with the Bahrain Commercial Companies Law and the Central Bank of Bahrain and Financial Institutions Law. In accordance with AAOIFI, for matters for which no AAOIFI standards exist, including "Interim Financial Reporting", the Bank uses the relevant International Financial Reporting Standard.

Investment in an associate: The Bank's investments in its associates, that are acquired for strategic purposes, are accounted for under the equity method of accounting. Other equity investments in associates are accounted for as fair value through profit or loss by availing the scope exemption under FAS 23, Investments in associates. An associate is an entity over which the Bank has significant influence and which is neither a subsidiary nor a joint venture. An entity is considered as an associate if the Bank has more than 20% ownership of the entity or the Bank has significant influence through any other mode.

The 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 nine months ended 30 September 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

Non-controlling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group and is presented separately in the interim consolidated income statement and within equity in the interim consolidated statement of financial position, separately from owners' equity.

# Al Salam Bank-Bahrain B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2012 (reviewed)

### 3 INVESTMENT IN AN ASSOCIATE

The Bank has a 14.4% stake in Al Salam Bank Algeria (ASBA), an unlisted bank incorporated in Algeria. The investment was earlier classified as non-trading investment due to lack of significant influence. In the Bank's Annual General Assembly Meeting (AGM) held during 2012 some directors of ASBA were elected to the Board of the Bank. Due to common directships ASBA is significantly influenced by the Bank's directors. Consequently, the non-trading investment has been derecognised and an investment in an associate has been recognised.

### 4 OTHER ASSETS

Included in other assets are interest bearing non-Shari'a compliant assets of BSB, which are still in the process of conversion. The details of these assets are as follows:

	<i>30 September</i>	<i>31 December</i>
	<i>2012</i>	<i>2011</i>
	<i>BD '000</i>	<i>BD '000</i>
<b>Assets</b>		
Loans and advances to customers	<b>16,374</b>	19,628
Non-trading investments	<b>6,897</b>	8,122
	<b>23,271</b>	<b>27,750</b>

The above assets were previously disclosed as assets under conversion. Subsequent to the merger of BSB with the Bank, these non-Shari'a compliant assets were reclassified to other assets. The comparative amounts have also been reclassified to conform with current period presentation. This reclassification had no impact on previously reported net income, total assets and owners' equity.

During the quarter ended 30 September 2012, the Bank repossessed certain collaterals valued at BD 6.9 million from its customers which are also included in other assets. The excess amount over carrying values amounting to BD 6 million (2011: nil) is included in other income.

### 5 OWNERS' EQUITY

<b>Share capital:</b>	<i>30 September</i>	<i>31 December</i>
	<i>2012</i>	<i>2011</i>
	<i>BD '000</i>	<i>BD '000</i>
Authorised:		
2,000,000,000 (2010: 2,000,000,000) ordinary shares of BD 0.100 each	<b>200,000</b>	200,000
Issued and fully paid: (BD 0.100 per share)		
Balance at beginning and end of period - 1,497,063,825 shares	<b>149,706</b>	<b>149,706</b>

#### **Non-controlling interest:**

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

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

30 September 2012 (reviewed)

**6 TOTAL COMPREHENSIVE INCOME**

	<i>Three months ended 30 September 2012 BD '000</i>	<i>Three months ended 30 September 2011 BD '000</i>	<i>Nine months ended 30 September 2012 BD '000</i>	<i>Nine months ended 30 September 2011 BD '000</i>
<b>NET PROFIT FOR THE PERIOD</b>	<b>6,885</b>	1,346	<b>6,073</b>	1,969
Other comprehensive income:				
Net changes in fair value	1,006	(3,510)	2,296	(4,698)
Exchange differences on investment in an associate	(609)	-	(609)	-
Exchange differences on investment in an associate transferred to income statement	-	-	-	96
<b>Other comprehensive income (loss) for the period</b>	<b>397</b>	(3,510)	<b>1,687</b>	(4,602)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>7,282</b>	(2,164)	<b>7,760</b>	(2,633)
<i>Attributable to:</i>				
Equity holders of the Bank	7,282	(2,225)	7,724	(2,782)
Non-controlling interest	-	61	36	149
	<b>7,282</b>	(2,164)	<b>7,760</b>	(2,633)

30 September 2012 (reviewed)

**7 RELATED PARTY TRANSACTIONS**

Related parties comprise major shareholders, directors of the Bank, close members of their families, entities owned or controlled by them and companies affiliated by virtue of common ownership or directors with that of the Bank. The transactions with these parties were made on commercial terms.

The significant balances with related parties at 30 September 2012 were as follows:

	<i>30 September 2012</i>			
	<i>Associates and joint ventures</i>	<i>Directors and related entities</i>	<i>Senior management</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
<b>Assets:</b>				
Murabaha financing	16,376	12	128	16,516
Mudaraba financing	19,367	100	-	19,467
Ijarah Muntahia Bittamleek	13,266	2,212	75	15,553
Musharaka financing	2,061	-	-	2,061
Other assets	441	6	-	447
<b>Liabilities and equity of investment accountholders:</b>				
Wakala payables to non-banks	4,114	843	228	5,185
Customers' current accounts	6,748	45	17	6,810
Equity of investment accountholders	-	42	14	56
Commitments	-	-	-	-
Contingent liabilities	4,167	-	-	4,167

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

	<i>30 September 2012</i>			
	<i>Associates and joint ventures</i>	<i>Directors and related entities</i>	<i>Senior management</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
<b>Income:</b>				
Income from Islamic financing contracts	856	-	4	860
<b>Expenses:</b>				
Profit paid on Wakala payables to non-banks	64	26	4	94
Share of profits on equity of investment accountholders	-	-	-	-

**Al Salam Bank-Bahrain B.S.C.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

30 September 2012 (reviewed)

**7 RELATED PARTY TRANSACTIONS (continued)**

The significant balances with related parties at 31 December 2011 were as follows:

	<i>31 December 2011</i>			
	<i>Associates and joint ventures BD '000</i>	<i>Directors and related entities BD '000</i>	<i>Senior management BD '000</i>	<i>Total BD '000</i>
<b>Assets:</b>				
Murabaha and Mudaraba financing	35,621	778	150	36,549
Ijarah Muntahia Bittamleek	-	118	140	258
Musharaka financing	2,100	-	79	2,179
Other assets	1,333	16	7	1,356
<b>Liabilities and equity of investment accountholders:</b>				
Wakala payables to non-banks	3,289	1,090	453	4,832
Customers' current accounts	4,029	355	189	4,573
Equity of investment accountholders	-	130	74	204
Commitments	3,380	-	-	3,380
Contingent liabilities	-	-	-	-

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

	<i>30 September 2011</i>			
	<i>Associates and joint ventures BD '000</i>	<i>Directors and related entities BD '000</i>	<i>Senior management BD '000</i>	<i>Total BD '000</i>
<b>Income:</b>				
Income from Islamic financing contracts	2,669	117	9	2,795
<b>Expenses:</b>				
Profit paid on Wakala payables to non-banks	17	16	43	76
Share of profits on equity of investment accountholders	1	1	-	2

30 September 2012 (reviewed)

**8 CONTINGENT LIABILITIES AND COMMITMENTS**

The Bank has the following commitments:

	<i>30 September</i>	<i>31 December</i>
	<i>2012</i>	<i>2011</i>
	<i>BD '000</i>	<i>BD '000</i>
<b>Contingent liabilities on behalf of customers</b>		
Guarantees	8,813	5,270
Letters of credit	535	1,301
Acceptances	217	406
	<u>9,565</u>	<u>6,977</u>
<b>Irrevocable unutilised commitments</b>		
Unutilised financing commitments	27,411	25,591
Unutilised non-funded commitments	7,500	8,283
Unutilised capital commitments	1,392	1,398
	<u>36,303</u>	<u>35,272</u>
	<u>45,868</u>	<u>42,249</u>

Letters of credit, guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers contingent upon their failure to perform under the terms of the contract.

Commitments generally have fixed expiration dates, or other termination clauses. Since commitment may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

**Operating lease commitment - Bank as lessee**

The Group has entered into certain operating lease agreements for its premises. Future minimal rentals payable under these lease agreements are as follows:

	<i>30 September</i>	<i>31 December</i>
	<i>2012</i>	<i>2011</i>
	<i>BD '000</i>	<i>BD '000</i>
Within 1 year	717	646
After one year but not more than five years	1,026	1,133
	<u>1,743</u>	<u>1,779</u>

30 September 2012 (reviewed)

**9 SEGMENT INFORMATION**

**Primary segment information**

For management purposes, the Bank is organised into four major business segments:

- Banking** - principally managing Shari'a compliant profit sharing investment accounts, and offering Shari'a compliant financing contracts and other Shari'a-compliant products. This segment comprises corporate banking, retail banking and private banking and wealth management.
- Treasury** - principally handling Shari'a-compliant money market, trading and treasury services including short-term commodity Murabaha.
- Investments** - principally the Bank's proprietary portfolio and serving clients with a range of investment products, funds and alternative investments.
- Capital** - manages the undeployed capital of the Bank by investing it in high quality financial instruments, incurs all expenses in managing such investments and accounts for the capital governance related expenses.

These segments are the basis on which the Bank reports its primary segment information. Transactions between segments are conducted at estimated market rates on an arm's length basis. Transfer charges are based on a pool rate which approximates the cost of funds.

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

	<i>30 September</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	1,657	4,818	1,062	6,874	14,411
Segment result	(1,511)	4,155	(318)	3,747	6,073
<b>Other information</b>					
Segment assets	336,362	415,786	204,201	63,385	1,019,734
Segment liabilities and equity	704,318	103,023	1,515	210,878	1,019,734

Segment information for the period ended 30 September 2011 was as follows:

	<i>Banking</i>	<i>Treasury</i>	<i>Investments</i>	<i>Capital</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Operating income	5,545	3,656	195	1,868	11,264
Segment result	1,495	2,605	(1,429)	(702)	1,969

Segment information for the year ended 31 December 2011 was as follows:

	<i>Banking</i>	<i>Treasury</i>	<i>Investments</i>	<i>Capital</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Segment assets	228,470	322,645	294,722	78,070	923,907
Segment liabilities and equity	585,102	118,818	8,494	211,493	923,907

**Secondary segment information**

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