

Seera Investment Bank B.S.C. (c)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

30 JUNE 2014



Building a better
working world

Ernst & Young
P.O. Box 140
14th Floor, South 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

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SEERA INVESTMENT BANK B.S.C. (c)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Seera Investment Bank B.S.C. (c) (the "Bank") and its subsidiary (the "Group") as at 30 June 2014, comprising of the interim consolidated statement of financial position as at 30 June 2014 and the related interim consolidated statements of income, cash flows and changes in owners' equity for the six month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies disclosed in note 2. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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.

12 August 2014

Manama, Kingdom of Bahrain

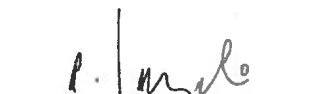
Seera Investment Bank B.S.C. (c)


INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014 (Reviewed)

		(Reviewed) 30 June 2014 US\$ '000	(Audited) 31 December 2013 US\$ '000
ASSETS			
Cash and balances with banks		4,441	3,928
Due from banks and financial institutions	3	38,005	23,502
Financing contracts	4	15,548	30,233
Non-trading investments	5	15,661	15,463
Investment in ijarah assets	6	140,756	200,398
Net assets of disposal group classified as held for sale		15,435	15,611
Investment in real estate		10,476	10,476
Other assets		5,757	4,996
Property and equipment		5,917	6,020
TOTAL ASSETS		251,996	310,627
LIABILITIES AND OWNERS' EQUITY			
LIABILITIES			
Term financing	7	61,563	91,400
Other liabilities		14,423	13,702
TOTAL LIABILITIES		75,986	105,102
OWNERS' EQUITY			
Share capital		145,643	145,643
Reserves		11,745	11,723
Retained earnings		6,236	31,790
Equity attributable to shareholders of the parent		163,624	189,156
Non-controlling interest		12,386	16,369
TOTAL OWNERS' EQUITY		176,010	205,525
TOTAL LIABILITIES AND OWNERS' EQUITY		251,996	310,627


Mubarak Al Hemeiri
Vice Chairman


Abdulla Janahi
Chief Executive Officer

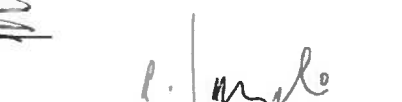

Ahmad Abdulqader
Board Member


INTERIM CONSOLIDATED STATEMENT OF INCOME

For the six month period ended 30 June 2014 (Reviewed)

	Notes	Three months ended		Six months ended	
		30 June 2014 US\$ '000	30 June 2013 US\$ '000	30 June 2014 US\$ '000	30 June 2013 US\$ '000
Rental income from investment in ijarah assets		2,863	7,673	6,422	15,272
Depreciation on investment in ijarah assets	6	(2,755)	(4,001)	(6,271)	(8,002)
Management fees relating to ijarah assets		(55)	(227)	(225)	(453)
Financing cost relating to term financing obtained to purchase ijarah assets		(488)	(1,146)	(987)	(2,633)
Gain on early settlement of financing relating to ijarah assets		-	5,714	500	5,714
Loss on disposal of ijarah assets, net	8	-	-	(25,974)	-
Other operating expenses relating to ijarah assets		(203)	(1,519)	(874)	(2,140)
Net (loss) income from investment in ijarah assets		(638)	6,494	(27,409)	7,758
Profit on amounts due from banks and financial institutions		24	17	41	59
Profit on financing contracts		104	99	205	230
Net funding income		128	116	246	289
Fee and other income		78	183	198	405
Foreign exchange gain (loss)		63	44	81	(363)
TOTAL (LOSS) INCOME		(369)	6,837	(26,884)	8,089
Expenses					
Staff expenses		932	935	1,888	1,895
General and administration expenses		339	286	631	562
Depreciation on property and equipment		70	117	134	266
TOTAL EXPENSES		1,341	1,338	2,653	2,723
NET (LOSS) INCOME FOR THE PERIOD BEFORE PROVISIONS		(1,710)	5,499	(29,537)	5,366
Provisions	6	-	2	-	(293)
NET (LOSS) INCOME FOR THE PERIOD		(1,710)	5,501	(29,537)	5,073
Attributable to:					
Shareholders of the parent		(1,591)	4,582	(25,554)	3,994
Non-controlling interest		(119)	919	(3,983)	1,079
		(1,710)	5,501	(29,537)	5,073


Mubarak Al Hameiri
Vice Chairman


Abdulla Janahi
Chief Executive Officer


Ahmad Abdulqader
Board Member

Seera Investment Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2014 (Reviewed)

	Notes	Six months ended	
		30 June 2014 US\$ '000	30 June 2013 US\$ '000
OPERATING ACTIVITIES			
Net (loss) income for the period		(29,537)	5,073
Adjustments for:			
Depreciation on investment in ijarah assets	6	6,271	8,002
Depreciation on property and equipment		134	266
Gain on early settlement of financing relating to ijarah assets		(500)	(5,714)
Loss on disposal of ijarah assets, net	8	25,974	-
Gain on disposal of equipment		-	(10)
Provisions		-	293
		2,342	7,910
Changes in operating assets and liabilities:			
Financing contracts		14,685	(22,191)
Other assets		(761)	567
Other liabilities		721	20,008
Net cash from operating activities		16,987	6,294
INVESTING ACTIVITIES			
Proceeds from disposal of ijarah assets		27,397	-
Purchase of equipment		(31)	(118)
Proceeds from disposal of equipment		-	10
Net cash from (used in) investing activities		27,366	(108)
FINANCING ACTIVITY			
Repayment and early settlement of term financing		(29,337)	(26,306)
Net cash used in financing activity		(29,337)	(26,306)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		15,016	(20,120)
Cash and cash equivalents at the beginning of the period		27,430	53,497
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		42,446	33,377
Cash and cash equivalents comprise:			
Cash and balances with banks		4,441	4,175
Due from banks and financial institutions with original maturity of ninety days or less		38,005	29,202
		42,446	33,377

The attached explanatory notes 1 to 12 form part of these interim condensed consolidated financial statements

Seera Investment Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the six month period ended 30 June 2014 (Reviewed)

	Equity attributable to shareholders of the parent							Non-controlling interest US\$ '000	Total owners' equity US\$ '000
	Share capital US\$ '000	Statutory reserve US\$ '000	Investments fair value reserve US\$ '000	Retained earnings US\$ '000	Proposed dividend US\$ '000	Total US\$ '000			
Balance at 1 January 2014	145,643	9,609	2,114	31,790	-	189,156	16,369	205,525	
Net loss for the period	-	-	-	(25,554)	-	(25,554)	(3,983)	(29,537)	
Unrealised gain on remeasurement to fair value, net	-	-	22	-	-	22	-	22	
Balance at 30 June 2014	145,643	9,609	2,136	6,236	-	163,624	12,386	176,010	
Balance at 1 January 2013	145,643	9,140	768	27,571	4,275	187,397	16,957	204,354	
Net income for the period	-	-	-	3,994	-	3,994	1,079	5,073	
Unrealised loss on remeasurement to fair value, net	-	-	(149)	-	-	(149)	-	(149)	
Dividends paid	-	-	-	-	(4,275)	(4,275)	-	(4,275)	
Balance at 30 June 2013	145,643	9,140	619	31,565	-	186,967	18,036	205,003	

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2014 (Reviewed)

1 INCORPORATION AND ACTIVITIES

Seera Investment Bank B.S.C. (c) (the "Bank") was incorporated on 5 August 2006, under commercial registration number 62003 as a Bahrain Joint Stock Company (closed). The Bank's registered office is Building 2431, Road 2831, Block 428, Seef, Kingdom of Bahrain.

The Bank operates under an Islamic Wholesale Banking License issued by the Central Bank of Bahrain (the "CBB"). The Bank and its subsidiary (the "Group") provide investment banking products and services that are compliant with Shari'a principles.

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 12 August 2014.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed consolidated financial statements for the six month period ended 30 June 2014 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 information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements as at 31 December 2013. In addition, results for the six month period ended 30 June 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

2.2 Accounting convention

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for investment in real estate and investments classified as "non-trading investments" that have been measured at fair value.

The interim condensed consolidated financial statements have been presented in United States Dollars ("US\$"), being the functional and presentation currency of the Group. All values are rounded to the nearest thousand (US\$ '000) except when indicated otherwise.

2.3 Significant accounting policies

The accounting policies adopted in preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2013, which were prepared in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), the Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Group, the Bahrain Commercial Companies Law and Central Bank of Bahrain and Financial Institutions Law. In accordance with the requirements of AAOIFI, for matters for which no AAOIFI standards exist, including "Interim Financial Reporting", the Group uses the relevant International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

3 DUE FROM BANKS AND FINANCIAL INSTITUTIONS

	<i>(Reviewed)</i> 30 June 2014 US\$ '000	<i>(Audited)</i> 31 December 2013 US\$ '000
Commodity murabaha contracts	28,210	14,606
Deferred income	(5)	(4)
	<u>28,205</u>	<u>14,602</u>
Wakala contracts	9,800	8,900
	<u>38,005</u>	<u>23,502</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2014 (Reviewed)

4 FINANCING CONTRACTS

		<i>(Reviewed)</i>	<i>(Audited)</i>
		<i>30 June</i>	<i>31 December</i>
		<i>2014</i>	<i>2013</i>
	<i>Notes</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Murabaha receivables	4.1	4,283	4,150
Tawarruq	4.2	11,265	26,083
		<u>15,548</u>	<u>30,233</u>

4.1 Murabaha receivables

		<i>(Reviewed)</i>	<i>(Audited)</i>
		<i>30 June</i>	<i>31 December</i>
		<i>2014</i>	<i>2013</i>
		<i>US\$ '000</i>	<i>US\$ '000</i>
Gross murabaha receivables		4,318	4,187
Deferred income		(35)	(37)
Net murabaha receivables		<u>4,283</u>	<u>4,150</u>

Murabaha receivables represent a 2.5 year shari'a compliant facility provided to ADGL (Guernsey), which matures on 2 February 2015. Profit is receivable on a quarterly basis. As at 30 June 2014, murabaha receivables were neither past due nor impaired (31 December 2013: nil).

4.2 Tawarruq

During 2013, the Bank entered into tawarruq facilities with special purpose vehicles ("SPVs") established by Novus (the lead aviation partner of the Bank in Falak Aviation Investment Fund). The Bank granted the SPVs tawarruq facilities amounting to US\$ 26,083 thousand for the purpose of settling certain financing, obtained by the subsidiary of the Bank to purchase ijarah assets. During the period, one of the SPVs settled the amount of US\$ 14,818 thousand from disposal proceeds received from the underlying ijarah asset.

5 NON-TRADING INVESTMENTS

		<i>(Reviewed)</i>	<i>(Audited)</i>
		<i>30 June</i>	<i>31 December</i>
		<i>2014</i>	<i>2013</i>
		<i>US\$ '000</i>	<i>US\$ '000</i>
Quoted investment designated at fair value through equity		1,940	1,679
Unquoted investments designated at fair value through equity		13,721	13,784
		<u>15,661</u>	<u>15,463</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2014 (Reviewed)

5 NON-TRADING INVESTMENTS (continued)

The movement of non-trading investments is as follows:

	<i>(Reviewed)</i> 30 June 2014 US\$ '000	<i>(Audited)</i> 31 December 2013 US\$ '000
At 1 January	15,463	17,573
Fair value changes	198	677
Provisions	-	(2,787)
	<u>15,661</u>	<u>15,463</u>

6 INVESTMENT IN IJARAH ASSETS

Investment in ijarah assets represents aircraft indirectly acquired through an equity investment in Falak Aviation Fund B.S.C.(c), a Collective Investment Unit regulated by the Central Bank of Bahrain (the "CBB").

	<i>Cost at</i> 1 January 2014 US\$ '000	<i>Accumulated</i> <i>Depreciation</i> 1 January 2014 US\$ '000	<i>Depreciation</i> <i>charge</i> US\$ '000	<i>Disposals</i> US\$ '000	<i>(Reviewed)</i> <i>Net book</i> <i>value at</i> 30 June 2014 US\$ '000	<i>(Audited)</i> <i>Net book</i> <i>value at</i> 31 December 2013 US\$ '000
Falak Fin One Limited	39,739	4,452	742	(1,000)	33,545	35,287
Falak Fin Two Limited	40,042	4,211	702	-	35,129	35,831
Falak Fin Three Limited	41,965	5,244	175	(36,546)	-	36,721
Falak Fin Four Limited	36,599	4,857	381	(31,361)	-	31,742
Falak Fin Seven Limited	43,666	6,540	1,090	-	36,036	37,126
Falak Fin Eight Limited	34,269	9,231	1,538	-	23,500	25,038
Falak Fin Nine Limited	5,046	4,893	153	-	-	153
Falak Fin Ten Limited	5,526	4,315	777	-	434	1,211
Falak Fin Eleven Limited	37,752	4,278	713	-	32,761	33,474
	<u>284,604</u>	<u>48,021</u>	<u>6,271</u>	<u>(68,907)</u>	<u>161,405</u>	<u>236,583</u>
Provisions					(20,649)	(36,185)
					<u>140,756</u>	<u>200,398</u>

The movement in provisions is as follows:

		<i>(Reviewed)</i> 30 June 2014 US\$ '000	<i>(Audited)</i> 31 December 2013 US\$ '000
At 1 January		36,185	8,000
Charge during the period / year		-	28,185
Release of provision upon disposal of ijarah assets	8	(15,536)	-
		<u>20,649</u>	<u>36,185</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2014 (Reviewed)

7 TERM FINANCING

	<i>(Reviewed)</i> 30 June 2014 US\$ '000	<i>(Audited)</i> 31 December 2013 US\$ '000
Falak Fin Two Limited	10,725	10,725
Falak Fin Three Limited	-	14,280
Falak Fin Four Limited	-	11,615
Falak Fin Seven Limited	17,821	18,884
Falak Fin Eight Limited	15,015	16,464
Falak Fin Ten Limited	1,618	1,888
Falak Fin Eleven Limited	16,384	17,544
	<u>61,563</u>	<u>91,400</u>

The movement in term financing is as follows:

	<i>(Reviewed)</i> 30 June 2014 US\$ '000	<i>(Audited)</i> 31 December 2013 US\$ '000
At 1 January	91,400	141,483
Repayments and early settlement	<u>(29,837)</u>	<u>(50,083)</u>
	<u>61,563</u>	<u>91,400</u>

The above financing has been obtained by the Bank's subsidiary to purchase ijarah assets. The financing carries profit rates between 3.3% and 6.8% and matures during 2015. There is no recourse to the Bank on these financings.

8 LOSS ON DISPOSAL OF IJARAH ASSETS, NET

	<i>(Reviewed)</i> 30 June 2014 US\$ '000	<i>(Audited)</i> 31 December 2013 US\$ '000
Loss on disposal of ijarah assets	(41,510)	-
Release of provision upon disposal of ijarah assets	6 15,536	-
	<u>(25,974)</u>	<u>-</u>

During the quarter ended 31 March 2014, the Bank recognised a provision of US\$ 14,413 against an investment in an ijarah asset based on an offer made by a potential buyer. During the quarter ended 30 June 2014, the Bank completed the sale, and the provision recognised during the first quarter was presented as a realised loss on disposal of ijarah assets in the consolidated statement of income.

9 RELATED PARTIES

Related parties comprise shareholders of the Group, Directors of the Group, Shari'a Supervisory Board members, entities owned or controlled, jointly controlled or significantly influenced by them and companies affiliated by virtue of shareholdings in common with that of the Group. These transactions have been carried out on an arm's length basis in a manner similar to transactions with a third party. For the period ended 30 June 2014, the Group has not made any provision related to amounts owed by related parties (31 December 2013: Nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2014 (Reviewed)

9 RELATED PARTIES (continued)

The balances and transactions with related parties included in the interim consolidated statement of financial position and interim consolidated statement of income are as follows:

Interim consolidated statement of financial position

	30 June 2014 (Reviewed)				<i>(Audited)</i>
	<i>Shareholders</i>	<i>Directors</i>	<i>Others</i>	<i>Total</i>	<i>31 December</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>2013</i>
					<i>US\$ '000</i>
Asset					
Other assets	711	-	-	711	682

Interim consolidated statement of income

	30 June 2014 (Reviewed)				<i>(Reviewed)</i>
	<i>Shareholders</i>	<i>Directors</i>	<i>Others</i>	<i>Total</i>	<i>30 June</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>2013</i>
					<i>US\$ '000</i>
Income					
Fee income	55	-	-	55	75
Expenses					
Board of Directors and Board committees attendance allowance	-	63	-	63	58
Shari'a Supervisory attendance allowance	-	-	53	53	53

Key management personnel are those that possess significant decision making and direction setting responsibilities within the Bank. Staff costs attributable to key management personnel of the Bank are as follows:

	<i>(Reviewed)</i>	
	<i>Six months ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2014</i>	<i>2013</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Short term employee expenses	621	615
Termination expenses	102	105
	723	720

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2014 (Reviewed)

10 ACCOUNTING CLASSIFICATION OF FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments, other than cash and cash equivalents, held by the Group as at 30 June 2014:

	<i>Amortised Cost US\$ '000</i>	<i>Fair value through equity US\$ '000</i>
Financial assets:		
Financing contracts	15,548	-
Non-trading investments	-	15,661
Other assets (excluding prepayments)	5,034	-
	<u>20,582</u>	<u>15,661</u>
Financial liabilities:		
Term financing	61,563	-
Other liabilities	14,423	-
	<u>75,986</u>	<u>-</u>

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the value representing the estimate of the amount of cash or cash equivalent that would be received for an asset sold or the amount of cash or cash equivalent paid for a liability extinguished or transferred in an orderly transaction between a willing buyer and a willing seller at the measurement date.

Fair values of quoted securities are derived from quoted market prices in active markets, if available. For unquoted securities, fair value is estimated using appropriate valuation techniques. Such techniques may include recent arm's length market transactions; 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.

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

	<i>30 June 2014 (Reviewed)</i>			
	<i>Level 1 US\$ '000</i>	<i>Level 2 US\$ '000</i>	<i>Level 3 US\$ '000</i>	<i>Total US\$ '000</i>
Non-trading investments	<u>1,940</u>	<u>-</u>	<u>2,214</u>	<u>4,154</u>
	<i>31 December 2013 (Audited)</i>			
	<i>Level 1 US\$ '000</i>	<i>Level 2 US\$ '000</i>	<i>Level 3 US\$ '000</i>	<i>Total US\$ '000</i>
Non-trading investments	<u>1,679</u>	<u>-</u>	<u>2,145</u>	<u>3,824</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2014 (Reviewed)

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

An investment with a carrying value of US\$ 11,507 thousand (31 December 2013: US\$ 11,639 thousand) is carried at cost less impairment.

The fair values of financial instruments carried at amortised cost are not materially different from their carrying values as at the statement of financial position date.

Transfers between Level 1, Level 2 and Level 3

During the six month period ended 30 June 2014 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.

12 SEGMENTAL INFORMATION**a) Geographic sector**

The geographical distribution of the Group's assets and liabilities as of 30 June 2014 is as follows:

(Reviewed)	<i>Bahrain</i> US\$'000	<i>Europe</i> US\$'000	<i>Others</i> US\$'000	<i>Total</i> US\$'000
Assets				
Cash and balances with banks	367	3,119	955	4,441
Due from banks and financial institutions	28,205	-	9,800	38,005
Financing contracts	-	4,283	11,265	15,548
Non-trading investments	-	2,214	13,447	15,661
Investment in ijarah assets	47,681	36,313	56,762	140,756
Net assets of disposal group classified as held for sale	-	15,435	-	15,435
Investment in real estate	10,476	-	-	10,476
Other assets	663	641	4,453	5,757
Property and equipment	5,917	-	-	5,917
Total assets	93,309	62,005	96,682	251,996
Liabilities				
Term financing	-	50,838	10,725	61,563
Other liabilities	4,091	4,818	5,514	14,423
Total liabilities	4,091	55,656	16,239	75,986

The geographical distribution of the Group's assets and liabilities as of 31 December 2013 is as follows:

(Audited)	<i>Bahrain</i> US\$'000	<i>Europe</i> US\$'000	<i>Others</i> US\$'000	<i>Total</i> US\$'000
Assets				
Cash and balances with banks	701	2,265	962	3,928
Due from banks and financial institutions	14,602	-	8,900	23,502
Financing contracts	-	4,150	26,083	30,233
Non-trading investments	-	2,145	13,318	15,463
Investment in ijarah assets	78,974	62,411	59,013	200,398
Net assets of disposal group classified as held for sale	-	15,611	-	15,611
Investment in real estate	10,476	-	-	10,476
Other assets	612	768	3,616	4,996
Property and equipment	6,020	-	-	6,020
Total assets	111,385	87,350	111,892	310,627
Liabilities				
Term financing	-	66,395	25,005	91,400
Other liabilities	3,734	4,220	5,748	13,702
Total liabilities	3,734	70,615	30,753	105,102

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2014 (Reviewed)

12 SEGMENTAL INFORMATION (continued)

b) Industry sector

The industrial distribution of the Group's assets and liabilities as of 30 June 2014 is as follows:

(Reviewed)	<i>Banking and financial institutions</i> US\$'000	<i>Aviation</i> US\$'000	<i>Real estate</i> US\$'000	<i>Manufacturing</i> US\$'000	<i>Others</i> US\$'000	<i>Total</i> US\$'000
Assets						
Cash and balances						
with banks	4,441	-	-	-	-	4,441
Due from banks and financial institutions	38,005	-	-	-	-	38,005
Financing contracts	-	11,265	4,283	-	-	15,548
Non-trading investments	-	-	11,507	2,214	1,940	15,661
Investment in ijarah assets	-	140,756	-	-	-	140,756
Net assets of disposal group classified as held for sale	-	-	-	15,435	-	15,435
Investment in real estate	-	-	10,476	-	-	10,476
Other assets	682	806	-	1,482	2,787	5,757
Property and equipment	-	-	-	-	5,917	5,917
Total assets	43,128	152,827	26,266	19,131	10,644	251,996
Liabilities						
Term financing	61,563	-	-	-	-	61,563
Other liabilities	-	6,935	-	-	7,488	14,423
Total liabilities	61,563	6,935	-	-	7,488	75,986

The industrial distribution of the Group's assets and liabilities as of 31 December 2013 is as follows:

(Audited)	<i>Banking and financial institutions</i> US\$'000	<i>Aviation</i> US\$'000	<i>Real estate</i> US\$'000	<i>Manufacturing</i> US\$'000	<i>Others</i> US\$'000	<i>Total</i> US\$'000
Assets						
Cash and balances						
with banks	3,928	-	-	-	-	3,928
Due from banks and financial institutions	23,502	-	-	-	-	23,502
Financing contracts	-	26,083	4,150	-	-	30,233
Non-trading investments	-	-	11,639	1,679	2,145	15,463
Investment in ijarah assets	-	200,398	-	-	-	200,398
Net assets of disposal group classified as held for sale	-	-	-	15,611	-	15,611
Investment in real estate	-	-	10,476	-	-	10,476
Other assets	654	462	-	1,499	2,381	4,996
Property and equipment	-	-	-	-	6,020	6,020
Total assets	28,084	226,943	26,265	18,789	10,546	310,627
Liabilities						
Term financing	91,400	-	-	-	-	91,400
Other liabilities	-	7,112	-	-	6,590	13,702
Total liabilities	91,400	7,112	-	-	6,590	105,102

The Group's revenue and expenses are reviewed at a Group level and therefore no separate operating segment results and other disclosures are provided in these interim condensed consolidated financial statements.

Seera Investment Bank B.S.C. (c)

Additional Public Disclosures

30 June 2014

(Unaudited)

Seera Investment Bank B.S.C. (c)

ADDITIONAL PUBLIC DISCLOSURES

30 June 2014 (Unaudited)

	Content	Page
1	INTRODUCTION	3
2	CAPITAL STRUCTURE AND CAPITAL ADEQUACY	5
3	RISK MANAGEMENT	7

Seera Investment Bank B.S.C. (c)

ADDITIONAL PUBLIC DISCLOSURES

30 June 2014 (Unaudited)

1 INTRODUCTION

Seera Investment Bank B.S.C.(c) (the "Bank") was incorporated on 5th of August 2006, under commercial registration number 62003 as a Bahrain Joint Stock Company (closed). The Bank's registered office is Building 2431, Road 2831, Block 428, Seef, Kingdom of Bahrain.

The Bank operates under an Islamic Wholesale Banking License issued by the Central Bank of Bahrain (the "CBB").

The Bank aims to provide a full range of investment banking products and services that are compliant with Shari'a principles.

The following is the Bank's significant subsidiary:

	<i>Ownership for Jun 2014</i>	<i>Ownership for Dec 2013</i>	<i>Year of incorporation</i>	<i>Country of incorporation</i>
Falak Aviation Investment Fund	85.68%	85.68%	11-Feb-2008	Kingdom of Bahrain

This document contains disclosures required under the guidelines of the public disclosures required by Islamic banks. The period covered is from 1 January 2014 to 30 June 2014.

Seera Investment Bank B.S.C. (c)
ADDITIONAL PUBLIC DISCLOSURES

30 June 2014 (Unaudited)

1.1 FINANCIAL HIGHLIGHTS

The following summarises the basic quantitative indicators of financial performance of the Group:

<i>US\$ millions</i>	June 2014	<i>Dec 2013</i>	<i>Dec 2012</i>	<i>Dec 2011</i>	<i>Dec 2010</i>	<i>Dec 2009</i>
TOTAL INCOME	(26.9)	34.0	12.5	85.0	16.5	7.0
TOTAL EXPENSES	2.7	5.7	5.9	11.6	10.3	11.0
NET INCOME/(LOSS)	(30)	4.1	6.6	73.4	6.3	(4.0)
TOTAL ASSETS	252	311	360	527	418	307
TOTAL EQUITY	176	206	204	343	301	276
Islamic Financing to Equity Ratio	0.30	0.30	0.69	0.48	0.28	0.10
Return on average assets	-10.68%	1.20%	1.49%	15.54%	1.73%	-1.17%
Return on average equity	-15.71%	2.00%	2.41%	22.79%	2.17%	-1.36%
Cost to Income	-10.04%	16.60%	47.28%	13.65%	62.08%	157.14%

Seera Investment Bank B.S.C. (c)
ADDITIONAL PUBLIC DISCLOSURES

30 June 2014 (Unaudited)

2 CAPITAL STRUCTURE AND CAPITAL ADEQUACY

The adequacy of the Bank's capital is monitored using, primarily, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the CBB.

The primary objectives of the Bank's capital management is to ensure that the Bank complies with externally imposed capital requirements and maintains healthy capital ratios in order to support its business and maximise shareholder value.

Regulatory capital consists of Tier 1 Capital, which comprises principally of share capital, statutory reserve, retained earnings, non controlling interest and current interim losses. The other component of regulatory capital, Tier 2 Capital, consists of investments fair value reserve and general provision. Certain adjustments are made to these balances as prescribed by the CBB. Risk-weighted assets are calculated in accordance with the prudential rules laid down by the CBB.

The Bank maintains an actively managed capital base to cover risks inherent in the business. The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue new capital. No changes were made in the objectives, policies and processes from the previous year.

Table – 1. Capital Structure (PD-1.3.12, 1.3.13, 1.3.14 & 1.3.15)

The following table summarizes the eligible capital after deductions as of:

Regulatory capital

	<u>30 June 2014</u>
	<u>US\$ '000</u>
Tier 1 capital	103,144
Tier 2 capital	-
Total capital base (a)	<u>103,144</u>
Risk weighted assets (b)	406,406
Capital adequacy (a/b x 100)	25.38%
Minimum requirement	12.00%
	<u>30 June 2014</u>
	<u>US\$ '000</u>
Tier 1 Capital Components	
Share capital	145,643
Statutory reserve	9,609
Retained earnings	31,790
Non-controlling interest	12,385
Current interim losses	(25,554)
Core Tier 1 Capital	<u>173,873</u>
Deductions	(36,587)
Tier 1 Capital	<u>137,286</u>
Negative balance of Tier 2	(34,142)
Tier 1 Capital net of negative Tier 2 Capital	<u><u>103,144</u></u>
Tier 2 Capital Components	
General provision	1,484
Unrealised gains arising from fair valuing equities 45% only	961
Core Tier 2 Capital	<u>2,445</u>
Deductions	(2,445)
Tier 2 Capital	<u><u>-</u></u>

Seera Investment Bank B.S.C. (c)
ADDITIONAL PUBLIC DISCLOSURES

30 June 2014 (Unaudited)

2 CAPITAL STRUCTURE AND CAPITAL ADEQUACY (continued)

Table – 1. Capital Structure (PD-1.3.12, 1.3.13, 1.3.14 & 1.3.15) (continued)

	<i>30 June 2014</i>	
	<i>Tier 1</i>	<i>Tier 2</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Deduction		
Large exposure	(36,587)	(36,587)
Total Deductions	(36,587)	(36,587)

Table – 2. Capital requirement for different type of risks (PD - 1.3.18, 1.3.19)

The following table summarises the capital requirements for credit risk, market risk and operational risk as of:

	<i>30 June 2014</i>	
	<i>Risk weighted assets</i>	<i>Minimum capital requirement</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Credit Risk	236,353	28,362
Market Risk	38,313	3,065
Operational Risk	131,741	15,809
	406,406	47,236

Table – 3. Capital requirement by type of Islamic financing contracts (PD-1.3.17)

The following table summarises the capital requirements by type of Islamic financing contracts as of:

	<i>30 June 2014</i>	
	<i>Risk weighted assets</i>	<i>Minimum capital requirement</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
<u>Islamic financing contracts</u>		
Financing contracts	15,548	1,866
Ijarah assets	124,855	14,983
	140,403	16,848

Table – 4. Capital Adequacy Ratios (PD-1.3.20 (a), PD-1.3.20 (b))

The following are Capital adequacy ratios for total capital and Tier 1 capital:

	<i>30 June 2014</i>
Total capital ratio	25.38%
Tier 1 capital ratio	33.78%

30 June 2014 (Unaudited)

3 RISK MANAGEMENT

Risk management plays a critical role in the Bank's decision making process. It is managed through a Management Investment Committee and the Asset Liability and Risk Management Committee. Both committees comprise of senior management drawn from key areas of the Bank in implementing risk strategy and policies, monitoring and managing the key risks to which the Bank is exposed. The Bank is exposed to credit risk, concentration risk, profit rate risk, liquidity risk, equity price risk, foreign currency risk and operational risk.

Although management responsible for the key areas of the Bank are accountable for the risks that arise within their respective areas, the Risk Management Department independently identifies, measures, monitors and recommends appropriate steps to manage each type of risk. The Risk Management Department has independent access to the Board of Directors and updates them on the overall risk profile of the Bank on a regular basis.

a) Liquidity risk

Liquidity risk is inherent in all banking institutions and arises mainly from mismatching of timing in the cash flows and can be affected by a range of institution specific and market-wide events including credit events, mergers and acquisitions and economic shocks. Liquidity is monitored regularly by the Asset Liability and Risk Management Committee ["AL&RMCO"].

The Bank policies and procedures lay out guidelines that will optimise use of excess liquidity and ensure availability of funds to meet the Bank's obligations when they fall due. The Bank's funding guidelines include: 1) The mobilisation and placement of short term funds through placements and murabaha transactions by Treasury, 2) All funding objectives should be aligned to the strategic objectives of the Bank, 3) The composition, characteristics and diversification of the Bank's funding structure will be monitored by AL&RMCO and executed by Treasury. The Treasury will maintain the counterparty relationships to obtain the necessary lines of funding, 4) AL&RMCO will monitor the concentration of funding sources across products and counterparties and effect measures to mitigate undue concentrations, 5) Treasury will implement the deals within the approved guidelines, including the approved products and the counterparties.

Table – 6. Liquidity Ratios (PD-1.3.37)

The following table summarises the liquidity ratios as of:

30 June 2014

Short term assets to short term liabilities	4.57
Liquid assets to total assets	0.21

Table – 7. Residual Contractual Maturity Breakdown (PD-1.3.23(g), PD-1.3.24(a) & PD-1.3.38)

The table on the next page summarises the maturity profile of the Bank's assets and liabilities based on contractual repayment arrangements. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date.

Seera Investment Bank B.S.C. (c)

ADDITIONAL PUBLIC DISCLOSURES

30 June 2014 (Unaudited)

3 RISK MANAGEMENT (continued)

a) Liquidity risk (continued)

Table – 7. Residual Contractual Maturity Breakdown (PD-1.3.23(g), PD-1.3.24(a) & PD-1.3.38) (continued)

The maturity profile at 30 June 2014 was as follows:

	<i>Up to 1 month US\$ '000</i>	<i>1 to 3 months US\$ '000</i>	<i>3 to 6 months US\$ '000</i>	<i>6 months to 1 year US\$ '000</i>	<i>1 to 3 years US\$ '000</i>	<i>3 to 5 years US\$ '000</i>	<i>5 to 10 years US\$ '000</i>	<i>10 to 20 years US\$ '000</i>	<i>20 years and above US\$ '000</i>	<i>Undated US\$ '000</i>	<i>Total US\$ '000</i>
ASSETS											
Cash and balances with banks	4,441	-	-	-	-	-	-	-	-	-	4,441
Due from banks and financial institutions	38,005	-	-	-	-	-	-	-	-	-	38,005
Financing contracts	-	4,283	-	-	11,265	-	-	-	-	-	15,548
Non-trading investments	-	-	-	-	-	-	-	-	-	15,661	15,661
Investment in ijarah assets	-	-	-	-	-	-	-	-	-	140,756	140,756
Net assets of disposal group classified as held for sale	-	-	-	-	-	-	-	-	-	15,435	15,435
Investment in real estate	-	-	-	-	-	-	-	-	-	10,476	10,476
Property and equipment	-	-	-	-	-	-	-	-	-	5,917	5,917
Other assets	-	955	-	4,256	546	-	-	-	-	-	5,757
Total Assets	42,446	5,238	-	4,256	11,811	-	-	-	-	188,245	251,996
LIABILITIES											
Term financing	1,618	-	-	-	42,123	17,822	-	-	-	-	61,563
Other liabilities	310	1,497	483	7,450	1,590	-	-	-	-	3,093	14,423
Total Liabilities	1,928	1,497	483	7,450	43,713	17,822	-	-	-	3,093	75,986
Net liquidity gap	40,518	3,741	(483)	(3,194)	(31,902)	(17,822)	-	-	-	185,152	

Seera Investment Bank B.S.C. (c)
 ADDITIONAL PUBLIC DISCLOSURES

30 June 2014 (Unaudited)

3 RISK MANAGEMENT (continued)

b) Credit risk

Table - 8. Gross funded and unfunded exposure (PD-1.3.23(a))

As at 30 June 2014:

	<i>Average credit exposures</i>	<i>Gross funded credit exposures</i>	<i>Credit risk weighted exposures</i>	<i>Regulatory capital requirements</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Balances with banks	8,089	4,441	4,441	533
Murabaha and Wakala receivables	29,154	38,005	38,005	4,561
Financing contracts	22,905	15,548	15,548	1,866
Other assets	4,633	5,034	5,034	604
	64,780	63,028	63,028	7,564

The average credit exposures have been calculated based on the quarterly balances.

Table - 9. Geographic distribution of the credit exposure (PD-1.3.23(b))

Net funded credit exposures by geographical region

As at 30 June 2014:

	<i>Balances with banks</i>	<i>Murabaha and Wakala receivables</i>	<i>Financing contracts</i>	<i>Other assets</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Europe	3,119	-	4,283	140	7,542
Bahrain	367	28,205	-	620	29,192
Other GCC Countries	556	9,800	-	3,449	13,805
Other Middle East and Asia	-	-	-	825	825
North America	399	-	11,265	-	11,664
	4,441	38,005	15,548	5,034	63,028

The geographical segregation is based on the location of the assets.

Table - 10. Exposure by counterparty type (PD-1.3.23(c))

Net funded credit exposures by counterparty

As at 30 June 2014:

	<i>Balances with banks</i>	<i>Murabaha receivables</i>	<i>Financing contracts</i>	<i>Other assets</i>	<i>Total</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Claims on banks	4,441	38,005	-	-	42,446
Claims on corporates	-	-	15,548	4,296	19,844
Others	-	-	-	738	738
	4,441	38,005	15,548	5,034	63,028

Seera Investment Bank B.S.C. (c)
ADDITIONAL PUBLIC DISCLOSURES

30 June 2014 (Unaudited)

3 RISK MANAGEMENT (continued)

b) Credit risk (continued)

Analysis of exposure to credit risk by external credit ratings

The table below analyses the Bank's maximum credit exposure where the credit quality is reflected by Standard and Poor's, Moody's and Fitch credit ratings where relevant of the counterparties:

	30 June 2014 US\$ '000
Credit rating:	
AAA to AA-	-
A+ to A-	22,846
BBB+ to BBB-	17,842
BB+ to B-	1,729
Unrated	20,611
	63,028

The distribution of assets and liabilities by geographical region and industry sector was as follows:

	30 June 2014	
	Assets US\$'000	Liabilities US\$'000
Geographical region:		
Bahrain	93,309	4,091
Europe	62,005	55,656
Others	96,682	16,239
	251,996	75,986
	30 June 2014	
	Assets US\$'000	Liabilities US\$'000
Industry sector:		
Banking and financial institutions	43,128	61,563
Aviation	152,827	6,935
Real estate	26,266	-
Manufacturing	19,131	-
Others	10,644	7,488
	251,996	75,986

Table-11. Large Credit Exposure (PD - 1.3.23 (f))

The Bank follows the CBB's guidelines with respect to definition and measurement of large exposures at the consolidated level as stipulated in the CBB Rulebook for Islamic Banks.

As at 30 June 2014, the Bank's exposures in excess of 15% of Capital base for obligor limits to individual counterparties is shown below:

	Large exposure US\$ '000	% of exposure to capital
Counterparty A	36,036	20.47%
Counterparty B	32,761	18.61%

30 June 2014 (Unaudited)

3 RISK MANAGEMENT (continued)**b) Credit risk (continued)****Table -12. Specific provisions by counterparty type (PD-1.3.23 (h), 1.3.24 (d))**

The following table summarises the total specific provisions disclosed by counterparty type as of 30 June 2014:

	<i>Specific provisions</i>			<i>Balance at the end of the period</i> US\$ '000
	<i>Opening Balance</i> US\$ '000	<i>Charges during the period</i> US\$ '000	<i>FX translation</i> US\$ '000	
Investment - Aviation	36,185	(15,536)	-	20,649
Investment - Energy	5,939	-	197	6,136
Investment - Real estate	2,042	-	(24)	2,018
	44,166	(15,536)	173	28,803

Table -13. General provisions movement (PD-1.3.23 (h), 1.3.24 (d))

The following table summarises the movement of general provisions during the period ended:

	<i>30 June</i> <i>2014</i> <i>US\$ '000</i>
Opening Balance	1,484
Charges during the period	-
Balance at the end of the period	1,484

This represents collective provision against exposures which, although not specifically identified, have a greater risk of default than when originally granted.

The Bank does not have any past due and non-performing Islamic financing contracts. In accordance with the Bank's policy and Central Bank of Bahrain guidelines financing facilities on which payment of profit or repayment of principal are 90 days past due, are defined as non-performing. **(PD-1.3.23(i), PD-1.3.24(b), PD-1.3.24(c))**

Table - 15 (PD-1.3.23 (j), (k), (l), PD-1.3.25(b) & (c))

The Bank has not restructured Islamic financing contracts during the period.

The Bank has no obligations with respect to recourse transaction.

The Bank has not imposed any penalties on customers for defaults.

The Bank does not make use of eligible collaterals and guarantees in its credit risk analysis.

30 June 2014 (Unaudited)

3 RISK MANAGEMENT (continued)**c) Market risk**

Market risk is the risk that arises from fluctuations in market risk factors that include profit rate risk, currency risk and equity price risk and will have a negative impact on the Bank income and/or will decrease the value of its portfolios.

Table – 17. Market Risk Capital Requirements (PD-1.3.27 (b), PD-1.3.40)

The following table summarises the capital requirement for each category of market risk as of:

	30 June 2014
	Foreign exchange risk
	US\$ '000
Risk weighted exposure (RWE) (Foreign Exchange)	38,313
Capital requirements (12%)	3,065
Maximum value of RWE	3,065

Profit rate risk

The Group currently has limited exposure to profit rate risk. The Group's assets that are exposed to profit rate risk comprise of due from financial institutions and have repricing dates no longer than three months. During 2014, a +/- 200bp change in the profit rate, with all other variables constant, would have resulted in a +/- US\$ 259 thousand (31 December 2013: +/-200bp resulted in +/- US\$ 587 thousand) impact on the consolidated statement of income.

Displaced Commercial Risk

The Bank does not accept deposits from outside parties and is not exposed to displaced commercial risk.

Equity price risk

Equity price risk is the risk that the fair value of investments designated at fair value through equity decreases due to fluctuations in the respective stock market indices. As at 30 June 2014 the Bank had investments in quoted equities on the Kuwait Stock Exchange. The table below reflects the sensitivity of the investment portfolio to changes in these inputs. The sensitivity of trading investments is calculated by considering the impact of reasonably expected changes in the capitalisation rate.

	Change in equity price (+/-)	Effect on net equity (+/-)
	%	US\$'000
Kuwait Stock Exchange	10	194

The Bank also has unquoted investments carried at cost where the impact of changes in equity prices will only be reflected when the investment is sold or deemed to be impaired, when the consolidated statement of income will be impacted, or when a third party transaction in the investment gives a reliable indication of fair value which will be reflected in equity.

Seera Investment Bank B.S.C. (c)

ADDITIONAL PUBLIC DISCLOSURES

30 June 2014 (Unaudited)

3 RISK MANAGEMENT (continued)

c) Market risk (continued)

Equity positions in the banking book

Investments

	30 June 2014		
	Total gross exposure	Average gross exposure	Regulatory capital requirements
	US\$'000	US\$'000	US\$'000
Non trading investments			
Quoted	1,940	1,447	116
Unquoted	13,721	13,444	1,076
	15,661	14,891	1,191

Table – 19. Equity gains or losses in banking book (PD-1.3.31 (d) and (e))

The following table summarises the cumulative realised and unrealised gains or losses:

	30 June 2014
	US\$ '000
Cumulative realised gains arising from sales or liquidations in the reporting period	-
Total unrealized gains recognised in the consolidated statement of financial positions but not through consolidated statement of income	-
Unrealised gross losses included in Tier 1 Capital	-
Unrealised gains included in Tier 1 Capital (45% only)	-
Unrealised gains included in Tier 2 Capital (45% only)	961

Foreign currency risk

Currency risk represents fluctuations in exposures held by the Bank in currencies other than the US\$. The Bank may engage, in the normal course of business, in transactions denominated in currencies other than its functional currency. The Bank risk management policy regulates such exposure by hedging currency exposures with Shari'a compliant instruments. Currency exposure is monitored daily by Risk Management Department and reported on a monthly basis to the Asset Liability and Risk Management Committee.

The Bank has the following significant foreign currency exposures:

	30 June 2014		
	Assets	Liabilities	Net
	US\$ '000	US\$ '000	US\$ '000
Currency			
Danish Krone	15,435	-	15,435
Kuwaiti Dinars	1,874	(12)	1,862
Great Britain Pounds	6,841	(1,104)	5,737
Euro	15,079	-	15,079

30 June 2014 (Unaudited)

3 RISK MANAGEMENT (continued)**c) Market risk (continued)**

The table below indicates the impact of reasonably possible changes in exchange rates on the Bank's net foreign currency exposure. The impact has been calculated using the net foreign currency exposure as at the balance sheet date and calculating the impact of the change in exchange rate.

At 30 June 2014

	Change in exchange rates(+/-)	Change in net income and equity (+/-)
	%	US\$'000
Currency		
Danish Krone	10	1,544
Kuwaiti Dinars	10	186
Great Britain Pounc	10	574
Euro	10	1,508

d) Operational Risk

The Bank, based on the operational risk management framework, has implemented a strong governance framework and control mechanism to manage this risk and reduce potential operational risks. The controls in place include segregation of duties, access controls, authorisation, approval and reconciliation procedures, staff education and appraisal processes.

Table - 22. Operational risk exposure (PD-1.3.30 (a), (b) & (c))

The Bank measures and allocates capital to its operational risk using the Basic Indicator Approach. The total operational risk weighted assets and regulatory capital requirements related to the operational risk are as follows:

	Gross income		
	2013	2012	2011
	US\$ '000	US\$ '000	US\$ '000
Total Gross Income	57,570	40,250	112,965
			June 2014
Indicators of operational risk			
Average Gross income (US\$ '000)			70,262
Multiplier			12.5
			878,275
Eligible Portion for the purpose of the calculation			15%
TOTAL OPERATIONAL RISK WEIGHTED EXPOSURE (US\$ '000)			131,741

The Bank has no material legal contingencies nor any pending legal action.