

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS**

**30 JUNE 2017 (REVIEWED)**

## **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 subsidiaries (the "Group"), comprising of the interim consolidated statement of financial position as at 30 June 2017 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 are 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.



30 July 2017  
Manama, Kingdom of Bahrain

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017 (Reviewed)

		(Reviewed) 30 June 2017 US\$ '000	(Audited) 31 December 2016 US\$ '000
	Note		
<b>ASSETS</b>			
Cash and balances with banks		5,153	3,787
Due from banks and financial institutions	3	57,237	34,003
Non-trading investments	4	20,715	26,487
Investment in ijarah assets	5	-	28,892
Investment in real estate		10,476	10,476
Other assets	6	2,127	2,321
Property and equipment		5,237	5,353
<b>TOTAL ASSETS</b>		<b>100,945</b>	<b>111,319</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>LIABILITIES</b>			
Term financing	7	-	12,413
Other liabilities		8,350	7,703
<b>TOTAL LIABILITIES</b>		<b>8,350</b>	<b>20,116</b>
<b>OWNERS' EQUITY</b>			
Share capital		145,643	145,643
Reserves		10,279	10,073
Accumulated losses		(63,966)	(68,243)
<b>Equity attributable to shareholders of the parent</b>		<b>91,956</b>	<b>87,473</b>
Non-controlling interest		639	3,730
<b>TOTAL OWNERS' EQUITY</b>		<b>92,595</b>	<b>91,203</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>100,945</b>	<b>111,319</b>

  
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**Hamad Al Ameer**  
 Chairman

  
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**Abdulla Janahi**  
 Chief Executive Officer


  
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**Mubarak Al Hemeiri**  
 Board Member

## INTERIM CONSOLIDATED STATEMENT OF INCOME

For the six month period ended 30 June 2017 (Reviewed)

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2017	2016	2017	2016
		US\$ '000	US\$ '000	US\$ '000	US\$ '000
Rental income from investment in ijarah assets	8	526	2,276	1,315	4,525
Depreciation on investment in ijarah assets	5	(363)	(1,686)	(908)	(3,371)
Management fees relating to ijarah assets		(37)	(62)	(37)	(124)
Financing cost relating to term financing obtained to purchase ijarah assets		(85)	(148)	(211)	(337)
Other income relating to ijarah assets		1,492	34	1,512	59
Gain on disposal of ijarah assets		4,157	-	4,157	2,232
Other operating expenses relating to ijarah assets		(51)	(60)	(119)	(180)
<b>Net income from investment in ijarah assets</b>		<b>5,639</b>	<b>354</b>	<b>5,709</b>	<b>2,804</b>
Profit on amounts due from banks and financial institutions		134	114	238	215
Fee and other income	9	643	95	909	264
<b>TOTAL INCOME</b>		<b>6,416</b>	<b>563</b>	<b>6,856</b>	<b>3,283</b>
<b>Expenses</b>					
Staff expenses		812	893	1,626	1,786
General and administrative expenses		345	335	649	630
Depreciation on property and equipment		57	69	117	137
<b>TOTAL EXPENSES</b>		<b>1,214</b>	<b>1,297</b>	<b>2,392</b>	<b>2,553</b>
<b>NET INCOME (LOSS) FOR THE PERIOD BEFORE FOREIGN EXCHANGE GAINS (LOSSES), AND UNREALISED GAINS (LOSSES)</b>		<b>5,202</b>	<b>(734)</b>	<b>4,464</b>	<b>730</b>
Foreign exchange gain (loss)		164	(298)	236	(445)
Unrealised fair value gain (loss) on investments		251	(702)	358	(934)
<b>NET INCOME (LOSS) FOR THE PERIOD</b>		<b>5,617</b>	<b>(1,734)</b>	<b>5,058</b>	<b>(649)</b>
Attributable to:					
Shareholders of the parent		4,846	(1,761)	4,277	(1,040)
Non-controlling interest		771	27	781	391
		<b>5,617</b>	<b>(1,734)</b>	<b>5,058</b>	<b>(649)</b>

  
 Hamad Al Ameeri  
 Chairman

  
 Abdulla Janahi  
 Chief Executive Officer

  
 Mubarak Al Hameiri  
 Board Member

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

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six month period ended 30 June 2017 (Reviewed)

	Note	Six months ended	
		30 June 2017 US\$ '000	30 June 2016 US\$ '000
<b>OPERATING ACTIVITIES</b>			
Net income (loss) for the period		5,058	(649)
Adjustments for:			
Depreciation on investment in ijarah assets	5	908	3,371
Depreciation on property and equipment		117	137
Gain on disposal of ijarah assets		(4,157)	(2,232)
Financing cost		211	-
Unrealised fair value gain on investments		(358)	934
Other income relating to ijarah assets		(1,512)	(59)
		<b>267</b>	<b>1,502</b>
Changes in operating assets and liabilities:			
Other assets		194	(3,256)
Other liabilities		647	(772)
Net cash from / (used in) operating activities		<b>1,108</b>	<b>(2,526)</b>
<b>INVESTING ACTIVITIES</b>			
Proceeds from disposal of ijarah assets		33,652	762
Purchase of non-trading investments		-	(841)
Proceeds from placement / disposal of non trading investments		6,336	7,844
Purchase of ijarah assets		-	(31)
Purchase of equipment		-	(20)
Net cash from investing activities		<b>39,988</b>	<b>7,714</b>
<b>FINANCING ACTIVITY</b>			
Repayment of term financing		(12,624)	(1,155)
Subsidiary capital distribution		(3,872)	-
Net cash used in financing activity		<b>(16,496)</b>	<b>(1,155)</b>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		<b>24,600</b>	<b>4,033</b>
Cash and cash equivalents at the beginning of the period		37,790	43,096
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>62,390</b>	<b>47,129</b>
Cash and cash equivalents comprise:			
Cash and balances with banks		5,153	4,557
Due from banks and financial institutions with original maturity of ninety days or less	3	57,237	42,572
		<b>62,390</b>	<b>47,129</b>

The attached explanatory notes 1 to 13 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 2017 (Reviewed)

	Equity attributable to shareholders of the parent						Total owners' equity US\$ '000
	Share capital US\$ '000	Statutory reserve US\$ '000	Investments fair value reserve US\$ '000	Accumulated losses US\$ '000	Total US\$ '000	Non-controlling interest US\$ '000	
Balance at 1 January 2017	145,643	9,889	184	(68,243)	87,473	3,730	91,203
Net income for the period	-	-	-	4,277	4,277	781	5,058
Subsidiary capital distribution	-	-	-	-	-	(3,872)	(3,872)
Unrealised gain on remeasurement to fair value	-	-	206	-	206	-	206
<b>Balance at 30 June 2017</b>	<b>145,643</b>	<b>9,889</b>	<b>390</b>	<b>(63,966)</b>	<b>91,956</b>	<b>639</b>	<b>92,595</b>
Balance at 1 January 2016	145,643	9,889	283	(17,977)	137,838	9,764	147,602
Net income for the period	-	-	-	(1,040)	(1,040)	391	(649)
Unrealised loss on remeasurement to fair value	-	-	(17)	-	(17)	-	(17)
<b>Balance at 30 June 2016</b>	<b>145,643</b>	<b>9,889</b>	<b>266</b>	<b>(19,017)</b>	<b>136,781</b>	<b>10,155</b>	<b>146,936</b>

The attached explanatory notes 1 to 13 form part of these interim condensed consolidated financial statements

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

At 30 June 2017 (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 subsidiaries (the "Group") provide investment banking products and services that are compliant with Shari'a principles.

During the period, the shareholders have resolved to change the Bank license from an Islamic Wholesale Banking License to an Investment Firm License Category 1 in their ExtraOrdinary General Meeting ("EGM") held on 18 May 2017. The Bank currently is in the process of changing the license as per the EGM resolution.

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 30 July 2017.

**2 ACCOUNTING POLICIES**

**2.1 Basis of preparation**

These interim condensed consolidated financial statements for the six month period ended 30 June 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 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 2016. In addition, results for the six month period ended 30 June 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 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**

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.

**3 DUE FROM BANKS AND FINANCIAL INSTITUTIONS**

	<i>(Reviewed)</i> <b>30 June</b> <b>2017</b> <b>US\$ '000</b>	<i>(Audited)</i> <b>31 December</b> <b>2016</b> <b>US\$ '000</b>
Commodity murabaha contracts	<b>33,046</b>	11,800
Deferred income	<b>(25)</b>	(7)
	<b>33,021</b>	11,793
Wakala contracts	<b>24,216</b>	22,210
	<b>57,237</b>	34,003

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

At 30 June 2017 (Reviewed)

**4 NON-TRADING INVESTMENTS**

	<i>(Reviewed)</i> 30 June 2017 US\$ '000	<i>(Audited)</i> 31 December 2016 US\$ '000
<b>Equity type investments at fair value through equity</b>		
Quoted investment (note 4.1)	1,444	1,238
	<u>1,444</u>	<u>1,238</u>
<b>Equity type investment at fair value through statement of income</b>		
Unquoted investments	19,271	25,249
	<u>20,715</u>	<u>26,487</u>

4.1 The movement of non- trading investments at fair value through equity during the period / year is as follows:

	<i>(Reviewed)</i> 30 June 2017 US\$ '000	<i>(Audited)</i> 31 December 2016 US\$ '000
At 1 January	1,238	9,695
Fair value changes during the period / year	206	(98)
Provisions	-	(8,359)
	<u>1,444</u>	<u>1,238</u>

**5 INVESTMENT IN IJARAH ASSETS**

Investment in ijarah assets represents aircraft indirectly acquired through subsidiaries of the Bank.

	<i>Cost at</i> 1 January 2017 US\$ '000	<i>Accumulated depreciation</i> 1 January 2017 US\$ '000	<i>Depreciation charge</i> 2017 US\$ '000	<i>Additions / (Disposals)</i> 2017 US\$ '000	<i>(Reviewed)</i> Net book value at 30 June 2017 US\$ '000	<i>(Audited)</i> Net book value at 31 December 2016 US\$ '000
Falak Lease One Limited	40,348	9,678	-	(29,670)	1,000	30,670
Falak Lease Two Limited	42,015	9,322	-	(31,693)	1,000	32,693
Falak Fin Seven Limited	43,056	13,080	908	(29,068)	-	29,976
	<u>125,419</u>	<u>32,080</u>	<u>908</u>	<u>(90,431)</u>	<u>2,000</u>	<u>93,339</u>
Provision and impairment					(2,000)	(64,447)
					<u>-</u>	<u>28,892</u>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017 (Reviewed)

### 5 INVESTMENT IN IJARAH ASSETS (continued)

The movement in provision and impairment is as follows:

	<i>(Reviewed)</i> 30 June 2017 US\$ '000	<i>(Audited)</i> 31 December 2016 US\$ '000
At 1 January	64,447	24,400
Charge during the period / year	-	40,047
Release of provision upon disposal of ijarah assets	<b>(62,447)</b>	
	<b>2,000</b>	<b>64,447</b>

### 6 OTHER ASSETS

	<i>30 June 2017 (Reviewed)</i>			<i>31 December 2016 (Audited)</i>		
	<i>Gross</i>		<i>Net</i>	<i>Gross</i>		<i>Net</i>
	<i>receivable</i>	<i>Provision</i>	<i>receivable</i>	<i>receivable</i>	<i>Provision</i>	<i>receivable</i>
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Rental receivable	-	-	-	3,825	(3,825)	-
Receivable on sale of aircraft	983	-	983	3,154	(1,483)	1,671
Staff receivables	330	-	330	392	-	392
Prepaid expenses	105	-	105	138	-	138
Others	709	-	709	462	(342)	120
	<b>2,127</b>	<b>-</b>	<b>2,127</b>	<b>7,971</b>	<b>(5,650)</b>	<b>2,321</b>

### 7 TERM FINANCING

	<i>(Reviewed)</i> 30 June 2017 US\$ '000	<i>(Audited)</i> 31 December 2016 US\$ '000
Balance at 1 January	12,413	14,496
Financing cost	211	861
Repayments	<b>(12,624)</b>	<b>(2,944)</b>
	<b>-</b>	<b>12,413</b>

The term financing was been obtained by the Bank's subsidiaries Falak Fin Seven Limited to purchase ijarah assets and mature within 3 years bearing profit rate of 4.190%. During the period the term financing has been fully prepaid and settled.

### 8 RENTAL INCOME FROM INVESTMENT IN IJARAH ASSETS

	<i>(Reviewed)</i> 30 June 2017 US\$ '000	<i>(Reviewed)</i> 30 June 2016 US\$ '000
Falak Lease One Limited	-	1,489
Falak Lease Two Limited	-	1,458
Falak Lease Seven Limited	<b>1,315</b>	<b>1,578</b>
	<b>1,315</b>	<b>4,525</b>

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

At 30 June 2017 (Reviewed)

**9 FEE AND OTHER INCOME**

	<i>(Reviewed)</i> <b>30 June</b> <b>2017</b> <b>US\$ '000</b>	<i>(Reviewed)</i> <b>30 June</b> <b>2016</b> <b>US\$ '000</b>
Placement / structuring and arrangement fees	<b>679</b>	-
Yield on investment	<b>230</b>	264
	<b>909</b>	<b>264</b>

**10 RELATED PARTIES**

Related parties comprise the Bank's Shareholders, directors, Shari'a Supervisory Board members, entities owned or controlled, jointly controlled or significantly influenced by them and companies affiliated by virtue of shareholding in common with that of the Bank. For the period ended 30 June 2017, the Bank has not made any provision related to amounts owed by related parties (2016: Nil).

The balances and transactions with related parties are as follows:

	<i>(Reviewed)</i> <b>30 June 2017</b>				<i>(Audited)</i> <b>31 December</b> <b>2016</b>
	<i>Shareholders</i> <b>US\$'000</b>	<i>Directors</i> <b>US\$'000</b>	<i>Others</i> <b>US\$'000</b>	<i>Total</i> <b>US\$'000</b>	<b>US\$ '000</b>
<b>Interim consolidated statement of financial position</b>					

Other liabilities	-	31	26	57	231
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	<i>(Reviewed)</i> <b>30 June 2017</b>				<i>(Reviewed)</i> <b>30 June</b> <b>2016</b>
	<i>Shareholders</i> <b>US\$'000</b>	<i>Directors</i> <b>US\$'000</b>	<i>Others</i> <b>US\$'000</b>	<i>Total</i> <b>US\$'000</b>	<b>US\$ '000</b>
<b>Interim consolidated statement of income</b>					

**Expenses**

Board of Directors and attendance allowance	-	63	-	63	63
Shari'a Supervisory Board 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> <b>Six months ended</b>	
	<b>30 June</b> <b>2017</b> <b>US\$ '000</b>	<b>30 June</b> <b>2016</b> <b>US\$ '000</b>
Short term employee expenses	<b>714</b>	703
Termination expenses	<b>48</b>	74
	<b>761</b>	<b>777</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017 (Reviewed)

## 11 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 2017:

		<i>30 June 2017 (Reviewed)</i>		
	<i>Note</i>	<i>Amortised Cost</i>	<i>Fair value through equity</i>	<i>Fair value through statement of income</i>
		<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>Financial assets:</b>				
Non-trading investments		-	1,444	19,271
Other assets (excluding prepayments)	11.1	2,022	-	-
		<u>2,022</u>	<u>1,444</u>	<u>19,271</u>
<b>Financial liabilities:</b>				
Other liabilities		8,350	-	-
<b>Financial guarantee:</b>				
Financial guarantee		3,106	-	-
		<u>11,456</u>	<u>-</u>	<u>-</u>
		<i>31 December 2016 (Audited)</i>		
		<i>Amortised Cost</i>	<i>Fair value through equity</i>	<i>Fair value through statement of income</i>
		<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>Financial assets:</b>				
Non-trading investments		-	1,238	25,249
Other assets (excluding prepayments)		2,183	-	-
		<u>2,183</u>	<u>1,238</u>	<u>25,249</u>
<b>Financial liabilities:</b>				
Term financing		12,413	-	-
Other liabilities		7,703	-	-
<b>Financial guarantee:</b>				
Financial guarantee		3,106	-	-
		<u>23,222</u>	<u>-</u>	<u>-</u>

**11.1** In 2015, the Bank exited from an investment classified as held for sale and issued a financial guarantee equivalent to US\$ 3.1 million in favor of the buyer representing the Bank's indemnity obligations in relation to the sale, if any. The Bank's share of the financial guarantee is US\$ 0.7 million while the remaining amount represents the guarantee issued on behalf of its investors. The Bank has also signed back to back guarantee agreements with its investors which entitles the Bank to claim any amounts paid to the buyer from its investors. The financial guarantee matures on 10 June 2018.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017 (Reviewed)

### 12 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.

The fair value of a quoted security is 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:

	<b>30 June 2017 (Reviewed)</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>	<b>US\$ '000</b>	<b>US\$ '000</b>
<b>Non-trading investments</b>	<b>1,444</b>	<b>-</b>	<b>19,271</b>	<b>20,715</b>
	<b>31 December 2016 (Audited)</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>	<b>US\$ '000</b>	<b>US\$ '000</b>
Non-trading investments	1,238	-	25,249	26,487

#### **Movements in level 3 financial instruments measured at fair value**

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets which are recorded at fair value:

	<b>(Reviewed)</b>	<b>(Audited)</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Balance as at 1 January	25,249	20,834
Acquisitions	-	24,379
Disposals / placements	(6,336)	(17,808)
Fair value changes in investments	358	(2,156)
	<b>19,271</b>	<b>25,249</b>

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 2017 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurement.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017 (Reviewed)

## 13 SEGMENTAL INFORMATION

## a) Geographic sector

The geographical distribution of the Group's assets and liabilities as of 30 June 2017 is as follows:

<b>(Reviewed)</b>	<i>Bahrain</i> <i>US\$'000</i>	<i>Europe</i> <i>US\$'000</i>	<i>Others</i> <i>US\$'000</i>	<i>Total</i> <i>US\$'000</i>
<b>Assets</b>				
Cash and balances with banks	5,153	-	-	5,153
Due from banks and financial institutions	57,237	-	-	57,237
Non-trading investments	-	6,628	14,087	20,715
Investment in ijarah assets	-	-	-	-
Investment in real estate	10,476	-	-	10,476
Other assets	1,144	983	-	2,127
Property and equipment	5,237	-	-	5,237
<b>Total assets</b>	<b>79,247</b>	<b>7,611</b>	<b>14,087</b>	<b>100,945</b>
<b>Liabilities</b>				
Term financing	-	-	-	-
Other liabilities	7,860	490	-	8,350
<b>Total liabilities</b>	<b>7,860</b>	<b>490</b>	<b>-</b>	<b>8,350</b>

The geographical distribution of the Group's assets and liabilities as of 31 December 2016 is as follows:

<b>(Audited)</b>	<i>Bahrain</i> <i>US\$'000</i>	<i>Europe</i> <i>US\$'000</i>	<i>Others</i> <i>US\$'000</i>	<i>Total</i> <i>US\$'000</i>
<b>Assets</b>				
Cash and balances with banks	3,787	-	-	3,787
Due from banks and financial institutions	34,003	-	-	34,003
Non-trading investments	-	6,269	20,218	26,487
Investment in ijarah assets	-	28,892	-	28,892
Investment in real estate	10,476	-	-	10,476
Other assets	650	1,671	-	2,321
Property and equipment	5,353	-	-	5,353
<b>Total assets</b>	<b>54,269</b>	<b>36,832</b>	<b>20,218</b>	<b>111,319</b>
<b>Liabilities</b>				
Term financing	-	12,413	-	12,413
Other liabilities	5,226	2,477	-	7,703
<b>Total liabilities</b>	<b>5,226</b>	<b>14,890</b>	<b>-</b>	<b>20,116</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2017 (Reviewed)

## 13 SEGMENTAL INFORMATION (continued)

## b) Industry sector

The industrial distribution of the Group's assets and liabilities as of 30 June 2017 is as follows:

(Reviewed)	<i>Banking and financial institutions</i>	<i>Aviation</i>	<i>Real estate</i>	<i>Manufacturing</i>	<i>Others</i>	<i>Total</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>Assets</b>						
Cash and balances						
with banks	5,153	-	-	-	-	5,153
Due from banks and financial institutions	57,237	-	-	-	-	57,237
Non-trading investments	-	-	19,271	1,444	-	20,715
Investment in ijarah assets	-	-	-	-	-	-
Investment in real estate	-	-	10,476	-	-	10,476
Other assets	-	983	-	-	1,144	2,127
Property and equipment	-	-	-	-	5,237	5,237
<b>Total assets</b>	<b>62,390</b>	<b>983</b>	<b>29,747</b>	<b>1,444</b>	<b>6,381</b>	<b>100,945</b>
<b>Liabilities</b>						
Term financing	-	-	-	-	-	-
Other liabilities	-	490	-	-	7,860	8,350
<b>Total liabilities</b>	<b>-</b>	<b>490</b>	<b>-</b>	<b>-</b>	<b>7,860</b>	<b>8,350</b>

The industrial distribution of the Group's assets and liabilities as of 31 December 2016 is as follows:

(Audited)	<i>Banking and financial institutions</i>	<i>Aviation</i>	<i>Real estate</i>	<i>Manufacturing</i>	<i>Others</i>	<i>Total</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>Assets</b>						
Cash and balances						
with banks	3,787	-	-	-	-	3,787
Due from banks and financial institutions	34,003	-	-	-	-	34,003
Non-trading investments	-	-	25,249	1,238	-	26,487
Investment in ijarah assets	-	28,892	-	-	-	28,892
Investment in real estate	-	-	10,476	-	-	10,476
Other assets	-	1,671	-	-	650	2,321
Property and equipment	-	-	-	-	5,353	5,353
<b>Total assets</b>	<b>37,790</b>	<b>30,563</b>	<b>35,725</b>	<b>1,238</b>	<b>6,003</b>	<b>111,319</b>
<b>Liabilities</b>						
Term financing	-	12,413	-	-	-	12,413
Other liabilities	-	2,477	-	-	5,226	7,703
<b>Total liabilities</b>	<b>-</b>	<b>14,890</b>	<b>-</b>	<b>-</b>	<b>5,226</b>	<b>20,116</b>

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 2017  
(Unaudited)**

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

ADDITIONAL PUBLIC DISCLOSURES

30 June 2017 (Unaudited)

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

## ADDITIONAL PUBLIC DISCLOSURES

30 June 2017 (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").

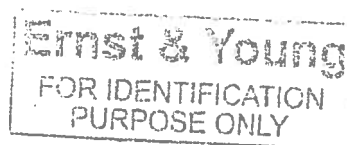
During the period, the shareholders have resolved to change the Bank license from an Islamic Wholesale Banking License to an Investment Firm License Category 1 in their ExtraOrdinary General Meeting ("EGM") held on 18 May 2017. The Bank currently is in the process of changing the license as per the EGM resolution.

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 2017</i>	<i>Ownership for Dec 2016</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 2017 to 30 June 2017.



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

## ADDITIONAL PUBLIC DISCLOSURES

30 June 2017 (Unaudited)

### 1.1 FINANCIAL HIGHLIGHTS

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

<i>US\$ millions</i>	<b>June 2017</b>	<i>Dec 2016</i>	<i>Dec 2015</i>	<i>Dec 2014</i>	<i>Dec 2013</i>	<i>Dec 2012</i>
TOTAL INCOME	6.86	5.90	8.69	(26.31)	33.84	11.39
TOTAL EXPENSES	2.39	5.20	5.15	5.60	5.70	5.90
NET INCOME	4.46	0.70	3.54	(31.91)	28.14	5.49
UNREALISED LOSSES AND PROVISIONS	0.59	(57.10)	(0.74)	(26.99)	(24.09)	1.11
NET PROFIT (LOSS)	5.06	(56.40)	2.80	(58.90)	4.05	6.60
TOTAL ASSETS	100.95	111.00	168.57	202.00	310.60	360.30
TOTAL EQUITY	92.60	91.00	147.60	145.20	205.50	204.40
Islamic Financing to Equity Ratio (leverage)	92.60	91.00	147.60	145.20	205.50	204.40
Return on average assets *	4.21%	0.50%	1.91%	-12.45%	8.39%	1.5%
Return on average equity *	4.86%	0.59%	2.42%	-18.20%	13.73%	2.4%
Cost to Income	34.9%	88.1%	59.2%	-21.3%	16.8%	51.8%

\* These have been calculated on the basis of net income and excludes unrealised fair value losses and provisions.

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**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. 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**

The total regulatory capital (CET 1, Tier 1 and Tier 2) calculated in accordance with the CBB guidelines are as follows:

	<i>30 June 2017</i>		
	<i>US\$ '000</i>		
	CET 1	AT1	T2
<b>Tier 1 Capital Components</b>			
Issued and fully paid ordinary shares	145,643		
Statutory reserve	9,889		
Retained earnings	(68,243)		
Current interim cumulative net income / losses	4,277		
Accumulated other comprehensive income and losses (and other reserves)	390		
<b>Total CET1 capital before minority interest</b>	<u>91,956</u>		
Total minority interest in banking subsidiaries given recognition in CET1 capital	-		
<b>Total Common Equity Tier 1 capital prior/after the regulatory adjustments</b>	<u>91,956</u>		
<b>Net Available Capital after Applying Haircut</b>	<u>91,956</u>		
<b>Total Tier 1</b>		<u>91,956</u>	
<b>Total Capital</b>			<u>91,956</u>

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**2 CAPITAL STRUCTURE AND CAPITAL ADEQUACY (continued)****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 30 June 2017:

	30 June 2017	
	<i>Risk weighted assets</i>	<i>Minimum capital requirement</i>
	US\$ '000	US\$ '000
Credit Risk	127,952	15,994
Market Risk	12,150	1,519
Operational Risk	25,040	3,130
	<b>165,142</b>	<b>20,643</b>

**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:

	30 June 2017	
	<i>Risk weighted assets</i>	<i>Minimum capital requirement</i>
	US\$ '000	US\$ '000
<b><u>Islamic financing contracts</u></b>		
Investments in Ijarah assets	2,938	353
Financing contracts	200	25
Ijarah assets	-	-
	<b>200</b>	<b>25</b>

**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:

	30 June 2017
Total capital ratio	55.68%
Tier 1 capital ratio	55.68%

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**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)**

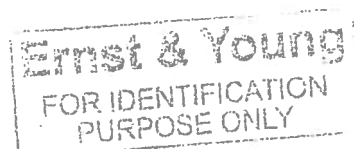
The following table summarises the liquidity ratios as of:

**30 June 2017**

Short term assets to short term liabilities	10.10
Liquid assets to total assets	0.64

**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.



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**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 2017 was as follows:

	Up to 1 month US\$ '000	1 to 3 months US\$ '000	3 to 6 months US\$ '000	6 months to 1 year US\$ '000	1 to 3 years US\$ '000	3 to 5 years US\$ '000	5 to 10 years US\$ '000	10 to 20 years US\$ '000	20 years and above US\$ '000	Undated US\$ '000	Total US\$ '000
<b>ASSETS</b>											
Cash and balances with banks	5,153	-	-	-	-	-	-	-	-	-	5,153
Due from banks and financial institutions	57,237	-	-	-	-	-	-	-	-	-	57,237
Non-trading investments	-	-	-	-	-	-	-	-	-	20,715	20,715
Investment in real estate	-	-	-	-	-	-	-	-	-	10,476	10,476
Property and equipment	-	-	-	-	-	-	-	-	-	5,237	5,237
Other assets	3	668	105	1,350	-	-	-	-	-	1	2,127
<b>Total Assets</b>	<b>62,393</b>	<b>668</b>	<b>105</b>	<b>1,350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,429</b>	<b>100,945</b>
<b>LIABILITIES</b>											
Other liabilities	2,755	2,361	527	742	-	-	-	-	-	1,965	8,350
<b>Total Liabilities</b>	<b>2,755</b>	<b>2,361</b>	<b>527</b>	<b>742</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,965</b>	<b>8,350</b>
<b>Net liquidity gap</b>	<b>59,638</b>	<b>(1,693)</b>	<b>(422)</b>	<b>608</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,464</b>	
<b>Cumulative net gap</b>	<b>59,638</b>	<b>57,945</b>	<b>57,523</b>	<b>58,131</b>	<b>58,131</b>	<b>58,131</b>	<b>58,131</b>	<b>58,131</b>	<b>58,131</b>	<b>92,595</b>	



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**3 RISK MANAGEMENT (continued)**

b) Credit risk

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

As at 30 June 2017:

	Average credit exposures US\$ '000	Gross funded credit exposures US\$ '000	Credit risk weighted exposures US\$ '000	Regulatory capital requirements US\$ '000
Balances with banks	3,398	3,513	1,578	197
Murabaha and Wakala receivables	45,620	57,237	15,951	1,994
Financing contracts	200	200	200	25
ijara assets	12,170	2,938	4,470	559
Non-trading investments	23,601	20,712	78,464	9,808
Investment in real estate	10,476	10,476	20,952	2,619
Other assets	6,168	6,340	6,340	793
	101,633	101,416	127,955	15,994

The average credit exposures have been calculated based on the semi-annual balances. The above numbers are based on solo basis.

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

Net funded credit exposures by geographical region

As at 30 June 2017:

	Balances with banks US\$ '000	Murabaha and Wakala receivables US\$ '000	Financing contracts US\$ '000	ijara assets US\$ '000	Non-trading investment in US\$ '000	Other assets US\$ '000	Total US\$ '000
Bahrain	593	46,234	-	-	10,476	4,754	62,057
Other GCC Countries	47	11,003	-	-	-	-	12,493
Europe	2,873	-	-	2,938	-	1,036	13,472
North America	-	-	200	-	-	550	13,394
	3,513	57,237	200	2,938	10,476	6,340	101,416

The geographical segregation is based on the location of the assets. The above numbers are based on solo basis.

Seera Investment Bank B.S.C. (c)  
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 30 June 2017 (Unaudited)

3 RISK MANAGEMENT (continued)

b) Credit risk (continued)

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

Net funded credit exposures by counterparty

As at 30 June 2017:

	Balances	Murabaha	Financing	Non-trading	Investment in	Other assets	Total
	with banks	receivables	contracts	investments	real estate		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Claims on banks	3,513	57,237	-	-	-	-	60,750
Claims on corporates	-	-	200	-	1,623	-	4,761
Others	-	-	-	20,712	10,476	4,717	35,905
	3,513	57,237	200	20,712	10,476	6,340	101,416

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	2017
	US\$ '000	
Credit rating:	-	-
AAA to AA-	13,894	13,894
A+ to A-	34,257	34,257
BBB+ to BBB-	-	-
BB+ to B-	53,265	53,265
Unrated	101,416	101,416

The above numbers are based on solo basis.

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ADDITIONAL PUBLIC DISCLOSURES

30 June 2017 (Unaudited)

3 RISK MANAGEMENT (continued)

b) Credit risk (continued)

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

Geographical region:

Bahrain  
Europe  
Others

30 June 2017	
Assets	Liabilities
US\$'000	US\$'000
62,057	2,323
18,878	438
20,481	6,702
<b>101,416</b>	<b>9,463</b>

30 June 2017

30 June 2017	
Assets	Liabilities
US\$'000	US\$'000
60,750	-
3,138	4,336
29,747	2,266
1,441	-
6,340	2,861
<b>101,416</b>	<b>9,463</b>

Industry sector:

Banking and financial institutions  
Aviation  
Real estate  
Manufacturing  
Others

The above numbers are based on solo basis.

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 2017, the Bank had no exposures in excess of 15% of Capital base for obligor limits to individual counterparties.



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30 June 2017 (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 2017:

	Specific provisions			Balance at the end of the period US\$ '000
	Opening Balance US\$ '000	Charges during the period US\$ '000	FX translation US\$ '000	
Investment - Aviation	70,097	(62,447)	-	7,650
Investment - Energy	10,838	-	-	10,838
Investment - Real estate	14,475	-	-	14,475
	95,410	(62,447)	-	32,963

Table -12.2 Specific provisions by geographical distribution (PD-1.3.23 (h), 1.3.24 (d)) (continued)

The following table summarises the total specific provisions disclosed by counterparty type as of 30 June 2017:

	Specific provisions			Balance at the end of the period US\$ '000
	Opening Balance US\$ '000	Charges during the period US\$ '000	Write-Back during the period US\$ '000	
Bahrain	24,400	(24,400)	-	-
Europe	25,313	-	-	25,313
Other	45,697	(38,047)	-	7,650
	95,410	(62,447)	-	32,963

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.

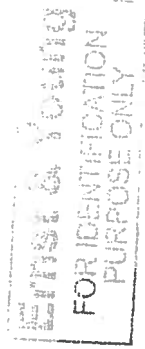
During the period ended 30 June 2017, the Central Bank of Bahrain ("CBB") imposed a financial penalty amounting to BD 1,500 as per BR 1.1.4, due to late submission of the Bank's organizational chart, and reconciliation between the audited financial statements and prudential returns.

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.

The Bank has not have any past due islamic financing contracts.



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

30 June 2017 (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:

	<b>30 June 2017</b>
	<b>Foreign</b>
	<b>exchange</b>
	<b>risk</b>
	<b>US\$ '000</b>
Risk weighted exposure (RWE) (Foreign Exchange)	12,150
Capital requirements (12.5%)	<u>1,519</u>
Maximum value of RWE	<u>1,519</u>
Minimum value of RWE	<u>1,475</u>

*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 the first half of 2017, a +/- 200bp change in the profit rate, with all other variables constant, would have resulted in a +/- US\$ 392 thousand (31 December 2016: +/-200bp resulted in +/- US\$ 341 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 2017 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.

	<b>Change in equity price</b>	<b>Effect on net equity (+/-)</b>
	<b>%</b>	<b>US\$'000</b>
Kuwait Stock Exchange	10	144

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.

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

ADDITIONAL PUBLIC DISCLOSURES

30 June 2017 (Unaudited)

3 RISK MANAGEMENT (continued)

c) Market risk (continued)

Equity positions in the banking book

Investments

	30 June 2017		
	Total gross exposure	Average gross exposure	Regulatory capital requirements
	US\$'000	US\$'000	US\$'000
Non trading investments			
Quoted	1,441	1,340	107
Unquoted	19,274	22,262	1,781
	<b>20,715</b>	<b>23,601</b>	<b>1,888</b>

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 2017 US\$ '000
Cumulative realised gains arising from sales or liquidations in the reporting period	-
Total unrealised 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	390
Unrealised gains included in Tier 2 Capital	-

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 2017		
	Assets US\$ '000	Liabilities US\$ '000	Net US\$ '000
Currency			
Kuwaiti Dinars	1,470	(11)	1,459
Great Britain Pounds	10,707	(51)	10,656
Euro	13	(2)	11

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**ADDITIONAL PUBLIC DISCLOSURES**

30 June 2017 (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 2017*

	<i>Change in exchange rates(+/-)</i>	<i>Change in net income and equity (+/-)</i>
	%	US\$'000
<b>Currency</b>		
Kuwaiti Dinars	10	146
Great Britain Pound	10	1,066
Euro	10	1

**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:

	<i>Gross income</i>		
	<i>2016</i>	<i>2015</i>	<i>2014</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>Total Gross Income</b>	<b>14,502</b>	<b>14,452</b>	<b>11,110</b>
			<i>June 2017</i>
<b>Indicators of operational risk</b>			
Average Gross income (US\$ '000)			<b>13,355</b>
Multiplier			<b>12.5</b>
			<b>166,933</b>
Eligible Portion for the purpose of the calculation			<b>15%</b>
<b>TOTAL OPERATIONAL RISK WEIGHTED EXPOSURE (US\$ '000)</b>			<b>25,040</b>

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

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**Others  
(Unaudited)**

**Step 1: Disclose the reported Balance sheet under the regulatory scope of consolidation**

	Balance sheet as in published financial statements	Consolidated PIR data
	30-Jun-2017	30-Jun-2017
	US\$ 000	US\$ 000
<b>Assets</b>		
Cash and balances with central banks	5,153	5,153
Due from banks and other financial institutions	57,237	57,237
Non-trading investments	20,715	20,715
Investment in ijara assets	-	-
Investment in real estate	10,476	10,476
Other assets	2,127	2,127
Property and equipment	5,237	5,237
<b>Total assets</b>	<b>100,945</b>	<b>100,945</b>
<b>Liabilities</b>		
Term financing	-	-
Current account for non-banks	2,755	2,755
Other liabilities	5,595	5,595
<b>Total liabilities</b>	<b>8,350</b>	<b>8,350</b>
<b>Equity</b>		
Share capital	145,643	145,643
Statutory reserve	9,889	9,889
General reserve	-	-
Cumulative changes in fair values	390	390
Foreign currency translation adjustments	-	-
Retained earnings	(68,243)	(68,243)
Net profit / (loss) for the current period	4,277	4,277
<b>Attributable to the owners of the Bank</b>	<b>91,956</b>	<b>91,956</b>
Non-controlling interests	639	639
Others		
<b>Total equity</b>	<b>92,595</b>	<b>92,595</b>
<b>Total Liabilities and equities</b>	<b>100,945</b>	<b>100,945</b>

**Step 2: Expand the lines of the regulatory Balance sheet to display all of the components used in the definition of capital disclosure template**

	Balance sheet as in published financial statements	Consolidated PIR data	Ref.
	30-Jun-2017	30-Jun-2017	
	US\$ 000	US\$ 000	
<b>Assets</b>			
Cash and balances with central banks	5,153	5,153	
Due from banks and other financial institutions	57,237	57,237	
Non-trading investments	20,715	20,715	
Investment in ijara assets	-	-	
Other assets	2,127	2,127	
Investment in real estate	10,476	10,476	
Property and equipment	5,237	5,237	
<b>Total assets</b>	<b>100,945</b>	<b>100,945</b>	
<b>Liabilities</b>			
Due to banks and other financial institutions	-	-	
Other liabilities	8,350	8,350	
of which current accounts	2,755	2,755	
<b>Total liabilities</b>	<b>8,350</b>	<b>8,350</b>	
<b>Equity</b>			
Share capital	145,643	145,643	a
of which amount eligible for CET 1	145,643	145,643	
Share premium	-	-	
Statutory reserve	9,889	9,889	c
General reserve	-	-	d
Cumulative changes in fair values	390	390	e
of which Cumulative changes in fair values	390	390	
of which gains and losses on available for sale investments			
of which foreign currency translation adjustments			
Retained earnings	(63,966)	(63,966)	b
of which net profit/(loss)	(68,243)	(68,243)	
of which Retained earnings	4,277	4,277	
Collective impairment provision	-	-	
Attributable to the owners of the Bank	91,956	91,956	
Non-controlling interests	639	639	
<b>Total equity</b>	<b>92,595</b>	<b>92,595</b>	
<b>Total Liabilities and equities</b>	<b>100,945</b>	<b>100,945</b>	



**Regulatory Capital Components**

**Step 3: Map each of the components that are disclosed in Step 2 to the composition of capital disclosure templates**

		Component of regulatory capital	Source based on reference letters of the balance sheet under the regulatory scope of consolidation
<b>Common Equity Tier 1: Instruments and reserves</b>			
1	Directly issued qualifying common share capital plus related stock surplus	145,643	a
2	Retained earnings	(63,966)	b
3	Accumulated other comprehensive income and losses (and other reserves)	10,279	c+d+e
4	Not applicable		
5	Common shares issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>91,956</b>	
<b>Common Equity Tier 1 capital :regulatory adjustments</b>			
7	Prudential valuation adjustment	-	
8	Goodwill (net of related tax liabilities)	-	
9	Other intangibles other than mortgage servicing rights (net of related tax liabilities)	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liabilities)	-	
11	Cash flow hedge reserve	-	
12	Shortfall of provisions to expected losses	-	
13	Securitization gain on sale (as set out in paragraph 562 of Basel II framework)	-	
14	Not applicable	-	
15	Defined benefit pension fund net assets	-	
16	Investments in own shares	-	
17	Reciprocal cross holdings in Common equity	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	
20	Mortgage servicing rights (amount above 10% of CET1c)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold	-	
23	of which: significant investments in the common stock	-	
24	of which: mortgage servicing rights	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	CBB specific regulatory adjustments	-	
	Regulatory Adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-2015 treatments of which: Positive or negative adjustments due to aggregation of CET1	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>-</b>	
29	<b>Common Equity Tier 1 capital (CET1)</b>	<b>91,956</b>	
<b>Additional Tier 1 capital: instruments</b>			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>-</b>	
<b>Additional Tier 1 capital: regulatory adjustments</b>			
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
40	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
41	CBB specific regulatory adjustments	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43	<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>-</b>	
44	<b>Additional Tier 1 capital (AT1)</b>	<b>-</b>	
45	<b>Tier capital (T1 = CET1 + AT1)</b>	<b>91,956</b>	
<b>Tier 2 capital: instruments and provisions</b>			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
47	Directly issued capital instruments subject to phase out from Tier 2	-	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Provisions	-	f
51	<b>Tier 2 capital before regulatory adjustments</b>	<b>-</b>	

		Component of regulatory capital	Source based on reference letters of the balance sheet under the regulatory scope of consolidation
<b>Tier 2 capital: regulatory adjustments</b>			
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments	-	
57	Total regulatory adjustments to Tier 2 capital	-	
58	<b>Tier 2 capital (T2)</b>	-	
59	<b>Total capital (TC = T1 + T2)</b>	<b>91,956</b>	
60	<b>Total risk weighted assets</b>	<b>165,142</b>	
<b>Capital ratios and buffers</b>			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	55.68%	
62	Tier 1 (as a percentage of risk weighted assets)	55.68%	
63	Total capital (as a percentage of risk weighted assets)	55.68%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	9.00%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical buffer requirement	N/A	
67	of which: G-SIB buffer requirement	N/A	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	55.68%	
<b>National minima (where different from Basel III)</b>			
69	CBB Common Equity Tier 1 minimum ratio	6.50%	
70	CBB Tier 1 minimum ratio	8.00%	
71	CBB total capital minimum ratio	10.00%	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Non-significant investments in the capital of other financials	-	
73	Significant investments in the common stock of financials	-	
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)		
77	Cap on inclusion of provisions in Tier 2 under standardised approach		
78	N/A		
79	N/A		
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2019 and 1 Jan 2023)</b>			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

**SECTION B: CAPITAL ADEQUACY CALCULATION**  
**CAPITAL COMPONENTS - CONSOLIDATED**

Reporting Currency **USD '000**

		Consolidations		
		CET 1	AT1	T2
i	<b>Tier 1 Capital</b>			
i.1	<b>Common Equity Tier 1 (CET1)</b>			
i.1.1	Issued and fully paid ordinary shares	145,643		
i.1.1.1	Less: Employee stock incentive program funded by the bank (outstanding)			
i.1.1.2	Treasury Shares			
i.1.2	General reserves			
i.1.3	Statutory reserves	9,889		
i.1.4	Share premium			
i.1.5	Retained earnings	(68,243)		
i.1.6	Current interim cumulative net income / losses	4,277		
i.1.7	Accumulated other comprehensive income and losses (and other reserves)	390		
i.1.7.1	unrealized gains and losses on available for sale financial instruments	390		
i.1.7.2	gains and losses on derivatives held as cash flow hedges			
i.1.7.3	gains and losses resulting from converting foreign currency subsidiaries to the parent currency			
i.1.7.4	unrealized gains and losses from a foreign currency hedge of a net investment in a foreign operation			
i.1.7.5	all other reserves			
i.1.7.6	unrealized gains and losses from fair valuing equities			
i.1.8	<b>Total CET1 capital before minority interest</b>	<b>91,956</b>		
i.1.9	Total minority interest in banking subsidiaries given recognition in CET1 capital	-		
i.1.10	<b>Total CET1 capital prior to regulatory adjustments</b>	<b>91,956</b>		
	Less:			
i.1.11	Goodwill	-		
i.1.12	Intangibles other than mortgage servicing rights	-		
i.1.13	Deferred tax assets	-		
i.1.14	Investments in own shares	-		
i.1.15	Reciprocal cross holdings in common stock	-		
i.1.16	Cash flow hedge reserve	-		
i.1.17	Defined benefit pension fund assets	-		
i.1.18	Gain on sale related to securitization	-		
i.1.19	<b>Total CET1 capital after the regulatory adjustments above (CET1 a)</b>	<b>91,956</b>		
i.1.20	Less: Investment in financial entities where ownership is < 10% of issued common share capital (amount above 10% CET1a)	-		
i.1.21	<b>Total Common Equity Tier 1 capital after the regulatory adjustments above (CET1 b)</b>	<b>91,956</b>		
i.1.22	Less: Non-common equity Invest. in financial entities where ownership is >10% of the issued common share capital	-		
i.1.23	<b>Total Common Equity Tier 1 capital after the regulatory adjustments above (CET1 C)</b>	<b>91,956</b>		
	Less:			
i.1.24	Significant investments in the common stock of financial entities (amount above 10% of CET1c)	-		
i.1.25	Mortgage servicing rights (amount above 10% of CET1c)	-		
i.1.26	Deferred tax assets arising from temporary differences (amount above 10% of CET1c)	-		
i.1.27	Additional deduction to absorb deficiency in AT1	-		
i.1.28	<b>Total Common Equity Tier 1 capital after the regulatory adjustments above (CET1 d)</b>	<b>91,956</b>		
i.1.29	Aggregated amount of exceeding the 15% of CET1d	-		
i.1.30	Aggregation of CET1	-		
i.1.31	<b>Total Common Equity Tier 1 capital after the regulatory adjustments above (CET1 d)</b>	<b>91,956</b>		
i.2	<b>Other Capital (AT1 &amp; T2)</b>			
i.2.1	Instruments issued by parent company			
i.2.2	Instruments issued by banking subsidiaries to third parties			
i.2.3	Share Premium			
i.2.4	Assets revaluation reserve - property, plant, and equipment			
i.2.5	General financing loss provisions			
i.2.6	<b>Total Available AT1 &amp; T2 Capital</b>			
	Less:			
i.2.7	Investments in own Securities			
i.2.8	Reciprocal cross holdings in financial instruments other than common equity			
i.2.9	Investment in financial entities where ownership is < 10% of the issued common share capital (amount above 10% CET1a)			
i.2.10	Significant investments in the common share of financial entities (amount above 10% of CET1c)			
i.2.11	<b>Deduction from AT1 &amp; T2 before additional deduction to absorb deficiency in Tier 2</b>			
i.2.12	Deduction from AT1 to absorb deficiency in Tier 2			
i.2.13	Aggregation of AT1 & T2			
i.2.14	<b>Total AT1 &amp; T2 Deductions</b>			
i.2.15	Regulatory adjustments actually made to higher Capital Tier			
i.2.16	<b>Net Available Capital after regulatory adjustments before Applying Haircut</b>			
i.2.17	<b>Net Available Capital after Applying Haircut</b>	<b>91,956</b>		
i.3	<b>Total Tier 1</b>		<b>91,956</b>	
i.4	<b>Total Capital</b>			<b>91,956</b>

		Risk Weighted Exposures		
		Credit	Operational	Market
ii.1	<b>Risk Weighted Exposures (Self Financed)</b>	<b>127,952</b>	<b>25,040</b>	<b>12,150</b>
ii.2	<b>Risk Weighted Exposures (Unrestricted Investment Accounts 30% only)</b>	-	-	-
ii.3	<b>Aggregation of Risk Weighted Exposures</b>			
ii.4	<b>Risk Weighted Exposures after Aggregation</b>	<b>127,952</b>	<b>25,040</b>	<b>12,150</b>
ii.5	<b>Total Risk Weighted Exposures</b>			<b>165,142</b>
ii.6	<b>Investment risk reserve (30% only)</b>			-
ii.7	<b>Profit equalization reserve (30% only)</b>			-
ii.8	<b>Total Adjusted Risk Weighted Exposures</b>			<b>165,142</b>

	CET 1	T1	Total Capital
<b>Minimum Capital Requirements before CCB</b>	<b>10,734.22</b>	<b>13,211.34</b>	<b>16,514.18</b>
<b>Minimum Capital Requirements after CCB</b>	<b>14,862.76</b>	<b>17,339.89</b>	<b>20,642.73</b>
<b>% of Total Risk Weighted Exposures (CAR)</b>	<b>55.68%</b>	<b>55.68%</b>	<b>55.68%</b>

Limits	Before CCB	After CCB
CET1 Ratio in accordance to CBB Rule book	Yes	Yes
Tier 1 Ratio in accordance to CBB Rule book	Yes	Yes
Total Capital Ratio in accordance to CBB Rule book	Yes	Yes