

Bahrain Middle East Bank B.S.C.
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

30 JUNE 2016 (Reviewed)

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF
BAHRAIN MIDDLE EAST BANK B.S.C.**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Bahrain Middle East Bank B.S.C. ("the Bank") and its subsidiaries (together "the Group") as at 30 June 2016 and the related interim condensed consolidated statements of income, comprehensive income, cash flows and changes in equity for the six-month period then ended, and explanatory notes. The Board of Directors of the Bank is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34). 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 IAS 34.

Ernst & Young

11 August 2016
Manama, Kingdom of Bahrain

Bahrain Middle East Bank B.S.C.

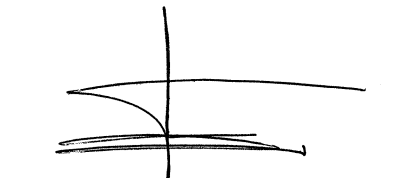
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016 (Reviewed)

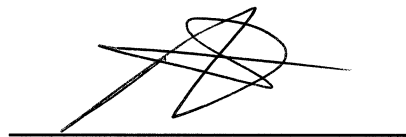
	<i>Note</i>	Reviewed 30 June 2016 US\$ '000	<i>Audited 31 December 2015 US\$ '000</i>
ASSETS			
Balances with banks and financial institutions		12,067	28,373
Treasury bills and placements with financial institutions		37,976	19,998
Investments at fair value through profit or loss		1,258	161
Loans and advances	3	128,013	110,705
Available-for-sale investments	4	5,733	9,530
Held-to-maturity investments		196	216
Other assets		2,548	2,889
TOTAL ASSETS		187,791	171,872
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from financial institutions		141,471	125,098
Deposits from customers		7,523	8,726
Other liabilities		1,131	2,786
Total liabilities		150,125	136,610
EQUITY			
Share capital		60,501	60,501
Accumulated losses		(23,742)	(26,554)
Fair value reserve		907	1,315
Total equity		37,666	35,262
TOTAL LIABILITIES AND EQUITY		187,791	171,872



Wilson S Benjamin
Chairman



Sheikh Abdullah A.K Al Sabah
Vice Chairman



Ritchie Skelding
Chief Executive Officer

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements

Bahrain Middle East Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the six-month period ended 30 June 2016 (Reviewed)

	Note	Three-month period ended 30 June		Six-month period ended 30 June	
		2016	2015	2016	2015
		US\$ '000	US\$ '000	US\$ '000	US\$ '000
OPERATING INCOME					
Interest income		2,732	2,812	5,304	5,464
Interest expense		(254)	(405)	(593)	(741)
Net interest income		2,478	2,407	4,711	4,723
Investment banking (loss) income	6	(118)	489	301	773
Other income		148	80	230	173
Foreign exchange (loss) gain		(41)	23	(49)	104
Total operating income		2,467	2,999	5,193	5,773
OPERATING EXPENSES					
Staff expenses		764	760	1,541	1,532
Premises expenses		85	98	170	186
Other operating expenses		110	229	354	535
Total operating expenses		959	1,087	2,065	2,253
NET PROFIT FOR THE PERIOD BEFORE IMPAIRMENT PROVISIONS					
		1,508	1,912	3,128	3,520
Impairment provisions - net	5	(183)	(103)	(316)	(308)
NET PROFIT FOR THE PERIOD		1,325	1,809	2,812	3,212
BASIC AND DILUTED EARNINGS PER SHARE (IN US\$ CENTS)					
		0.55	0.75	1.16	1.33


Wilson S Benjamin
Chairman


Sheikh Abdullah A.K Al Sabah
Vice Chairman


Ritchie Skelding
Chief Executive Officer

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements

Bahrain Middle East Bank B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2016 (Reviewed)

	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>	
	2016	2015	2016	2015
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
NET PROFIT FOR THE PERIOD	1,325	1,809	2,812	3,212
Other comprehensive loss:				
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:				
Fair value reserves (available-for-sale investments):				
Net amount transferred to statement of income on sale/impairment	50	(199)	21	(226)
Net changes in fair value during the period	20	91	(429)	(224)
Total other comprehensive income (loss) for the period	70	(108)	(408)	(450)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,395	1,701	2,404	2,762

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements

Bahrain Middle East Bank B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2016 (Reviewed)

	<i>Six-month period ended 30 June</i>	
	2016	2015
	US\$ '000	US\$ '000
OPERATING ACTIVITIES		
Net profit for the period	2,812	3,212
Adjustments for:		
Impairment provisions - net (note 5)	316	308
Depreciation and amortisation	26	24
Changes in operating assets and liabilities:		
Investments at fair value through profit or loss	(1,097)	16
Loans and advances	(17,308)	(13,236)
Available-for-sale investments	3,073	295
Held-to-maturity investments	20	(1)
Other assets	315	(95)
Deposits from financial institutions	16,373	470
Deposits from customers	(1,203)	(1,056)
Other liabilities	(1,655)	(647)
Net cash from (used in) operating activities	1,672	(10,710)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,672	(10,710)
Cash and cash equivalents at 1 January	48,371	40,608
CASH AND CASH EQUIVALENTS AT 30 JUNE	50,043	29,898
CASH AND CASH EQUIVALENTS COMPRISE:		
Balances with banks and financial institutions	12,067	14,453
Treasury bills and placements with financial institutions with original maturities of three months or less	37,976	15,445
	50,043	29,898

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements

Bahrain Middle East Bank B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2016 (Reviewed)

	<i>Share capital</i> US\$ '000	<i>Accumulate losses</i> US\$ '000	<i>Fair value reserve</i> US\$ '000	<i>Total equity</i> US\$ '000
Balance at 1 January 2016	60,501	(26,554)	1,315	35,262
Total comprehensive income (loss) for the period	-	2,812	(408)	2,404
Balance at 30 June 2016	60,501	(23,742)	907	37,666
Balance at 1 January 2015	60,501	(31,633)	2,136	31,004
Total comprehensive income (loss) for the period	-	3,212	(450)	2,762
Balance at 30 June 2015	60,501	(28,421)	1,686	33,766

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements

Bahrain Middle East Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016 (Reviewed)

1 INCORPORATION AND ACTIVITIES

Bahrain Middle East Bank B.S.C. ("the Bank") is a Bahraini Shareholding Company incorporated in the Kingdom of Bahrain. On 9 April 2007, the Central Bank of Bahrain ("the CBB") issued a Conventional Wholesale Banking license to the Bank. The commercial registration ("CR") number of the Bank is 12266. The Bank is listed on the Bahrain Bourse under the ticker 'BMB'. The principal activities of the Bank and its subsidiaries (together "the Group") are trade finance and corporate advisory in the digital media and e-commerce sectors.

The registered office of the Bank is BMB Centre, Building 135, Road 1702, Block 317, Diplomatic Area, Manama, Kingdom of Bahrain.

These interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 11 August 2016.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the six-month period ended 30 June 2016 are prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not contain all the information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2015. In addition, results for the six-month period ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

2.2 Basis of consolidation

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

2.3 Significant accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective for annual period beginning on or after as of 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective, such as:

- *IFRS 9 Financial Instruments*
- *IFRS 15 Revenue from Contracts from Customers*
- *IFRS 16 Leases*

The below new standards and amendments apply for the first time in 2016. However, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016 (Reviewed)

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.3 Significant accounting policies (continued)

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (continued)

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group as the Group does not apply the consolidation exception.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the statements of profit or loss and OCI and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to consolidated financial statements; and
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statements of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are currently being assessed if they have any impact on the Group.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are currently being assessed if they have any impact on the Group.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016 and are not expected to have a material impact on the Group. They include:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- IAS 19 Employee Benefits
- IAS 34 Interim Financial Reporting

Bahrain Middle East Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016 (Reviewed)

3 LOANS AND ADVANCES

	<i>Reviewed</i> 30 June 2016 US\$ '000	<i>Audited</i> 31 December 2015 US\$ '000
Trade finance	122,621	104,108
Installment sale receivable (refer note 7)	5,328	6,533
Corporate loan	3,000	3,000
	130,949	113,641
Less: Provision for impairment	(2,936)	(2,936)
	128,013	110,705

The breakup of provision for impairment is as follows:

	<i>Reviewed</i> 30 June 2016 US\$ '000	<i>Audited</i> 31 December 2015 US\$ '000
Specific impairment provision	1,500	1,500
Collective impairment provision	1,436	1,436
	2,936	2,936
Gross amount of loans, individually determined to be impaired	2,287	4,669

4 AVAILABLE-FOR-SALE INVESTMENTS

	<i>Reviewed</i> 30 June 2016 US\$ '000	<i>Audited</i> 31 December 2015 US\$ '000
<i>Equity and managed funds investments:</i>		
Unquoted equity fund investments	5,733	6,638
Unquoted strategic investments	-	237
	5,733	6,875
<i>Debt securities:</i>		
Quoted government sukuk	-	2,655
	5,733	9,530

Bahrain Middle East Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016 (Reviewed)

5 IMPAIRMENT PROVISIONS

	30 June 2016 (Reviewed)		
	Loans and advances	Available-for-sale investments	Total
	US\$ '000	US\$ '000	US\$ '000
At 1 January 2016	2,936	10,813	13,749
Charge for the period	-	316	316
Written-off	-	(7,236)	(7,236)
Foreign exchange movements	-	26	26
At 30 June 2016	2,936	3,919	6,855

	30 June 2015 (Reviewed)		
	Loans and advances	Available-for-sale investments	Total
	US\$ '000	US\$ '000	US\$ '000
At 1 January 2015	2,066	14,554	16,620
Charge for the period	110	769	879
Reversal on recovery	(571)	-	(571)
Written-off	-	(698)	(698)
Foreign exchange movements	(67)	(93)	(160)
At 30 June 2015	1,538	14,532	16,070
At 31 December 2015	2,936	10,813	13,749

6 INVESTMENT BANKING INCOME

	Reviewed 30 June 2016 US\$ '000	Reviewed 30 June 2015 US\$ '000
Fee and commission income	639	453
(Loss) gain from available-for-sale investments - net	(130)	336
Loss from investments at fair value through profit or loss - net	(208)	(16)
	301	773

Bahrain Middle East Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016 (Reviewed)

7 RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Bank exercises significant influence, major shareholders, directors, key management personnel of the Bank and entities owned, controlled, jointly controlled or significantly influenced by such parties.

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Board of Directors, Chief Executive Officer, Chief Financial Officer and Heads of Departments. Transactions entered during the period and balances at the period-end are set out below.

All related party transactions are on terms equivalent to arm's length transactions and are approved by the Board of Directors.

	<i>Key management personnel</i>		<i>Shareholders and their related parties</i>	
	<i>Reviewed 30 June 2016 US\$ '000</i>	<i>Audited 31 December 2015 US\$ '000</i>	<i>Reviewed 30 June 2016 US\$ '000</i>	<i>Audited 31 December 2015 US\$ '000</i>
Liabilities				
Deposits	-	-	222	304
Other liabilities - employee leaving indemnity	209	195	-	-
Statement of income				
Investment banking income	-	-	-	39
Interest expense	-	-	-	92

Key management compensation

Compensation to key management personnel, including directors, included in the consolidated statement of income is as follows:

	<i>Reviewed 30 June 2016 US\$ '000</i>	<i>Reviewed 30 June 2015 US\$ '000</i>
Salaries and other short-term employee benefits	1,142	841
Employee leaving indemnity	14	14
	1,156	855
Directors' fees	51	51

Guarantee

The Bank has received a corporate guarantee from a shareholder with regard to the Bank's installment sale receivable (refer note 3), and an additional guarantee from an associate of the shareholder. This additional guarantee is secured by real estate in the Arab Republic of Egypt (registration of the security is in process), and by share securities.

Bahrain Middle East Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016 (Reviewed)

8 SEGMENT RESULTS

Segment information

For management purposes, the Group is organised into three major business segments:

Financing	- Financing and trade finance
Investing	- Investments in listed bonds, equities and private equity funds
Other operating segments	- Corporate advisory and building management etc.

The Group's business segments are broken down by key business activities and those with clearly identifiable revenue streams and expenses. The segmentation is in line with segments internally reported to the Chief Executive Officer, who is the chief decision maker.

Segment information for the period ended 30 June 2016 is as follows:

	Six-month period ended 30 June 2016 (Reviewed)			
	Financing	Investing	Others	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Interest income	5,241	63	-	5,304
Interest expense	(593)	-	-	(593)
Investment banking income (loss)	169	(338)	470	301
Other income	-	-	230	230
Foreign exchange loss	-	-	(49)	(49)
Results from operations	4,817	(275)	651	5,193
Impairment provisions - net (note 5)	-	(316)	-	(316)
Unallocated corporate expenses	-	-	-	(2,065)
Net profit (loss) for the period	4,817	(591)	651	2,812
Reportable segment assets	180,100	7,187	504	187,791
Reportable segment liabilities	149,198	-	927	150,125
Equity				37,666
Total liabilities and equity				187,791

Bahrain Middle East Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016 (Reviewed)

8 SEGMENT RESULTS (continued)

	<i>Six-month period ended 30 June 2015 (Reviewed)</i>			
	<i>Financing</i>	<i>Investing</i>	<i>Others</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Interest income	5,463	1	-	5,464
Interest expense	(741)	-	-	(741)
Investment banking income	-	320	453	773
Other income	-	-	173	173
Foreign exchange gain	-	-	104	104
Results from operations	4,722	321	730	5,773
Impairment provisions - net	461	(769)	-	(308)
Unallocated corporate expenses	-	-	-	(2,253)
Net profit (loss) for the period	5,183	(448)	730	3,212
Reportable segment assets	165,719	8,080	574	174,373
Reportable segment liabilities	139,596	-	1,011	140,607
Equity				33,766
Total liabilities and equity				174,373

9 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial instruments are accounted for under the historical cost convention except for the measurement at fair value of investments at fair value through profit or loss and available-for-sale investments. Fair value is the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between the book amounts and the fair value estimates.

Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Valuation techniques based on observable inputs, either directly or indirectly. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation (i.e. net asset value received from administrator / fund managers).

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

Bahrain Middle East Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016 (Reviewed)

9 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table shows the carrying amounts and fair values of financial instruments, including their levels in the fair value hierarchy. It does not include fair value information for financial instruments not measured at fair value if the carrying amount is a reasonable approximation of fair value:

<i>Six-month period ended 30 June 2016 (Reviewed)</i>					
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total fair values</i>	<i>Total carrying amount</i>
	<i>US\$</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
<i>Financial assets measured at fair value</i>					
Investments at fair value through profit or loss	1,002	-	256	1,258	1,258
Available-for-sale investments	-	-	5,733	5,733	5,733
<i>Financial assets not measured at fair value</i>					
Held-to-maturity investments	-	-	159	159	196
<i>31 December 2015 (Audited)</i>					
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total fair values</i>	<i>Total carrying amount</i>
	<i>US\$</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
<i>Financial assets measured at fair value</i>					
Investments at fair value through profit or loss	-	-	161	161	161
Available-for-sale investments	2,655	-	6,875	9,530	9,530
<i>Financial assets not measured at fair value</i>					
Held-to-maturity investments	-	-	176	176	216

Management has assessed that the fair values of financial assets comprising of balances with banks and financial institutions, treasury bills and placements with financial institutions, loans and advances and other assets, and financial liabilities comprising of deposits from financial institutions, deposits from customers and other liabilities approximate their carrying amounts.

For held-to-maturity investments, fair value is lower than the carrying amount; however this shortfall in fair value is not relevant except in a forced sale situation since the Bank has the intention to hold held-to-maturity investments until maturity when it would recover full nominal amounts.

The fair value of held-to-maturity investments is based on last quoted market prices at the reporting date or on the present value of future cash flows.

Bahrain Middle East Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016 (Reviewed)

9 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Movements in level 3 fair value hierarchy of investments:

	<i>Reviewed</i> 30 June 2016 US\$ '000	<i>Audited</i> 31 December 2015 US\$ '000
At 1 January	7,036	9,029
Net fair value movement	(239)	(291)
Additions	-	150
Exits (at cost)	(424)	(577)
Fair value transferred to statement of income on disposals / impairment	(384)	(1,275)
	5,989	7,036

Level 3 available-for-sale investments represent private equity funds where the underlying fund managers exercise judgements in valuation of investments.

During the period, there were no transfers between Level 1 and Level 2 fair value hierarchy, and no transfers into and out of Level 3 fair value hierarchy.

10 COMMITMENTS AND CONTINGENT LIABILITIES

The outstanding commitments and contingent liabilities of the Bank are as follows:

	<i>Reviewed</i> 30 June 2016 US\$ '000	<i>Audited</i> 31 December 2015 US\$ '000
Undrawn investment commitments in equity funds	4,685	4,929
Other commitments	2,579	2,579
Assets under management	28,962	42,626