

**BAHRAIN MIDDLE EAST BANK BSC**  
**CONDENSED CONSOLIDATED**  
**INTERIM FINANCIAL INFORMATION**

**30 JUNE 2013**



The legal name of BMB Investment Bank is Bahrain Middle East Bank BSC.

**BAHRAIN MIDDLE EAST BANK BSC**

**Condensed consolidated interim financial information  
for the six months ended 30 June 2013**

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## **Independent auditors' report on review of condensed consolidated interim financial information**

The Board of Directors  
Bahrain Middle East Bank BSC  
Kingdom of Bahrain

5 August 2013

### **Introduction**

We have reviewed the accompanying 30 June 2013 condensed consolidated interim financial information of Bahrain Middle East Bank BSC ("the Bank") and its subsidiaries (together the Group), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2013;
- the condensed consolidated income statements for the three month and six month periods ended 30 June 2013;
- the condensed consolidated statements of comprehensive income for the three month and six month periods ended 30 June 2013;
- the condensed consolidated statement of changes in equity for the six month period ended 30 June 2013;
- the condensed consolidated statement of cash flows for the six month period ended 30 June 2013; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Bank is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### **Scope of Review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2013 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

### **Emphasis of Matter**

Without qualifying our conclusion we draw attention to Note 5 to the condensed consolidated interim financial information which discusses a significant matter arising during the six month period ended 30 June 2013.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2013

(United States Dollars thousands)

	Note	30 June 2013 (reviewed)	31 December 2012 (audited)
<b>Assets</b>			
Cash and cash equivalents		29,607	2,318
Placements with financial institutions	7	12,300	4,000
Trading securities		-	437
Available-for-sale investments	8	20,063	21,544
Held-to-maturity investments		4,609	4,624
Loans and advances	9	104,044	20,956
Other assets		2,455	1,386
<b>Total assets</b>		<b>173,078</b>	<b>55,265</b>
<b>Liabilities</b>			
Deposits from financial institutions	10	127,364	6,000
Deposits from customers	11	5,793	5,089
Borrowings	12	10,000	11,389
Other liabilities		1,992	2,342
<b>Total liabilities</b>		<b>145,149</b>	<b>24,820</b>
<b>Equity</b>			
Share capital		60,501	60,501
Legal reserve		17,545	17,545
Accumulated losses		(51,269)	(49,045)
Fair value reserve		1,152	1,444
<b>Total equity</b>		<b>27,929</b>	<b>30,445</b>
<b>Total liabilities and equity</b>		<b>173,078</b>	<b>55,265</b>

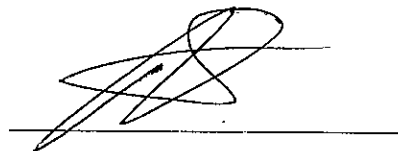
This condensed consolidated interim financial information, which consists of pages 3 to 14, was approved by the Board of Directors on 5 August 2013 and signed on its behalf by:



Wilson S. Benjamin  
Chairman



Sheikh Abdullah A.K Al Sabah  
Vice Chairman



Ritchie Skelding  
Chief Executive Officer

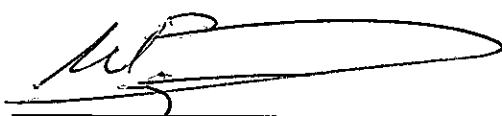
**BAHRAIN MIDDLE EAST BANK BSC**

**CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
for the six months ended 30 June 2013

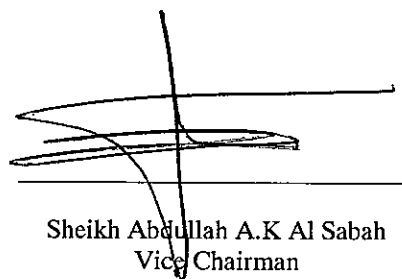
(United States Dollars thousands)

	Note	Six months ended		Three months ended	
		30 June 2013 (reviewed)	30 June 2012 (reviewed)	30 June 2013 (reviewed)	30 June 2012 (reviewed)
Investment banking income	13	994	2,952	1,038	968
Foreign exchange translation (loss)/ gain		(318)	571	183	(175)
Interest income		7,665	3,079	6,350	1,468
Other income		483	234	412	98
<b>Total income</b>		<b>8,824</b>	<b>6,836</b>	<b>7,983</b>	<b>2,359</b>
General and administrative expenses	14	(5,129)	(3,897)	(3,604)	(1,816)
Interest expense		(1,226)	(906)	(507)	(378)
<b>Total expenses</b>		<b>(6,355)</b>	<b>(4,803)</b>	<b>(4,111)</b>	<b>(2,194)</b>
<b>Profit before impairment provisions</b>		<b>2,469</b>	<b>2,033</b>	<b>3,872</b>	<b>165</b>
Impairment provisions	15	(4,693)	(219)	(70)	(14)
<b>(Loss)/ profit for the period</b>		<b>(2,224)</b>	<b>1,814</b>	<b>3,802</b>	<b>151</b>
<b>Basic and diluted earnings per share - US\$ cents</b>		<b>(0.92)</b>	<b>0.75</b>	<b>1.57</b>	<b>0.06</b>

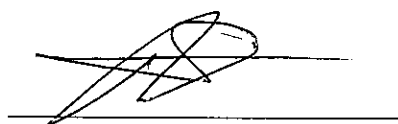
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Chairman



Sheikh Abdullah A.K Al Sabah  
Vice Chairman



Ritchie Skelding  
Chief Executive Officer

**BAHRAIN MIDDLE EAST BANK BSC**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for the six months ended 30 June 2013

(United States Dollars thousands)

	Six months ended		Three months ended	
	30 June 2013 (reviewed)	30 June 2012 (reviewed)	30 June 2013 (reviewed)	30 June 2012 (reviewed)
<b>(Loss)/ profit for the period</b>	<b>(2,224)</b>	<b>1,814</b>	<b>3,802</b>	<b>151</b>
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Fair value reserves (available-for-sale investments):				
Net amount transferred to statement of income on sale/impairment	1,596	(1,342)	(400)	(319)
Net changes in fair value during the period	(1,888)	(1,088)	(212)	(1,225)
<b>Total other comprehensive income for the period</b>	<b>(292)</b>	<b>(2,430)</b>	<b>(612)</b>	<b>(1,544)</b>
<b>Total comprehensive income for the period</b>	<b>(2,516)</b>	<b>(616)</b>	<b>3,190</b>	<b>(1,393)</b>

The condensed consolidated interim financial information consists of pages 3 to 14.

**BAHRAIN MIDDLE EAST BANK BSC**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the six months ended 30 June 2013

(United States Dollars thousands)

2013 (reviewed)	Share capital	Legal Reserve	Accumulated losses	Fair value reserve	Total Equity
Balance at 1 January	60,501	17,545	(49,045)	1,444	30,445
Total comprehensive income for the period:					
Loss for the period	-	-	(2,224)	-	(2,224)
<i>Other comprehensive income:</i>					
Items that may be reclassified subsequently to profit or loss:					
Fair value reserves (available-for-sale investments):					
Net amount transferred to statement of income on sale/impairment	-	-	-	1,596	1,596
Net changes in fair value during the period	-	-	-	(1,888)	(1,888)
Total other comprehensive income	-	-	-	(292)	(292)
Total comprehensive income for the period	-	-	(2,224)	(292)	(2,516)
<b>Balance as at 30 June 2013</b>	<b>60,501</b>	<b>17,545</b>	<b>(51,269)</b>	<b>1,152</b>	<b>27,929</b>

2012 (reviewed)	Share capital	Legal reserve	Accumulated losses	Fair value reserve	Total equity
Balance at 1 January	60,501	17,326	(51,014)	2,195	29,008
Total comprehensive income for the period:					
Profit for the period	-	-	1,814	-	1,814
<i>Other comprehensive income:</i>					
Fair value reserves (available-for-sale investments):					
Net amount transferred to income statement	-	-	-	(1,342)	(1,342)
Net changes in fair value	-	-	-	(1,088)	(1,088)
Total other comprehensive income	-	-	-	(2,430)	(2,430)
Total comprehensive income for the period	-	-	1,814	(2,430)	(616)
<b>Balance at 30 June 2012</b>	<b>60,501</b>	<b>17,326</b>	<b>(49,200)</b>	<b>(235)</b>	<b>28,392</b>

The condensed consolidated interim financial information consists of pages 3 to 14.

**BAHRAIN MIDDLE EAST BANK BSC**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the six months ended 30 June 2013

(United States Dollars thousands)

	Six months ended	
	30 June 2013 (reviewed)	30 June 2012 (reviewed)
<b>Cash flow from operating activities</b>		
(Loss)/ profit for the period	(2,224)	1,814
<u>Adjustments for:</u>		
Provisions	4,693	219
Depreciation	49	71
Gain on disposal of fixed assets	(8)	-
Foreign exchange movement	15	(3)
<u>Changes in operating assets and liabilities:</u>		
Placements with financial institutions	(8,300)	-
Trading securities	437	(1,384)
Available-for-sale investments	(2,664)	(301)
Loans and advances	(83,927)	1,404
Other assets	(1,090)	387
Other liabilities	(350)	(119)
Securities sold under repurchase agreements	-	1,193
Deposits from customers	704	(2,411)
Deposits from financial institutions	121,364	(3,000)
<b>Net cash generated from / (used in) operating activities</b>	<b>28,699</b>	<b>(2,130)</b>
<b>Cash flow from investing activities</b>		
Purchase of equipment	(75)	(31)
Proceeds from disposal of fixed asset	54	-
<b>Net cash used in investing activities</b>	<b>(21)</b>	<b>(31)</b>
<b>Cash flow from financing activities</b>		
Borrowings repaid	(1,389)	(2,000)
<b>Net cash used in financing activities</b>	<b>(1,389)</b>	<b>(2,000)</b>
<b>Net increase/ (decrease ) in cash and cash equivalents</b>	<b>27,289</b>	<b>(4,161)</b>
Cash and cash equivalents at 1 January	2,318	8,697
<b>Cash and cash equivalents at 30 June</b>	<b>29,607</b>	<b>4,536</b>

The condensed consolidated interim financial information consists of pages 3 to 14.



## BAHRAIN MIDDLE EAST BANK BSC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2013

(United States Dollars thousands)

#### 1. REPORTING ENTITY

This condensed consolidated interim financial information is the reviewed condensed consolidated interim financial information of Bahrain Middle East Bank BSC (the "Bank") and its subsidiaries (together the "Group") for the six month period ended 30 June 2013.

#### 2. BASIS OF PREPARATION

##### (a) Statement of compliance

The condensed consolidated interim financial information comprise the interim financial information of the Group and has been prepared in a condensed form in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*. The condensed consolidated interim financial information does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2012.

The condensed consolidated interim financial information is not audited but has been reviewed. The corresponding figures for the condensed consolidated statement of financial position have been extracted from audited consolidated financial statements for the year ended 31 December 2012. The corresponding figures for the condensed consolidated income statement, statements of comprehensive income, changes in equity and cash flows have been extracted from the reviewed condensed consolidated interim financial information for the six months ended 30 June 2012.

##### (b) Judgements and estimates

Preparing the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, significant judgments made by the management in applying the Bank's accounting policies and key source of estimation of uncertainty were the same as those applied to the audited consolidated financial statements as at and for the year ended 31 December 2012.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial information has been prepared using the same accounting policies and methods of computation applied in the preparation of the latest audited financial statements for the year ended 31 December 2012, except for the adoption of relevant new IFRSs, amendments and interpretations issued by IASB that are effective for annual periods beginning 1 January 2013. The adoption of these standards did not have a significant impact on the condensed consolidated interim financial information.

#### 4. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2012.

5. Subsequent to the approval of the 31 December 2012 consolidated financial statements (the "consolidated financial statements") by Shareholders on 28 March 2013, the Board and new management team of the Bank have discovered certain transactions and balances which were not reported in the Group's consolidated financial statements. As the Board of Directors was not provided with complete information and documentation relevant to these transactions and balances; based on review of the underlying documentation for the transactions and balances and extensive evaluation, the Bank has concluded that assets and liabilities arising from these transactions, together with certain other similar assets and liabilities which were previously reported and accounted for as customer deposits under discretionary portfolio management program, should now be reported and accounted for as Bank's assets and liabilities. Furthermore, in line with the International Financial Reporting Standards, the Board and new management team of the Bank have concluded that since key information was not available at the date of approval of consolidated financial statements, the corresponding figures are not required to be restated.

As a result, the assets and liabilities of US\$ 138,383 thousands and US\$ 143,093 thousands respectively were reported on the consolidated statement of financial position of the Bank as at 31 March 2013.

**BAHRAIN MIDDLE EAST BANK BSC****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six months ended 30 June 2013

(United States Dollars thousands)

6. Due to the nature of the Group's business, the six months results reported in this condensed consolidated interim financial information may not represent a proportionate share of the overall annual results.

**7. PLACEMENTS WITH FINANCIAL INSTITUTIONS**

Placements with financial institutions include US\$ 3,123 thousand (31 December 2012: US\$ 3,374 thousand) placed with a retail bank in the Kingdom of Bahrain - representing amounts held on account of sub-participants in private equity funds and for the purposes of honouring their capital calls to fund managers.

**8. AVAILABLE-FOR-SALE INVESTMENTS**

	<b>30 June 2013 (reviewed)</b>	31 December 2012 (audited)
Unquoted equity fund investments - at fair value	19,263	20,736
Unquoted equity investments - at fair value	762	764
Unquoted equity investments - at cost less impairment	38	38
Quoted equity investments - at fair value	-	6
	<b>20,063</b>	<b>21,544</b>

*Commitments*

At 30 June 2013, the Bank had undrawn investment commitments to private equity funds of US\$ 5.8 million (31 December 2012: US\$ 6.3 million, Note 19). Of these, the Group's proprietary commitments amounted to US\$ 2.9 million (31 December 2012: US\$ 3.2 million) and the rest were on account of sub-participants for which the Bank has segregated Funds and placed with a retail Bank for the purposes of honouring as and when they fall due.

**9. LOANS AND ADVANCES**

	<b>30 June 2013 (reviewed)</b>	31 December 2012 (audited)
Trade finance	97,219	13,292
Instalment sale receivable	7,876	7,876
	105,095	21,168
Less: collective provision	(1,051)	(212)
	<b>104,044</b>	<b>20,956</b>

**10. DEPOSITS FROM FINANCIAL INSTITUTIONS**

Deposits from financial institutions at 30 June 2013, includes US\$ 124,364 of quasi-government interbank placements with original maturities of less than 12 months.

**11. DEPOSITS FROM CUSTOMERS**

	<b>30 June 2013 (reviewed)</b>	31 December 2012 (audited)
Customer participation in funds	3,123	3,374
Quasi government entities, corporate and individuals	1,747	857
Others	923	858
	<b>5,793</b>	<b>5,089</b>

Customer participation in funds represents amounts received from customers to be invested in private equity funds marketed by the Bank. These funds, although treated as part of customer deposits, are retained by the Bank until drawdowns are made by private equity fund managers or paid to the customers as part of realised distributions. These amounts have been segregated and placed with a third party retail Bank in the Kingdom of Bahrain.

**BAHRAIN MIDDLE EAST BANK BSC**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2013**

(United States Dollars thousands)

**12. BORROWINGS**

	<b>30 June 2013 (reviewed)</b>	31 December 2012 (audited)
<i>Secured</i>		
Loan from Quasi - government entity	10,000	10,000
Loan from Government entity	-	1,389
	<u>10,000</u>	<u>11,389</u>

**13. INVESTMENT BANKING INCOME**

	<b>30 June 2013 (reviewed)</b>	30 June 2012 (reviewed)
Net loss from trading securities	(218)	710
Income from available-for-sale investments	1,150	2,060
Fee and commission	62	182
	<u>994</u>	<u>2,952</u>

**14. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>30 June 2013 (reviewed)</b>	30 June 2012 (reviewed)
Staff expenses	1,664	2,182
Premises expenses	251	283
Other operating expenses	3,214	1,432
	<u>5,129</u>	<u>3,897</u>

**15. PROVISIONS**

	<b>30 June 2013 (reviewed)</b>	30 June 2012 (reviewed)
Impairment provisions on investments	3,854	219
Collective provision on loans and advances	839	-
	<u>4,693</u>	<u>219</u>

**BAHRAIN MIDDLE EAST BANK BSC**

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

for the six months ended 30 June 2013

(United States Dollars thousands)

**16. 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 and executive management of the Bank.

- a. The transactions and balances with the related parties included in this condensed consolidated interim financial information are as follows:

	<b>30 June 2013 (reviewed)</b>	<b>31 December 2012 (audited)</b>
<b>Condensed consolidated statement of financial position</b>		
Deposits from related parties	78	117

- b. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

	<b>30 June 2013 (reviewed)</b>	<b>30 June 2012 (reviewed)</b>
<b>Condensed consolidated statement of income</b>		
Directors' remuneration	65	49
Salaries and other short-term benefits	336	661
Post employment benefits	13	32

**17. SEGMENT RESULTS**

<b>Six months ended 30 June 2013</b>	<b>Trading activity</b>	<b>Investing activity</b>	<b>Other</b>	<b>Total</b>
Investment banking income	(218)	1,150	62	994
Foreign exchange translation loss	-	(318)	-	(318)
Interest income	-	7,475	190	7,665
Other income	-	-	483	483
Interest expense	-	(908)	(318)	(1,226)
Results from segments	(218)	7,399	417	7,598
Impairment provisions				(4,693)
Unallocated corporate expenses				(5,129)
<b>Net loss for the period</b>				<b>(2,224)</b>

<b>Six months ended 30 June 2012</b>	<b>Trading activity</b>	<b>Investing activity</b>	<b>Other</b>	<b>Total</b>
Investment banking income	710	2,060	182	2,952
Foreign exchange translation gain	-	571	-	571
Interest income	9	2,795	275	3,079
Other income	-	-	234	234
Interest expense	-	(805)	(101)	(906)
Results from operations before impairment	719	4,621	590	5,930
Impairment provisions				(219)
Unallocated corporate expenses				(3,897)
<b>Net income for the period</b>				<b>1,814</b>

## BAHRAIN MIDDLE EAST BANK BSC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION for the six months ended 30 June 2013

(United States Dollars thousands)

#### 17. Segment results (continued)

During the six month period there have been no changes in the segments identified as set out in the audited consolidated financial statements of the Group as at and for the year ended 31 December 2012.

#### 18. 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 available-for-sale investments and trading securities. 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.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

30 June 2013	Carrying value	Fair value	Under carrying value
<b>Assets</b>			
Held-to-maturity investments	4,609	3,654	<u>(955)</u>
<b>Net shortfall of fair value over carrying value</b>			<u><b>(955)</b></u>

The total shortfall in fair value of held-to-maturity investments of US\$ 955 thousand is not relevant except in a forced sale situation since the Group has the intention to hold these Held-to-maturity investment securities until maturity when it would recover full nominal amounts. However, in the event these held-to-maturity investment securities are sold, the impact on the consolidated income statement and equity would be US\$ 955 thousand.

The total fair value of held-to-maturity investment security is based on quoted market prices at the reporting date.

The fair values of fixed rate loans are estimated on a discounted cash flow basis utilising discount rates equal to prevailing market rates of interest in the respective currencies for loans of similar residual maturity and credit quality.

No fair value adjustment is appropriate for off-balance sheet financial instruments with contractual amounts representing credit risk as specific provisions are made in respect of individual transactions where a potential loss, if any, has been identified.

The estimated fair value of the following assets and liabilities is not significantly different from the corresponding book amounts as the items are short term in nature:

- Cash and cash equivalents
- Deposits from financial institutions
- Other assets
- Deposits from customers
- Other liabilities

The estimate fair values of the borrowings are not significantly different from book amounts as these liabilities are primarily re-priced on a periodic basis.

#### 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.

**BAHRAIN MIDDLE EAST BANK BSC**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the Six months ended 30 June 2013**

(United States Dollars thousands)

18. *Fair value of financial instruments (continued)*

Level 2 - Valuation techniques based on observable inputs, either directly or indirectly. This category includes instruments valued using quoted market prices in active market 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.

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

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
<b>30 June 2013</b>				
Available-for-sale investments				
- Unquoted equity	-	-	762	762
- Unquoted equity fund investments	-	-	19,263	19,263
<b>Total</b>	<b>-</b>	<b>-</b>	<b>20,025</b>	<b>20,025</b>

	Level 1	Level 2	Level 3	Total
31 December 2012				
Trading securities	437	-	-	437
Available-for-sale investments				
- Quoted equity	6	-	-	6
- Unquoted equity	-	-	764	764
- Unquoted equity fund investments	-	-	20,736	20,736
<b>Total</b>	<b>443</b>	<b>-</b>	<b>21,500</b>	<b>21,943</b>

Movements in level 3 of investments classified at fair value:

	30 June 2013	31 December 2012
At 1 January	21,500	25,100
Net fair value movement on available-for-sale investments	(1,888)	(241)
Additions	2,087	1,060
Exits (at cost)	(78)	(3,189)
Fair value transferred to statement of income on disposals	(1,596)	(1,230)
<b>At 30 June / 31 December</b>	<b>20,025</b>	<b>21,500</b>

Level 3 available-for-sale investments represent private equity funds where the underlying fund managers exercise judgements in valuation of investments. There have been no transfers in/out of level 3.

**BAHRAIN MIDDLE EAST BANK BSC**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the Six months ended 30 June 2013** (United States Dollars thousands)

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**19. CONTINGENT ITEMS AND COMMITMENTS**

The outstanding contingent items and commitments as at 30 June 2013 were as follows:

	<b>30 June 2013 (reviewed)</b>	31 December 2012 (audited)
Undrawn investment commitments in other equities and funds	5,781	6,302
Funds under management	20,951	76,495
Letters of credit and guarantee	133	1,453
Other commitments	2,736	2,736

**20.** Appropriations, if any, will be made only at the year end.

**21.** Certain prior period amounts have been regrouped to conform to the presentation in the current period. Such regrouping did not impact on equity or profit of the Group previously reported.