

Bahrain Middle East Bank B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2015 (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 financial statements of Bahrain Middle East Bank B.S.C. ("the Bank") and its subsidiaries (together "the Group") as at 30 September 2015, comprising of the interim consolidated statement of financial position as at 30 September 2015 and the related interim consolidated statements of income, comprehensive income, cash flows and changes in equity for the nine-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. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



29 October 2015
Manama, Kingdom of Bahrain

Bahrain Middle East Bank B.S.C.

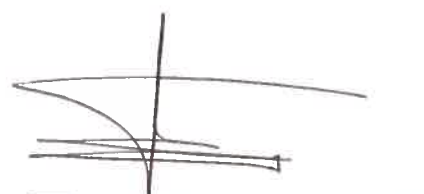
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2015 (Reviewed)

	<i>Note</i>	<i>Reviewed</i> 30 September 2015 US\$ '000	<i>Audited</i> 31 December 2014 US\$ '000
ASSETS			
Balances with banks and financial institutions		7,492	13,139
Placements with financial institutions		8,582	30,469
Investments at fair value through profit or loss		460	588
Loans and advances	3	142,132	117,014
Available-for-sale investments	4	9,869	8,794
Held-to-maturity investments		220	227
Other assets		3,014	2,613
TOTAL ASSETS		171,769	172,844
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from financial institutions		125,219	124,778
Deposits from customers		9,638	15,027
Other liabilities		1,512	2,035
Total liabilities		136,369	141,840
EQUITY			
Share capital		60,501	60,501
Accumulated losses		(26,623)	(31,633)
Fair value reserve		1,522	2,136
Total equity		35,400	31,004
TOTAL LIABILITIES AND EQUITY		171,769	172,844



Wilson S Benjamin
Chairman



Sheikh Abdullah A.K Al Sabah
Vice Chairman



Ritchie Skelding
Chief Executive Officer

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements

Bahrain Middle East Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the nine-month period ended 30 September 2015 (Reviewed)

	Note	Three-month period ended 30 September		Nine-month period ended 30 September	
		2015 US\$ '000	2014 US\$ '000	2015 US\$ '000	2014 US\$ '000
OPERATING INCOME					
Interest income		2,987	2,502	8,451	7,212
Interest expense		(403)	(314)	(1,144)	(885)
Net interest income		2,584	2,188	7,307	6,327
Investment banking income	6	551	371	1,324	2,281
Other income		83	60	256	168
Foreign exchange gain (loss)		6	(14)	110	(72)
Total operating income		3,224	2,605	8,997	8,704
OPERATING EXPENSES					
Staff expenses		761	727	2,293	2,177
Premises expenses		90	97	276	352
Other operating expenses		226	299	761	1,090
Total operating expenses		1,077	1,123	3,330	3,619
NET PROFIT FOR THE PERIOD BEFORE IMPAIRMENT PROVISIONS					
		2,147	1,482	5,667	5,085
Impairment provisions - net	5	(349)	(599)	(657)	(1,830)
NET PROFIT FOR THE PERIOD		1,798	883	5,010	3,255
BASIC AND DILUTED EARNINGS PER SHARE (IN US\$ CENTS)					
		0.74	0.36	2.07	1.35


Wilson S Benjamin
Chairman


Sheikh Abdullah A.K Al Sabah
Vice Chairman


Ritchie Skelding
Chief Executive Officer

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements

Bahrain Middle East Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine-month period ended 30 September 2015 (Reviewed)

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	2015	2014	2015	2014
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
NET PROFIT FOR THE PERIOD	1,798	883	5,010	3,255
Other comprehensive (loss) income:				
Other comprehensive (loss) income 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	(469)	(264)	(695)	(1,743)
Net changes in fair value during the period	305	(62)	81	794
Total other comprehensive loss for the period	(164)	(326)	(614)	(949)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,634	557	4,396	2,306

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements

Bahrain Middle East Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2015 (Reviewed)

	<i>Nine-month period ended 30 September</i>	
	<i>2015</i>	<i>2014</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
OPERATING ACTIVITIES		
Net profit for the period	5,010	3,255
Adjustments for:		
Impairment provisions - net (note 5)	657	1,830
Depreciation and amortisation	38	57
Changes in operating assets and liabilities:		
Placements with financial institutions	3,000	5,750
Investments at fair value through profit or loss	128	(169)
Loans and advances	(24,767)	(19,246)
Available-for-sale investments	(2,697)	1,462
Held-to-maturity investments	7	4,393
Other assets	(439)	120
Deposits from financial institutions	441	(120)
Deposits from customers	(5,389)	2,730
Other liabilities	(523)	391
Net cash (used in) from operating activities	(24,534)	453
FINANCING ACTIVITY		
Repayment of borrowings	-	(5,000)
Net cash used in financing activity	-	(5,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(24,534)	(4,547)
Cash and cash equivalents at 1 January	40,608	37,972
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	16,074	33,425
CASH AND CASH EQUIVALENTS COMPRISE:		
Balances with banks and financial institutions	7,492	9,383
Placements with financial institutions with original maturities of three months or less	8,582	24,042
	16,074	33,425

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements

Bahrain Middle East Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2015 (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 2015	60,501	(31,633)	2,136	31,004
Total comprehensive income (loss) for the period	-	5,010	(614)	4,396
Balance at 30 September 2015	60,501	(26,623)	1,522	35,400
Balance at 1 January 2014	60,501	(36,157)	4,352	28,696
Total comprehensive income (loss) for the period	-	3,255	(949)	2,306
Balance at 30 September 2014	60,501	(32,902)	3,403	31,002

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements

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 29 October 2015.

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 nine-month period ended 30 September 2015 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 2014. In addition, results for the nine-month period ended 30 September 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

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 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the below mentioned accounting policy for derivatives, and the adoption of new standards and interpretations effective as of 1 January 2015 that are applicable to the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the impact of each new amendment applicable to the Group is described below:

Derivatives

The Group makes use of derivative instruments to manage exposure to foreign currency risk. The Group enters into forward foreign exchange contracts in the foreign exchange markets.

Derivatives are initially recognised and subsequently measured at fair value with transaction costs taken directly to the consolidated statement of income. The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivative. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the consolidated statement of financial position.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the consolidated statement of income.

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

2.3 New standards, interpretations and amendments adopted by the Group (continued)

Annual Improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in Note 8 to these interim condensed consolidated financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of his decision making.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

2.4 New standards, interpretations and amendments issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's condensed consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

<i>Topic</i>	<i>Effective date</i>
IFRS 9 Financial Instruments	1 January 2018
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to IFRS 11 Joint Arrangement: Accounting for acquisition of interest	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortization	1 January 2016
Amendments to IAS 27: Equity method in separate financial statements	1 January 2016

The Group is assessing the impact of implementation of these standards.

Bahrain Middle East Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015 (Reviewed)

3 LOANS AND ADVANCES

	<i>Reviewed</i> 30 September 2015 US\$ '000	<i>Audited</i> 31 December 2014 US\$ '000
Trade finance	134,035	107,354
Installment sale receivable (refer note 7)	6,533	7,876
Corporate loan	3,000	3,000
Others	212	850
	143,780	119,080
Less: Provision for impairment	(1,648)	(2,066)
	142,132	117,014

The breakup of provision for impairment is as follows:

	<i>Reviewed</i> 30 September 2015 US\$ '000	<i>Audited</i> 31 December 2014 US\$ '000
Specific impairment provision	212	850
Collective impairment provision	1,436	1,216
	1,648	2,066

4 AVAILABLE-FOR-SALE INVESTMENTS

	<i>Reviewed</i> 30 September 2015 US\$ '000	<i>Audited</i> 31 December 2014 US\$ '000
<i>Equity and managed funds investments:</i>		
Unquoted equity fund investments	6,977	8,013
Unquoted strategic investments	237	678
Quoted equity investments	-	103
	7,214	8,794
<i>Debt securities:</i>		
Quoted government sukuk	2,655	-
	9,869	8,794

5 IMPAIRMENT PROVISIONS

	<i>30 September 2015 (Reviewed)</i>			
	<i>Loans and advances</i> US\$ '000	<i>Available- for-sale investments</i> US\$ '000	<i>Others</i> US\$ '000	<i>Total</i> US\$ '000
At 1 January 2015	2,066	14,554	-	16,620
Charge for the period	220	1,008	-	1,228
Reversal on recovery	(571)	-	-	(571)
Written-off	-	(4,669)	-	(4,669)
Foreign exchange movements	(67)	(94)	-	(161)
At 30 September 2015	1,648	10,799	-	12,447

Bahrain Middle East Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015 (Reviewed)

5 IMPAIRMENT PROVISIONS (continued)

	30 September 2014 (Reviewed)			
	Loans and advances US\$ '000	Available- for-sale investments US\$ '000	Others US\$ '000	Total US\$ '000
At 1 January 2014	1,077	16,018	1,907	19,002
Charge for the period	712	1,118	-	1,830
Written-off	-	(82)	(1,907)	(1,989)
Foreign exchange movements	(27)	(169)	-	(196)
At 30 September 2014	1,762	16,885	-	18,647
At 31 December 2014	2,066	14,554	-	16,620

6 INVESTMENT BANKING INCOME

	Reviewed 30 September 2015 US\$ '000	Reviewed 30 September 2014 US\$ '000
Gain from available-for-sale investments - net	822	1,859
Fee and commission income	630	715
Loss from investments at fair value through profit or loss - net	(128)	(74)
Net loss on sale of held-to-maturity investment	-	(219)
	1,324	2,281

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.

	Key management		Other related parties	
	Reviewed 30 September 2015 US\$ '000	Audited 31 December 2014 US\$ '000	Reviewed 30 September 2015 US\$ '000	Audited 31 December 2014 US\$ '000
Assets				
Loans	2	9	-	-
Liabilities				
Deposits	-	-	44	149
Other liabilities - employee leaving indemnity	189	35	-	-

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**Key management compensation**

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

	<i>Reviewed</i> 30 September 2015 US\$ '000	<i>Reviewed</i> 30 September 2014 US\$ '000
Salaries and other short-term employee benefits	1,262	1,488
Employee leaving indemnity	20	21
	<u>1,282</u>	<u>1,509</u>
Directors' fees	<u>74</u>	<u>60</u>

Guarantee

The Bank has received a corporate guarantee from a shareholder with regard to the Bank's installment sale receivable, 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).

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 September 2015 is as follows:

	<i>Nine-month period ended 30 September 2015 (Reviewed)</i>			
	<i>Financing</i>	<i>Investing</i>	<i>Others</i>	<i>Total</i>
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Interest income	8,418	33	-	8,451
Interest expense	(1,144)	-	-	(1,144)
Investment banking income	-	694	630	1,324
Other income	-	-	256	256
Foreign exchange gain	-	-	110	110
Results from operations	<u>7,274</u>	<u>727</u>	<u>996</u>	<u>8,997</u>
Impairment provisions - net (note 5)	351	(1,008)	-	(657)
Unallocated corporate expenses	-	-	-	(3,330)
Net profit (loss) for the period	<u>7,625</u>	<u>(281)</u>	<u>996</u>	<u>5,010</u>
Reportable segment assets	<u>160,737</u>	<u>10,580</u>	<u>452</u>	<u>171,769</u>
Reportable segment liabilities	<u>135,507</u>	<u>-</u>	<u>862</u>	<u>136,369</u>
Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,400</u>
Total liabilities and equity				<u>171,769</u>

8 SEGMENT RESULTS (continued)

	<i>Nine-month period ended 30 September 2014 (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	7,019	193	-	7,212
Interest expense	(885)	-	-	(885)
Investment banking income	-	1,566	715	2,281
Other income	-	-	168	168
Foreign exchange loss	-	-	(72)	(72)
Results from operations	6,134	1,759	811	8,704
Impairment provisions - net	(712)	(1,118)	-	(1,830)
Unallocated corporate expenses	-	-	-	(3,619)
Net profit for the period	5,422	641	811	3,255
Reportable segment assets	152,967	14,454	2,387	169,808
Reportable segment liabilities	137,757	-	1,049	138,806
Equity	-	-	-	31,002
Total liabilities and equity				169,808

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.

30 September 2015 (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>Nine-month period ended 30 September 2015 (Reviewed)</i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total fair</i>	<i>Total</i>
	<i>US\$</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>values</i>	<i>carrying</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	251	-	209	460	460
Available-for-sale investments	2,655	-	7,214	9,869	9,869
Derivative financial instruments	-	5	-	5	5
<i>Financial assets not measured at fair value</i>					
Held-to-maturity investments	-	-	183	183	220
<i>31 December 2014 (Audited)</i>					
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total fair</i>	<i>carrying</i>
	<i>US\$</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>values</i>	<i>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	250	-	338	588	588
Available-for-sale investments	103	-	8,691	8,794	8,794
<i>Financial assets not measured at fair value</i>					
Held-to-maturity investments	-	-	183	183	227

Management has assessed that the fair values of financial assets comprising of balances with banks and financial institutions, 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.

9 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Movements in level 3 fair value hierarchy of investments:

	<i>Reviewed</i> 30 September 2015 US\$ '000	<i>Audited</i> 31 December 2014 US\$ '000
At 1 January	9,029	17,170
Net fair value movement	(46)	854
Additions	102	878
Exits (at cost)	(447)	(5,060)
Fair value transferred to statement of income on disposals / impairment	(1,215)	(4,813)
	7,423	9,029

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 DERIVATIVE FINANCIAL INSTRUMENTS

In the ordinary course of business the Group enters into various types of transactions that involve derivative financial instruments. The Group uses forward currency contracts to manage some of its foreign currency exposures. These currency forward contracts are not designated as cash flow, fair value or net investment in foreign operations hedges and are entered into for periods consistent with currency transaction exposures.

The table below shows the fair values of the derivative financial instruments together with the notional amounts:

	<u>30 September 2015</u>		<u>31 December 2014 (Audited)</u>	
	<i>Notional</i> amounts US\$ '000	<i>Fair value</i> US\$ '000	<i>Notional</i> amounts US\$ '000	<i>Fair value</i> US\$ '000
<i>Derivatives held for trading:</i>				
Forward foreign exchange contracts	493	5	-	-

11 COMMITMENTS AND CONTINGENT LIABILITIES

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

	<i>Reviewed</i> 30 September 2015 US\$ '000	<i>Audited</i> 31 December 2014 US\$ '000
Undrawn investment commitments in equity funds	5,360	6,079
Other commitments	2,579	2,579
Funds under management	21,696	14,215