

SICO BSC (c)
**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**
30 September 2019

Comprehensive investment services for the Bahrain and GCC securities market	
Commercial registration	: 33469
Board of Directors	: Abdulla bin Khalifa Al Khalifa <i>Chairman of the Board and the Investment Committee</i>
	Hussain Al Hussaini <i>Vice Chairman of the Board and the Investment Committee</i>
	Prakash Mohan <i>Member of the Investment Committee</i>
	Fahad Murad <i>Chairman of Nominations, Remuneration & Corporate Governance Committee</i>
	Mohammed Abdulla <i>Vice Chairman of Nominations, Remuneration & Corporate Governance Committee</i>
	Khurram Ali Mirza <i>Member of Nominations, Remuneration & Corporate Governance Committee</i>
	Waleed Al Braikan <i>Chairman of the Audit & Risk Committee</i>
	Anwar Abdulla Ghuloom <i>Vice Chairman of the Audit & Risk Committee</i>
	Emad Al Saudi <i>Member of the Audit & Risk Committee</i>
Chief Executive Officer	: Najla M. Al Shirawi
Office	: BMB Centre PO Box 1331, Kingdom of Bahrain Telephone 17515000, Fax 17514000
Bankers	: Bank of Bahrain and Kuwait BSC
Auditors	: KPMG Fakhro

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the period ended 30 September 2019

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

13 November 2019

The Board of Directors
SICO BSC (c)
PO Box 1331
Manama
Kingdom of Bahrain

Introduction

We have reviewed the accompanying 30 September 2019 condensed consolidated interim financial information of SICO BSC (c) (the "Bank"), which comprises:

- the condensed consolidated statement of financial position as at 30 September 2019;
- the condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 30 September 2019;
- the condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 September 2019;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2019;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2019; 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 September 2019 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2019

Bahraini Dinars '000

	Note	30 September 2019 (reviewed)	31 December 2018 (audited)
ASSETS			
Cash and bank balances		68,601	34,467
Treasury bills		6,605	10,416
Securities bought under repurchase agreements		38,211	41,927
Investments at fair value through profit or loss	13	17,937	23,644
Investments at fair value through other comprehensive income	14	8,743	6,214
Investments at amortized cost		9,976	9,990
Investment properties	15	1,862	1,955
Fees receivable		1,333	1,252
Furniture, equipment and intangibles		1,722	1,240
Other assets		11,322	4,159
Total assets		166,312	135,264
LIABILITIES AND EQUITY			
Liabilities			
Short-term bank borrowings		3,770	3,385
Securities sold under repurchase agreements		42,334	42,573
Customer accounts		58,405	23,135
Payable to other unit holders in consolidated funds		609	6,701
Other liabilities		4,581	3,805
Total liabilities		109,699	79,599
Equity			
Share capital		42,849	42,849
Shares under employee share incentive scheme		(2,263)	(1,599)
Treasury shares		(5,322)	(5,913)
Statutory reserve		7,431	7,362
General reserve		3,217	3,217
Investments fair value reserve		634	133
Retained earnings		10,067	9,616
Total equity (page 5)		56,613	55,665
Total liabilities and equity		166,312	135,264

The Board of Directors approved the condensed consolidated interim financial information on 13 November 2019 and signed on its behalf by:


 Abdulla Bin Khalifa Al Khalifa
 Chairman


 Hussain Al Hussaini
 Vice Chairman

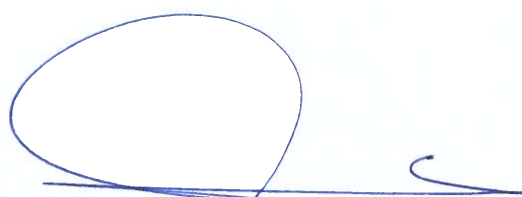

 Najla M. Al Shirawi
 Chief Executive Officer

The accompanying notes 1 to 20 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the nine months ended 30 September 2019

Bahraini Dinars '000

	Note	Nine months ended 30 September		Three months ended 30 September	
		2019 (reviewed)	2018 (reviewed)	2019 (reviewed)	2018 (reviewed)
Net investment income	17	3,127	3,042	(415)	591
Net fee income		3,092	2,650	1,069	914
Brokerage and other income		1,837	1,841	597	522
Net other interest income		1,048	707	401	263
Rental income		165	87	59	49
Total income		9,269	8,327	1,711	2,339
Staff and related expenses		3,614	3,075	1,216	996
Other operating expenses		1,992	1,733	642	564
Expected Credit Loss		40	-	-	-
Share of profit of non-controlling unit holders in consolidated funds		47	259	(855)	10
Total expenses		5,693	5,067	1,003	1,570
Profit for the period		3,576	3,260	708	769
Basic and diluted earnings per share (fils)		9.67	8.82	1.91	2.08



Abdulla Bin Khalifa Al Khalifa
Chairman



Hussain Al Hussaini
Vice Chairman



Najla M. Al Shirawi
Chief Executive Officer

The accompanying notes 1 to 20 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the nine months ended 30 September 2019

Bahraini Dinars '000

	Nine months ended 30 September		Three months ended 30 September	
	2019 (reviewed)	2018 (reviewed)	2019 (reviewed)	2018 (reviewed)
Profit for the period	3,576	3,260	708	769
Other comprehensive income				
Items that are or may be reclassified to profit or loss in subsequent periods:				
- Net change in fair value of FVTOCI debt instruments	276	(44)	130	(11)
- Net amount transferred to profit or loss on sale of FVTOCI debt instruments	20	(9)	-	-
- Net amount transferred to profit or loss on impairment	8	-	8	-
Items that will not be reclassified to profit or loss in subsequent periods:				
- Net change in fair value of FVTOCI equity instruments	197	202	204	(30)
Total other comprehensive income for the period	501	149	342	(41)
Total comprehensive income for the period	4,077	3,409	1,050	728

The accompanying notes 1 to 20 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2019

Bahraini Dinars '000

2019 (reviewed)

	Share capital	Shares under employee share incentive scheme	Treasury shares	Statutory reserve	General reserve	Investments fair value reserve	Retained earnings	Total equity
Balance at 1 January 2019	42,849	(1,599)	(5,913)	7,362	3,217	133	9,616	55,665
Profit for the period	-	-	-	-	-	-	3,576	3,576
Other comprehensive income:								
Net change in fair value of FVTOCI instruments	-	-	-	-	-	473	-	473
Net amount transferred to profit or loss on sale of FVTOCI debt instruments	-	-	-	-	-	20	-	20
Net amount transferred to profit or loss on impairment	-	-	-	-	-	8	-	8
Net amount transferred to retained earnings on sale of FVTOCI equity instruments	-	-	-	-	-	(36)	36	-
Total other comprehensive income	-	-	-	-	-	465	36	501
Total comprehensive income for period	-	-	-	-	-	465	3,612	4,077
- Transfer to charitable donation reserve	-	-	-	-	-	-	(40)	(40)
Transaction with owners recognized directly in equity:								
- Dividends paid	-	-	-	-	-	-	(3,085)	(3,085)
- Treasury shares transferred to employee share incentive scheme	-	(664)	591	69	-	-	-	(4)
Balance at 30 September 2019	42,849	(2,263)	(5,322)	7,431	3,217	598	10,103	56,613

The accompanying notes 1 to 20 form an integral part of this condensed consolidated interim financial information.
SICO BSC (c)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2019 (continued)

Bahraini Dinars '000

	Share capital	Shares under employee share incentive scheme	Treasury shares	Statutory reserve	General reserve	Investments fair value reserve	Retained earnings	Total equity
2018 (reviewed)								
Balance at 1 January 2018	42,849	(1,599)	-	6,992	3,217	307	7,992	59,758
Profit for the period	-	-	-	-	-	-	3,260	3,260
<i>Other comprehensive income:</i>								
- Net change in fair value of FVTOCI instruments	-	-	-	-	-	158	-	158
- Net amount transferred to profit or loss on sale of FVTOCI debt instruments	-	-	-	-	-	(9)	-	(9)
- Net amount transferred to retained earnings on sale of FVTOCI equity instruments	-	-	-	-	-	(314)	314	-
<i>Total other comprehensive income</i>	-	-	-	-	-	(165)	314	149
Total comprehensive income for the period	-	-	-	-	-	(165)	3,574	3,409
- Transfer to charitable donation reserve	-	-	-	-	-	-	(30)	(30)
Transaction with owners recognized directly in equity:								
- Dividends paid	-	-	-	-	-	-	(1,928)	(1,928)
- Treasury shares purchased	-	-	(5,913)	-	-	-	-	(5,913)
Balance at 30 September 2018	42,849	(1,599)	(5,913)	6,992	3,217	142	9,608	55,296

The accompanying notes 1 to 20 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2019

Bahraini Dinars '000

	30 September 2019 (reviewed)	30 September 2018 (reviewed)
Operating activities		
Net interest received	2,017	1,728
Net decrease in placements with banks	-	4,974
Net sale of investments at fair value through profit or loss	7,474	5,265
Net (purchase) / sale of investments at fair value through other comprehensive income	(2,549)	448
Net sale of investments at amortized cost	14	13
Net decrease / (increase) in investment properties	93	(1,927)
Net increase in customer accounts	35,270	789
Securities bought under repurchase agreements	3,716	(13,946)
Securities sold under repurchase agreements	(239)	17,725
Dividends received	405	783
Rental income received	165	87
Movement in brokerage accounts and other receivables	(2,337)	5,940
Movement in other liabilities	640	1,482
Payments for staff and related expenses	(3,482)	(3,090)
Payments for other operating expenses	(1,181)	(1,459)
Net cash from operating activities	40,006	18,812
Investing activities		
Net capital expenditure on furniture and equipment	(844)	(68)
Net cash used in investing activities	(844)	(68)
Financing activities		
Net increase / (decrease) in short-term bank borrowings	385	(3,770)
Treasury shares purchased	-	(5,913)
Dividends paid	(3,085)	(1,928)
(Redemption) / contribution by other unit holders in consolidated fund	(6,130)	204
Distribution to other unit holders in consolidated funds	(9)	(242)
Net cash used in financing activities	(8,839)	(11,649)
Net increase in cash and cash equivalents	30,323	7,095
Cash and cash equivalents at the beginning of the period	44,883	37,190
Cash and cash equivalents at the end of the period	75,206	44,285
Represented by:		
Cash and bank balances	68,601	35,971
Treasury bills	6,605	8,314
	75,206	44,285

The accompanying notes 1 to 20 form an integral part of this condensed consolidated interim financial information.

1. Reporting entity

This condensed financial information is the reviewed condensed consolidated interim financial information (the "condensed consolidated interim financial information") of SICO BSC (c) (the "Bank") and its subsidiaries (the "Group"). The Bank operates under a wholesale banking license issued by the Central Bank of Bahrain.

2. Basis of preparation

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting), which permits the interim financial information to be in summarized form. The condensed consolidated interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2018. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2018.

3. 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 Groups' audited annual financial statements for the year ended 31 December 2018 except for the adoption of IFRS-16 – Leases. The impact on adoption of IFRS-16 has been disclosed in note 4.

4. Adoption of new accounting standards

The Bank has applied IFRS 16 with a transition date of 1 January 2019 which resulted in changes in accounting policies and adjustments to the amounts from those previously recognized in the financial statements as at 31 December 2018.

As permitted by the transitional provisions of IFRS 16, the Bank elected to use the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease'.

Set out below are the details of the specific IFRS 16 accounting policies applied in the current period and the IFRS 16 transition impact disclosures for the Bank.

(a) Changes in accounting policies

At the inception of the contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for the period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- The contract involves the use of an identified asset, this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Bank has the right to direct the use of the asset. The Bank has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Bank has the right to direct the use of the asset if either:
 - The Bank has the right to operate the asset; or
 - The Bank designed the asset in a way that predetermines how and for what purpose it will be used.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine months ended 30 September 2019

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4. Adoption of new accounting standards (continued)

The new definition of a lease under IFRS 16 has been applied for contracts entered into, or changed, on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Bank has elected not to separate non-lease components and to account for the lease and non-lease components as a single lease component.

i) Measurement

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises:

- The amount of the initial measurement of the lease liability;
- Any lease payment made at or before the commencement date, less any lease incentives received;
- Any initial direct cost incurred by the lessee; and
- Estimated cost to dismantle and to remove the underlying asset, or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liability is measure as the present value of the future lease payments that are not paid at the commencement date. The lease payments are discounted based on the Bank's incremental borrowing rate. Lease liability comprises the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantees;
- the exercise price of a purchase option if the Bank is reasonably certain to exercise that option;
- lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option; and
- Penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the nine months ended 30 September 2019**

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4. Adoption of new accounting standards (continued)**ii) Short-term leases and leases of low-value assets**

The Bank has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and for leases of low-value assets. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) Impact of adopting IFRS 16

On transition to IFRS 16, the Bank elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 to contracts that were previously identified as leases. The impact from the adoption of IFRS 16 as at 1 January 2019 has resulted in an increase in furniture, equipment and intangibles by BD 478 and an increase in and other liabilities by BD 478:

	Furniture, equipment and intangibles	Other liabilities
Closing balance under IAS 17 (31 December 2018)	-	-
<u>Impact on re-measurements:</u>		
Right-of-use asset	478	-
Lease liability	-	478
Opening balance under IFRS 16 on date of initial application of 1 January 2019	478	478

5. The condensed consolidated interim financial information is reviewed, not audited.

6. Estimates

The preparation of 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 expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018.

7. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements and they should be read in conjunction with the Group's audited annual financial statements for the year ended 31 December 2018. There have been no changes in the risk management department or in any risk management policies since 31 December 2018.

8. Operating segments

The Group's lines of business are brokerage, asset management, treasury, investment banking, market making and custody business. At present the Group's revenue is reviewed by lines of business and the expenses and results are reviewed at Group level. Accordingly there are no reportable segments.

9. Cyclicity

Due to nature of the investment banking, the nine months' results reported in this condensed consolidated interim financial information may not represent a proportionate share of the overall annual results.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the nine months ended 30 September 2019**

Bahraini Dinars '000

10. Appropriations

At the shareholders Annual General Meeting for the year 2018 on 25 March 2019, the shareholders resolved to make the appropriations of the profit for the year ended 31 December 2018, which were effected during the first quarter of 2019. These include cash dividend of BD 3,085 representing 8% of paid up capital and charitable donations of BD 40.

11. Shares under employee share incentive scheme

The Group has established an Employee Share Incentive scheme ("the Scheme") which is operated through a Trustee. The Trust has been set up by the transfer of shares of the Bank allotted to the employees under the Scheme.

Under the Scheme, employees are entitled to receive shares as part of their bonus in ratios determined by the Board of Directors. The value of the shares is to be determined based on the fair value of the Group's net assets as at the reporting date. This Scheme is treated as a cash-settled share based payment transaction due to the restrictions imposed under the Scheme whereby the employees have to sell back the shares to the Group on resignation/ retirement based on the vesting conditions mentioned in the scheme.

During the first quarter of 2019, 1% of the issued and fully paid capital of the Bank was transferred to the overall Scheme's pool.

12. Contingencies, commitments and memorandum accounts

	As at 30 September 2019	As at 31 December 2018
Assets under custody	2,733,887	2,334,070
Assets under management	784,695	699,087
Other commitments	2,204	2,213
Guarantees	5,133	5,133

13. Investments at fair value through profit or loss

	As at 30 September 2019	As at 31 December 2018
Quoted equity securities – (listed)		
- Parent	1,499	1,621
- Consolidated funds	-	7,295
Funds		
- Quoted	5,481	4,415
- Unquoted	2,073	3,667
Quoted debt securities		
- Parent	4,824	2,910
- Consolidated funds	4,060	3,585
Unquoted debt securities		
- Consolidated funds	-	151
	17,937	23,644

SICO BSC (c)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine months ended 30 September 2019

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14. Investments at fair value through other comprehensive income

	As at 30 September 2019	As at 31 December 2018
Equity securities		
- Quoted (listed)	4,657	3,074
- Unquoted	-	64
	4,657	3,138
Debt securities		
- Quoted	4,086	1,940
- Unquoted	-	1,136
	4,086	3,076
	8,743	6,214

15. Investment properties

Investment properties represents investment in SICO US Real Estate Corp (USA), 100% owned subsidiary company. This subsidiary company acts as a holding company to five additional limited liability companies that each own a single property and focuses on multifamily residential properties.

The investment properties is carried at cost less depreciation.

16. Furniture, equipment and intangibles

	As at 30 September 2019	As at 31 December 2018
Property and equipment	1,353	1,240
Right-of-use of leased property	369	-
	1,722	1,240

Lease liabilities in relation to right-of-use of leased property are presented under interest payable and other liabilities and amounted to BD 347 as at 30 September 2019. The depreciation charge on right-of-use asset during the period was BD 109.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine months ended 30 September 2019

Bahraini Dinars '000

17. Net investment income

	Nine months ended	
	30 September 2019	30 September 2018
Net gain from investments at fair value through profit or loss	1,718	1,160
Realized (loss)/gain on sale of FVTOCI debt securities	(20)	9
Realized gain on Treasury Bills	18	-
Interest income from debt instruments	1,006	1,090
Dividend income	405	783
	3,127	3,042

Gain from investments at fair value through profit or loss comprises the following:

	Nine months ended	
	30 September 2019	30 September 2018
Realized gain	1,096	650
Unrealized gain	622	510
	1,718	1,160

The realized gain from investments at fair value through profit or loss represents the difference between the carrying amount of investments at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its sale or settlement price.

The unrealized gain represents the difference between the carrying amount of investments at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the period.

Effect of deconsolidation of a fund

Net investment income for the first six months of 2019 amounted to BD 3,542. This included the entire investment income of one of the funds that was subject to consolidation on a line-by-line basis. However, as at 30 September 2019, this consolidation requirement has ceased to exist and the net investment income for the nine month period ended 30 September 2019 amounts to BD 3,127.

SICO BSC (c)**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****For the nine months ended 30 September 2019****Bahraini Dinars '000****18. Related parties**

The following are the related party transactions during the period. All these transactions are in the ordinary course of business and on normal commercial terms.

Transactions with funds owned by the Subsidiary Companies namely SICO Funds Company BSC (c), SICO Funds Company III BSC (c), SICO Funds Company IV BSC (c), SICO Funds Company VI BSC (c), SICO Funds Company VIII BSC (c) and SICO Ventures Company SPC are as follows:

	Nine months ended	
	30 September 2019	30 September 2018
Fee income	463	380

	30 September 2019	31 December 2018
	Fee receivable	232
Funds under management	66,077	58,046
Investments in own funds	4,600	2,373

Transactions with shareholders:

	Nine months ended	
	30 September 2019	30 September 2018
Fee income	419	357

	As at 30 September 2019	As at 31 December 2018
	Fee receivable	158
Funds under management	74,149	65,356

The Group has banking relationships, makes deposits and placements and has unutilized credit facilities with certain of its shareholders that are local banks.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine months ended 30 September 2019

Bahraini Dinars '000

19. Fair value

- (i) Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 30 September 2019:

	30 September 2019		31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Investments at amortized cost	9,976	10,978	9,990	9,935
Investments at fair value through profit or loss	17,937	17,937	23,644	23,644
Investments at fair value through other comprehensive	8,743	8,743	6,214	6,214
Total assets	36,656	37,658	39,848	39,793
Liabilities				
Short-term bank borrowings	3,770	3,779	3,385	3,392
Securities sold under repurchase agreements	42,334	42,427	42,573	42,724
Payable to unit holders	609	609	6,701	6,701
Total liabilities	46,713	46,815	52,659	52,817

All investments at fair value through other comprehensive income, investments at fair value through profit or loss are carried at fair value. Investments at amortized cost are carried at amortized cost.

- (ii) Fair value hierarchy

The Group measures fair values of financial instruments using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements from the date of reclassification

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

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). 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 observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes instruments where the valuation technique includes inputs not based on market observable data.

The tables below analyses financial assets and liabilities, by the level in the fair value hierarchy into which the fair value measurement is categorized.

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19. Fair value (continued)

As at 30 September 2019

Assets

Fair value through other comprehensive income investments:

	Level 1	Level 2	Level 3	Total
- Equities	4,657	-	-	4,657
- Debt securities	4,086	-	-	4,086

Fair value through profit or loss:

- Equity	1,499	-	-	1,499
- Debt securities	8,884	-	-	8,884
- Funds	7,014	-	540	7,554

Investments at amortized cost:

- Debt securities	9,976	-	-	9,976
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Liabilities

- Payable to unit holders in consolidated funds	(609)	-	-	(609)
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35,507	-	540	36,047
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As at 30 September 2018

Assets

Fair value through other comprehensive income investments:

- Equities	3,454	-	212	3,666
- Debt securities	-	2,053	-	2,053

Fair value through profit or loss:

- Equity	5,987	-	-	5,987
- Debt securities	9,838	228	-	10,066
- Funds	6,551	1,871	951	9,373

Investments at amortized cost:

- Debt securities	9,908	-	-	9,908
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Liabilities

- Payable to unit holders in consolidated funds	(2,872)	-	-	(2,872)
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32,866	4,152	1,163	38,181
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine months ended 30 September 2019

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19 Fair value (continued)

The following tables analyses the movement in Level 3 financial assets during the period:

	Level 3 30 September 2019
At 1 January 2019	974
Total loss:	
- in income statement	(370)
- in other comprehensive income	-
Purchases	-
Settlements	(64)
Transfers into / (out) of level 3	-
At 30 September 2019	540

	Level 3 30 September 2018
At 1 January 2018	1,280
Total loss:	
- in income statement	-
- in other comprehensive income	(117)
Purchases	-
Settlements	-
Transfers into / (out) of level 3	-
At 30 September 2018	1,163

20. Comparatives

Prior period figures have been regrouped to conform to the presentation in the current period. Such regroupings did not affect previously reported profit for the period or total equity