

## Consolidated Statement of Financial Position

	31 Dec 2015 BD 000	31 Dec 2014 BD 000
<b>ASSETS</b>		
Cash and balances with banks and Central Bank of Bahrain	54,142	55,431
Due from banks	77,966	125,106
Financing contracts with customers	535,395	559,879
Investments	240,228	254,315
Investment in joint ventures and associates	130,340	160,826
Investment in real estate	301,758	186,179
Receivables, prepayments and other assets	81,075	94,284
Premises and equipments	29,400	46,024
<b>TOTAL ASSETS</b>	<b>1,450,304</b>	<b>1,482,044</b>
<b>LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY</b>		
<b>LIABILITIES</b>		
Customers' current accounts	116,534	105,242
Due to banks	252,932	140,068
Murabaha due to non-banks	114,521	244,236
Other liabilities	48,453	27,214
Subordinated murabaha payable	91,753	95,349
	624,193	612,109
<b>EQUITY OF INVESTMENT ACCOUNT HOLDERS</b>	<b>456,700</b>	<b>509,044</b>
<b>OWNERS' EQUITY</b>		
<b>Equity attributable to shareholders of the Parent</b>		
Share capital	177,140	177,140
Share premium	71,403	71,403
Treasury shares	(21,923)	(21,923)
Statutory reserve	17,642	16,568
General reserve	28,237	28,237
Fair value through equity reserve	(1,876)	(1,978)
Property fair value reserve	31,501	32,759
Foreign currency translation reserve	232	29
Retained earnings	58,791	47,865
	361,147	350,100
<b>Non-controlling stakeholders</b>	<b>8,264</b>	<b>10,791</b>
	369,411	360,891
<b>TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY</b>	<b>1,450,304</b>	<b>1,482,044</b>
<b>OFF-BALANCE SHEET</b>		
<b>EQUITY OF INVESTMENT ACCOUNT HOLDERS</b>	<b>135,210</b>	<b>107,546</b>
<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>	<b>45,905</b>	<b>49,192</b>

## Consolidated Statement of Income

	31 Dec 2015 BD 000	31 Dec 2014 BD 000
Income from retail and corporate banking activities	36,657	40,081
Net (loss) income from investment activities	(4,042)	29,203
Share of income (loss) of joint ventures and associates	74,669	(1,641)
Revenue from non-banking business entities	15,652	31,692
<b>OPERATING INCOME</b>	<b>122,936</b>	<b>99,335</b>
Direct costs of non-banking business entities	(10,083)	(15,571)
<b>OPERATING INCOME AFTER DIRECT COSTS</b>	<b>112,853</b>	<b>83,764</b>
Return on equity of investment account holders	(3,757)	(6,092)
Profit on due to banks, murabaha due to non-banks and subordinated murabaha payable	(9,741)	(11,521)
Profit paid by non-banking business entities	(345)	(1,744)
<b>NET OPERATING INCOME</b>	<b>99,010</b>	<b>64,407</b>
Staff costs	13,522	12,238
Depreciation	1,471	1,538
Provisions - net	33,928	6,905
Other expenses	9,949	10,762
Operating expenses of non-banking business entities	29,402	27,847
<b>TOTAL OPERATING EXPENSES</b>	<b>88,272</b>	<b>59,290</b>
<b>NET INCOME FOR THE YEAR</b>	<b>10,738</b>	<b>5,117</b>
<b>Attributable to:</b>		
Shareholders of the Parent	10,742	5,145
Non-controlling stakeholders	(4)	(28)
	10,738	5,117

## Consolidated Statement of Cash Flows

	31 Dec 2015 BD 000	31 Dec 2014 BD 000
<b>OPERATING ACTIVITIES</b>		
Net income for the year	10,738	5,117
Adjustments for:		
Share of (income) loss of joint ventures and associates	(74,669)	1,641
Depreciation	7,142	11,417
Provisions - net	50,128	11,601
Net unrealised loss on investments	4,575	1,086
Net gain on sale of investments	-	(1,353)
Net unrealised loss on investment in real estate	4,550	41
Net gain on sale of investment in real estate	(588)	(2,852)
Dividend income	-	(22,844)
Operating income before changes in operating assets and liabilities	1,876	3,854
Changes in operating assets & liabilities:		
Mandatory reserve with Central Bank of Bahrain	4,540	(4,875)
Financing contracts with customers	(1,387)	37,828
Receivables, prepayments and other assets	14,545	14,960
Due to banks	112,864	(77,702)
Murabaha due to non-banks	(129,715)	(56,254)
Subordinated murabaha payable	(3,596)	(3,441)
Customers' current accounts	11,292	27,949
Other liabilities	21,239	(9,973)
Net cash flows from (used in) operating activities	31,658	(67,654)
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(49,451)	(35,287)
Proceeds from sale / maturity of investments	41,890	12,712
Distribution from investment in joint ventures	3,541	5,119
Purchase of investment in real estate	(18,629)	-
Proceeds from sale of investment in real estate	1,604	17,775
Purchase of equipments	(2,158)	(3,320)
Proceeds from disposal of held for sale subsidiary	-	17,905
Net cash flows (used in) from investing activities	(23,203)	14,904
<b>FINANCING ACTIVITIES</b>		
Net movement in equity of investment account holders	(52,344)	56,540
Net cash flows (used in) from financing activities	(52,344)	56,540
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(43,889)</b>	<b>3,790</b>
Cash and cash equivalents at 1 January	146,587	142,797
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>102,698</b>	<b>146,587</b>

## Consolidated Statement of Changes in Owners' Equity

### Equity attributable to shareholders of the Parent

	Share capital BD 000	Share premium BD 000	Treasury shares BD 000	Statutory reserve BD 000	General reserve BD 000	Fair value through equity reserve BD 000	Property fair value reserve BD 000	Foreign currency translation reserve BD 000	Retained earnings BD 000	Total BD 000	Non-controlling stakeholders BD 000	Non-controlling stakeholders of disposal group classified as held for sale BD 000	Total owners' equity BD 000
Balance at 1 January 2015	177,140	71,403	(21,923)	16,568	28,237	(1,978)	32,759	29	47,865	350,100	10,791	-	360,891
Net income (loss) for the year	-	-	-	-	-	-	-	-	10,742	10,742	(4)	-	10,738
Other comprehensive income for the year	-	-	-	-	-	102	-	203	-	305	-	-	305
Total comprehensive income (loss) for the year	-	-	-	-	-	102	-	203	10,742	11,047	(4)	-	11,043
Net transfer from property fair value reserve	-	-	-	-	-	-	(1,258)	-	1,258	-	-	-	-
Transfer to statutory reserve	-	-	-	1,074	-	-	-	-	(1,074)	-	-	-	-
Net movement in share of non-controlling stakeholders	-	-	-	-	-	-	-	-	-	-	(2,523)	-	(2,523)
<b>Balance at 31 December 2015</b>	<b>177,140</b>	<b>71,403</b>	<b>(21,923)</b>	<b>17,642</b>	<b>28,237</b>	<b>(1,876)</b>	<b>31,501</b>	<b>232</b>	<b>58,791</b>	<b>361,147</b>	<b>8,264</b>	<b>-</b>	<b>369,411</b>
Balance at 1 January 2014	177,140	71,403	(21,923)	16,053	28,237	977	35,540	(1,448)	40,454	346,433	17,900	3,449	367,782
Net income (loss) for the year	-	-	-	-	-	-	-	-	5,145	5,145	(28)	-	5,117
Other comprehensive loss for the year	-	-	-	-	-	(2,955)	-	1,477	-	(1,478)	-	-	(1,478)
Total comprehensive income (loss) for the year	-	-	-	-	-	(2,955)	-	1,477	5,145	3,667	(28)	-	3,639
Net transfer from property fair value reserve	-	-	-	-	-	-	(2,781)	-	2,781	-	-	-	-
Transfer to statutory reserve	-	-	-	515	-	-	-	-	(515)	-	-	-	-
Net movement in share of non-controlling stakeholders	-	-	-	-	-	-	-	-	-	-	(7,081)	(3,449)	(10,530)
Balance at 31 December 2014	177,140	71,403	(21,923)	16,568	28,237	(1,978)	32,759	29	47,865	350,100	10,791	-	360,891

These statements have been extracted from the consolidated financial statements for the year ended 31 December 2015, audited by EY who have expressed an unqualified opinion on 16 February 2016. These consolidated financial statements were approved by the Board of Directors on 16 February 2016. Kuwait Finance House (Bahrain) B.S.C. (c) is licensed by CBB as an Islamic retail bank.

Hamad Abdulmohsen AlMarzouq  
Chairman of the Board of Directors

Abdulhakeem Yaqoub Alkhayat  
Managing Director and Chief Executive Officer