

Interim Consolidated Statement of Financial Position

	Reviewed 30 Sept 2015 BD 000	Audited 31 Dec 2014 BD 000
ASSETS		
Cash and balances with banks and Central Bank of Bahrain	53,497	55,431
Due from banks	94,328	125,106
Financing contracts with customers	558,703	559,879
Investments	241,860	254,315
Investment in joint ventures and associates	176,491	160,826
Investment in real estate	194,851	186,179
Receivables, prepayments and other assets	93,161	94,284
Intangibles	3,759	3,760
Premises and equipment	38,252	42,264
TOTAL ASSETS	1,454,902	1,482,044
LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY		
LIABILITIES		
Customers' current accounts	109,097	105,242
Due to banks	180,223	140,068
Murabaha due to non-banks	191,745	244,236
Other liabilities	32,982	27,214
Subordinated murabaha payable	92,234	95,349
TOTAL LIABILITIES	606,281	612,109
EQUITY OF INVESTMENT ACCOUNT HOLDERS	487,353	509,044
OWNERS' EQUITY		
Equity attributable to shareholders of the Parent		
Share capital	177,140	177,140
Share premium	71,403	71,403
Treasury shares	(21,923)	(21,923)
Statutory reserve	16,568	16,568
General reserve	28,237	28,237
Fair value through equity reserve	(2,716)	(1,978)
Property fair value reserve	31,818	32,759
Foreign currency translation reserve	78	29
Retained earnings	49,847	47,865
	350,452	350,100
Non-controlling stakeholders	10,816	10,791
	361,268	360,891
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY	1,454,902	1,482,044
OFF-BALANCE SHEET		
EQUITY OF INVESTMENT ACCOUNT HOLDERS	131,455	107,546
CONTINGENT LIABILITIES AND COMMITMENTS	51,403	49,192

Interim Consolidated Statement of Income

	Three months ended 30 September		Nine months ended 30 September	
	2015 BD 000	2014 BD 000	2015 BD 000	2014 BD 000
Income from retail and corporate banking activities	10,154	10,126	27,822	30,891
Income from investment activities	(657)	2,211	4,208	6,695
Share of income (loss) from joint ventures and associates	6,900	(438)	6,828	(1,464)
Revenue from non-banking business entities	4,212	13,389	14,543	27,463
OPERATING INCOME	20,609	25,288	53,401	63,585
Direct cost of non-banking business entities	(1,438)	(9,052)	(7,009)	(14,591)
OPERATING INCOME AFTER DIRECT COSTS	19,171	16,236	46,392	48,994
Return on equity of investment account holders, net of mudarib share	(969)	(1,467)	(2,754)	(4,861)
Profit on due to banks, murabaha due to non-banks and subordinated murabaha payable	(2,308)	(3,029)	(7,562)	(8,722)
Profit paid by non-banking business entities	(83)	(261)	(345)	(1,593)
NET OPERATING INCOME	15,811	11,479	35,731	33,818
Staff costs	3,115	2,839	10,225	8,682
Depreciation	706	382	1,428	1,144
Provisions - net	5,116	706	5,011	547
Other expenses	2,431	2,906	7,813	8,422
Operating expenses of non-banking business entities	3,689	3,783	10,188	11,391
TOTAL OPERATING EXPENSES	15,057	10,616	34,665	30,186
NET INCOME FOR THE PERIOD	754	863	1,066	3,632
Attributable to:				
Shareholders of the Parent	768	881	1,041	3,655
Non-controlling stakeholders	(14)	(18)	25	(23)
	754	863	1,066	3,632

Interim Consolidated Statement of Cash Flows

	Nine months ended 30 September	
	2015 BD 000	2014 BD 000
OPERATING ACTIVITIES		
Net income for the period	1,066	3,632
Adjustments for:		
Provisions - net	5,266	1,401
Depreciation	5,671	1,213
Share of (gain) loss from joint ventures and associates	(6,828)	1,464
Net gain on sale of investment in real estate	(669)	(1,592)
Net gain on sale of investments	-	(1,341)
Dividend income	(1,050)	(1,050)
Foreign exchange (gain) loss	(648)	986
Net unrealised loss (gain) on investments	2,348	(722)
Operating income before changes in operating assets and liabilities	5,156	3,991
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	4,360	(4,960)
Murabaha and due from banks	(2,411)	1,986
Financing contracts with customers	738	(14,655)
Receivables, prepayments and other assets	(2,976)	9,717
Customers' current accounts	3,855	41,093
Murabaha and due to banks	40,155	(46,544)
Murabaha due to non-banks	(52,491)	31,023
Other liabilities	5,768	(7,895)
Net cash flows from operating activities	2,154	13,756
INVESTING ACTIVITIES		
Purchase of investments	(41,018)	(44,064)
(Purchase) sale of investment in real estate - net	(18,120)	15,785
Proceeds from sale / maturity of investment	50,329	3,468
Purchase of premises and equipment - net	(2,696)	(3,147)
Proceeds from disposal of held for sale subsidiary	-	17,905
Distribution from investment in associates	791	5,118
Net cash flows used in investing activities	(10,714)	(4,935)
FINANCING ACTIVITY		
Net movement in equity of investment account holders	(21,691)	46,483
Net Cash flows (used in) from financing activity	(21,691)	46,483
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(30,251)	55,304
Cash and cash equivalents at 1 January	146,587	143,040
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	116,336	198,344

Interim Consolidated Statement of Changes in Owners' Equity

	Equity attributable to Shareholders of the Parent										Non-controlling stakeholders of disposal group classified as held for sale	Total owners' equity	
	Share capital	Share premium	Treasury shares	Statutory reserve	General reserve	Fair value through equity reserve	Property fair value reserve	Foreign currency translation reserve	Retained earnings	Total			
	BD 000	BD 000	BD 000	BD 000	BD 000	BD 000	BD 000	BD 000	BD 000	BD 000	BD 000	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 for the period	-	-	-	-	-	-	-	-	1,041	1,041	25	-	1,066
Other comprehensive (loss) income for the period	-	-	-	-	-	(738)	-	49	-	(689)	-	-	(689)
Total comprehensive (loss) income for the period	-	-	-	-	-	(738)	-	49	1,041	352	25	-	377
Net transfer from property fair value reserve	-	-	-	-	-	-	(941)	-	941	-	-	-	-
Balance at 30 September 2015	177,140	71,403	(21,923)	16,568	28,237	(2,716)	31,818	78	49,847	350,452	10,816	-	361,268
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 period	-	-	-	-	-	-	-	-	3,655	3,655	(23)	-	3,632
Other comprehensive (loss) income for the period	-	-	-	-	-	(233)	-	1,543	-	1,310	-	-	1,310
Total comprehensive (loss) income for the period	-	-	-	-	-	(233)	-	1,543	3,655	4,965	(23)	-	4,942
Net transfer from property fair value reserve	-	-	-	-	-	-	(2,402)	-	2,402	-	-	-	-
Net movement in share of non-controlling stakeholders	-	-	-	-	-	-	-	-	-	-	(7,080)	(3,449)	(10,529)
Balance at 30 September 2014	177,140	71,403	(21,923)	16,053	28,237	744	33,138	95	46,511	351,398	10,797	-	362,195

These statements have been extracted from the interim condensed consolidated financial statements for the nine months period ended 30 September 2015, reviewed by EY. These interim condensed consolidated financial statements were approved by the Board of Directors on 19 October 2015. 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