

Interim Consolidated Statement of Financial Position

	Reviewed 30 Sep 2017 BD 000	Audited 31 Dec 2016 BD 000
ASSETS		
Cash and balances with banks and Central Bank of Bahrain	54,951	56,399
Due from banks	42,701	88,420
Financing contracts with customers	704,569	630,391
Investments	7,871	145,665
Investment in sukuk	153,598	163,772
Investment in joint ventures and associates	13,310	129,302
Investment in real estate	-	301,563
Receivables, prepayments and other assets	273,308	63,458
Premises and equipment	8,727	8,682
	1,259,035	1,587,652
Assets classified as held for sale	21,713	20,272
TOTAL ASSETS	1,280,748	1,607,924
LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY		
LIABILITIES		
Customers' current accounts	133,260	147,630
Due to banks	119,515	277,317
Due to non-banks	244,592	237,864
Other liabilities	31,523	41,919
Subordinated borrowing	94,250	91,242
	623,140	795,972
Liabilities relating to assets classified as held for sale	2,681	2,117
	625,821	798,089
EQUITY OF INVESTMENT ACCOUNT HOLDERS	481,235	441,244
OWNERS' EQUITY		
Equity attributable to shareholders of the Parent		
Share capital	132,519	177,140
Share premium	-	71,403
Treasury shares	-	(21,923)
Statutory reserve	17,757	17,757
General reserve	-	28,237
Fair value through equity reserve	(3,395)	(3,574)
Property fair value reserve	-	30,923
Foreign currency translation reserve	(48)	(91)
Retained earnings	19,046	60,403
	165,879	360,275
Non-controlling shareholders	7,813	8,316
	173,692	368,591
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY	1,280,748	1,607,924
OFF-BALANCE SHEET		
EQUITY OF INVESTMENT ACCOUNT HOLDERS	135,090	134,970
CONTINGENT LIABILITIES AND COMMITMENTS	127,824	154,797

Interim Consolidated Statement of Income

	Three months ended 30 September		Nine months ended 30 September	
	2017 BD 000	2016 BD 000	2017 BD 000	2016 BD 000
Income from retail and corporate banking activities	11,551	10,254	33,705	27,475
Net income from investment activities	258	1,252	7,411	1,929
Income from sukuk	1,629	1,675	5,057	3,470
Share of income from joint ventures and associates	(42)	601	396	2,685
Revenue from non-banking business entities	805	619	5,116	2,661
OPERATING INCOME	14,201	14,401	51,685	38,220
Direct cost of non-banking business entities	(1,075)	(656)	(4,609)	(2,025)
OPERATING INCOME AFTER DIRECT COSTS	13,126	13,745	47,076	36,195
Return on equity of investment account holders before Group's share as mudarib	(2,958)	(1,293)	(8,258)	(3,278)
Group's share as mudarib	1,629	208	4,398	208
Return on equity of investment account holders	(1,329)	(1,085)	(3,860)	(3,070)
Profit on due to banks, due to non-banks and subordinated borrowing	(2,417)	(3,137)	(9,045)	(8,311)
NET OPERATING INCOME	9,380	9,523	34,171	24,814
Staff costs	3,404	3,696	10,391	10,530
Depreciation	249	261	757	841
Provisions - net	1,000	690	2,225	354
Other expenses	2,473	2,184	7,220	6,229
Operating expenses of non-banking business entities	162	409	803	1,045
TOTAL OPERATING EXPENSES	7,288	7,240	21,396	18,999
NET INCOME FOR THE PERIOD FROM OPERATIONS	2,092	2,283	12,775	5,815
ASSETS CLASSIFIED AS HELD FOR SALE				
Net results for the period from assets classified as held for sale	2,600	(13,574)	2,600	(13,924)
NET INCOME (LOSS) FOR THE PERIOD	4,692	(11,291)	15,375	(8,109)
Attributable to:				
Shareholders of the Parent	4,714	(11,290)	15,459	(8,144)
Non-controlling shareholders	(22)	(1)	(84)	35
	4,692	(11,291)	15,375	(8,109)

Interim Consolidated Statement of Cash Flows

	Nine months ended 30 September	
	2017 BD 000	2016 BD 000
OPERATING ACTIVITIES	12,775	5,815
Net income for the period from operations	12,775	5,815
Net results for the period from assets classified as held for sale	2,600	(13,924)
Net income (loss) for the period	15,375	(8,109)
Adjustments for:		
Provisions - net	(375)	13,756
Depreciation	767	3,273
Share of income from joint ventures and associates	(396)	(2,685)
Net gain on sale of investment in real estate	-	(150)
Net gain on sale of investments	(6,784)	(167)
Foreign exchange gain	(314)	(443)
Net unrealised loss on investment in real estate	309	977
Net unrealised loss on investments	25	348
Dividend income	(63)	(64)
Rental income	(61)	(79)
Operating income before changes in operating assets and liabilities	8,483	6,657
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	(1,870)	695
Due from banks	(2)	(11,310)
Financing contracts with customers	(59,912)	(53,645)
Receivables, prepayments and other assets	8,777	4,627
Customers' current accounts	(14,370)	50,117
Due to banks	(39,348)	(46,803)
Due to non-banks	6,728	119,325
Other liabilities	(8,817)	(7,325)
Subordinated borrowing	3,008	-
Net cash flows (used in) from operating activities	(97,323)	62,338
INVESTING ACTIVITIES	(3,759)	21,339
(Purchase) disposal of investments - net	9,866	(68,889)
Disposal (purchase) of investment in sukuk - net	(87)	428
(Purchase) disposal of investment in real estate - net		
Distributions from investment in joint ventures and associates	2,962	-
Dividend income	63	-
Rental income	61	79
Purchase of premises and equipment - net	(812)	(2,475)
Net cash flows from (used in) investing activities	8,294	(49,518)
FINANCING ACTIVITY	39,991	(522)
Net movement in equity of investment account holders	39,991	(522)
Net cash flows from (used in) financing activity		
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(49,038)	12,298
Cash and cash equivalents at 1 January	103,687	102,698
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	54,649	114,996

Interim Consolidated Statement of Changes in Owners' 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 shareholders BD 000	Total owners' equity BD 000
Balance at 1 January 2017	177,140	71,403	(21,923)	17,757	28,237	(3,574)	30,923	(91)	60,403	360,275	8,316	368,591
Net income for the period	-	-	-	-	-	-	-	-	15,459	15,459	(84)	15,375
Other comprehensive income for the period	-	-	-	-	-	102	-	43	-	145	-	145
Total comprehensive income for the period	-	-	-	-	-	102	-	43	15,459	15,604	(84)	15,520
Cancellation of treasury shares	(12,044)	(9,879)	21,923	-	-	-	-	-	-	-	-	-
Distributions	(32,577)	(61,524)	-	-	(28,237)	77	(30,900)	-	(56,839)	(210,000)	-	(210,000)
Net transfer from property fair value reserve	-	-	-	-	-	-	(23)	-	23	-	-	-
Net movement in share of non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(419)	(419)
Balance at 30 September 2017	132,519	-	-	17,757	-	(3,395)	-	(48)	19,046	165,879	7,813	173,692
Balance at 1 January 2016	177,140	71,403	(21,923)	17,642	28,237	(1,876)	31,501	232	58,791	361,147	8,264	369,411
Net loss for the period	-	-	-	-	-	-	-	-	(8,144)	(8,144)	35	(8,109)
Other comprehensive loss for the period	-	-	-	-	-	(761)	-	(255)	-	(1,016)	-	(1,016)
Total comprehensive loss for the period	-	-	-	-	-	(761)	-	(255)	(8,144)	(9,160)	35	(9,125)
Net transfer from property fair value reserve	-	-	-	-	-	-	(265)	-	265	-	-	-
Net movement in share of non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	8	8
Balance at 30 September 2016	177,140	71,403	(21,923)	17,642	28,237	(2,637)	31,236	(23)	50,912	351,987	8,307	360,294

These statements have been extracted from the interim condensed consolidated financial statements for the nine month period ended 30 September 2017, reviewed by EY. These interim condensed consolidated financial statements were approved by the Board of Directors on 7 November 2017. 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