

Consolidated Statement of Financial Position

	2016 BD 000	2015 BD 000
ASSETS		
Cash and balances with banks and Central Bank of Bahrain	56,399	54,142
Due from banks	88,420	77,966
Financing contracts with customers	630,391	535,395
Investments	145,665	166,412
Investment in sukuk	163,772	73,816
Investment in joint ventures and associates	129,302	130,340
Investment in real estate	301,563	301,758
Receivables, prepayments and other assets	63,458	81,075
Premises and equipments	8,682	29,400
	1,587,652	1,450,304
Assets classified as held for sale	20,272	-
TOTAL ASSETS	1,607,924	1,450,304
LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY		
LIABILITIES		
Customers' current accounts	147,630	116,534
Due to banks	277,317	252,932
Due to non-banks	237,864	114,521
Other liabilities	41,919	48,453
Subordinated murabaha payable	91,242	91,753
	795,972	624,193
Liabilities classified as held for sale	2,117	-
	798,089	624,193
EQUITY OF INVESTMENT ACCOUNT HOLDERS	441,244	456,700
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	17,757	17,642
General reserve	28,237	28,237
Fair value through equity reserve	(3,574)	(1,876)
Property fair value reserve	30,923	31,501
Foreign currency translation reserve	(91)	232
Retained earnings	60,403	58,791
	360,275	361,147
Non-controlling shareholders	8,316	8,264
	368,591	369,411
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY	1,607,924	1,450,304
OFF-BALANCE SHEET		
EQUITY OF INVESTMENT ACCOUNT HOLDERS	134,970	135,210
CONTINGENT LIABILITIES AND COMMITMENTS	154,797	45,905

Consolidated Statement of Income

	2016 BD 000	2015 BD 000
Income from retail and corporate banking activities	38,187	36,657
Net income (loss) from investment activities	4,004	(7,386)
Income from sukuk	4,957	3,344
Share of income from joint ventures and associates	4,281	74,669
Revenue from non-banking business entities	5,622	4,084
OPERATING INCOME	57,051	111,368
Direct cost of non-banking business entities	(4,577)	(6,923)
OPERATING INCOME AFTER DIRECT COSTS	52,474	104,445
Return on equity of investment account holders before Group's share as mudarib	(5,107)	(3,994)
Group's share as mudarib	1,004	237
Return on equity of investment account holders	(4,103)	(3,757)
Profit on due to banks, due to non-banks and subordinated murabaha payable	(11,391)	(9,741)
Profit paid by non-banking business entities	-	(345)
NET OPERATING INCOME	36,980	90,602
Staff costs	13,882	13,913
Depreciation	1,075	1,471
Provisions - net	7,127	33,928
Other expenses	9,085	9,558
Operating expenses of non-banking business entities	1,420	6,579
TOTAL OPERATING EXPENSES	32,589	65,449
NET INCOME FOR THE YEAR FROM OPERATIONS	4,391	25,153
ASSETS CLASSIFIED AS HELD FOR SALE		
Net loss for the year from assets classified as held for sale	(3,199)	(14,415)
NET INCOME FOR THE YEAR	1,192	10,738
Attributable to:		
Shareholders of the Parent	1,149	10,742
Non-controlling shareholders	43	(4)
	1,192	10,738

Consolidated Statement of Cash Flows

	2016 BD 000	2015 BD 000
OPERATING ACTIVITIES	4,391	25,153
Net income for the year from operations	4,391	25,153
Net loss for the year from assets classified as held for sale	(3,199)	(14,415)
Net income for the year	1,192	10,738
Adjustments for:		
Share of income from joint ventures and associates	(4,281)	(74,669)
Net gain on sale of investments	(173)	-
Net gain on sale of investment in real estate	(609)	(588)
Net unrealised loss on investments	171	4,575
Net unrealised loss on investment in real estate	1,302	4,550
Dividend income	(71)	(1,050)
Foreign exchange gain	(772)	(407)
Rental income	(107)	(83)
Depreciation	4,451	7,142
Provisions - net	9,632	50,128
Operating income before changes in operating assets and liabilities	10,735	336
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	95	4,540
Due from banks	(11,817)	-
Financing contracts with customers	(95,169)	(1,387)
Receivables, prepayments and other assets	13,579	14,545
Customers' current accounts	31,096	11,292
Due to banks	24,385	109,268
Due to non-banks	123,343	(129,715)
Other liabilities	(11,735)	21,646
Net cash flows from operating activities	84,512	30,525
INVESTING ACTIVITIES	25,618	(19,244)
Sale (purchase) of investments - net	(90,358)	11,683
(Purchase) sale of investment in sukuk - net	-	-
Distributions from investment in joint ventures and associates	-	3,541
Purchase of investment in real estate - net	(498)	(17,025)
Dividend income	71	1,050
Rental income	107	83
Purchase of premises and equipments - net	(3,007)	(2,158)
Net cash flows used in investing activities	(68,067)	(22,070)
FINANCING ACTIVITY	(15,456)	(52,344)
Net movement in equity of investment account holders	(15,456)	(52,344)
Net cash flows used in financing activity	(15,456)	(52,344)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	989	(43,889)
Cash and cash equivalents at 1 January	102,698	146,587
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	103,687	102,698

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 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 income for the year	-	-	-	-	-	-	-	-	1,149	1,149	43	1,192
Other comprehensive loss for the year	-	-	-	-	-	(1,698)	-	(323)	-	(2,021)	-	(2,021)
Total comprehensive (loss) income for the year	-	-	-	-	-	(1,698)	-	(323)	1,149	(872)	43	(829)
Net transfer from property fair value reserve	-	-	-	-	-	-	(578)	-	578	-	-	-
Transfer to statutory reserve	-	-	-	115	-	-	-	-	(115)	-	-	-
Net movement in share of non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	9	9
Balance at 31 December 2016	177,140	71,403	(21,923)	17,757	28,237	(3,574)	30,923	(91)	60,403	360,275	8,316	368,591
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 shareholders	-	-	-	-	-	-	-	-	-	-	(2,523)	(2,523)
Balance at 31 December 2015	177,140	71,403	(21,923)	17,642	28,237	(1,876)	31,501	232	58,791	361,147	8,264	369,411

These statements have been extracted from the consolidated financial statements for the year ended 31 December 2016, audited by EY who have expressed an unqualified opinion on 8 February 2017. These consolidated financial statements were approved by the Board of Directors on 8 February 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

Abdulhaqem Yaqoub Alkhayyat
Managing Director and Chief Executive Officer