

# FINANCIAL RESULTS

30 June 2017 (Reviewed)

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## Interim Consolidated Statement of Financial Position

	Reviewed 30 June 2017 BD 000	Audited 31 Dec 2016 BD 000
<b>ASSETS</b>		
Cash and balances with banks and Central Bank of Bahrain	51,769	56,399
Due from banks	77,454	88,420
Financing contracts with customers	667,475	630,391
Investments	7,806	145,665
Investment in sukuk	139,303	163,772
Investment in joint ventures and associates	11,954	129,302
Investment in real estate	-	301,563
Receivables, prepayments and other assets	285,420	63,458
Premises and equipment	8,662	8,682
	<b>1,249,843</b>	<b>1,587,652</b>
Assets classified as held for sale	20,209	20,272
<b>TOTAL ASSETS</b>	<b>1,270,052</b>	<b>1,607,924</b>
<b>LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY</b>		
<b>LIABILITIES</b>		
Customers' current accounts	138,163	147,630
Due to banks	119,781	277,317
Due to non-banks	212,359	237,864
Other liabilities	42,814	41,919
Subordinated murabaha payable	92,034	91,242
	<b>605,151</b>	<b>795,972</b>
Liabilities classified as held for sale	2,729	2,117
	<b>607,880</b>	<b>798,089</b>
<b>EQUITY OF INVESTMENT ACCOUNT HOLDERS</b>	<b>492,511</b>	<b>441,244</b>
<b>OWNERS' EQUITY</b>		
<b>Equity attributable to shareholders of the Parent</b>		
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	(3,440)	(3,574)
Property fair value reserve	-	30,923
Foreign currency translation reserve	(33)	(91)
Retained earnings	14,332	60,403
	<b>161,135</b>	<b>360,275</b>
<b>Non-controlling shareholders</b>	<b>8,526</b>	<b>8,316</b>
	<b>169,661</b>	<b>368,591</b>
<b>TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY</b>	<b>1,270,052</b>	<b>1,607,924</b>
<b>OFF-BALANCE SHEET</b>		
<b>EQUITY OF INVESTMENT ACCOUNT HOLDERS</b>	<b>135,085</b>	<b>134,970</b>
<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>	<b>111,578</b>	<b>154,797</b>

## Interim Consolidated Statement of Income

	Three months ended 30 June		Six months ended 30 June	
	2017 BD 000	2016 BD 000	2017 BD 000	2016 BD 000
Income from retail and corporate banking activities	11,102	9,386	22,154	17,221
Net income from investment activities	6,630	478	7,153	677
Income from sukuk	1,684	1,013	3,428	1,795
Share of income from joint ventures and associates	247	41	438	2,084
Revenue from non-banking business entities	2,696	999	4,311	2,042
<b>OPERATING INCOME</b>	<b>22,359</b>	<b>11,917</b>	<b>37,484</b>	<b>23,819</b>
Direct cost of non-banking business entities	(2,519)	(539)	(3,534)	(1,369)
<b>OPERATING INCOME AFTER DIRECT COSTS</b>	<b>19,840</b>	<b>11,378</b>	<b>33,950</b>	<b>22,450</b>
Return on equity of investment account holders before Group's share as mudarib	(2,739)	(1,032)	(5,300)	(1,985)
Group's share as mudarib	1,377	-	2,769	-
Return on equity of investment account holders	(1,362)	(1,032)	(2,531)	(1,985)
Profit on due to banks, due to non-banks and subordinated murabaha payable	(3,535)	(2,891)	(6,628)	(5,174)
<b>NET OPERATING INCOME</b>	<b>14,943</b>	<b>7,455</b>	<b>24,791</b>	<b>15,291</b>
Staff costs	3,477	3,505	6,987	6,834
Depreciation	256	280	508	580
Provisions - net	672	(351)	1,225	(336)
Other expenses	2,462	2,024	4,747	4,045
Operating expenses of non-banking business entities	229	136	641	636
<b>TOTAL OPERATING EXPENSES</b>	<b>7,096</b>	<b>5,594</b>	<b>14,108</b>	<b>11,759</b>
<b>NET INCOME FOR THE PERIOD FROM OPERATIONS</b>	<b>7,847</b>	<b>1,861</b>	<b>10,683</b>	<b>3,532</b>
<b>ASSETS CLASSIFIED AS HELD FOR SALE</b>				
Net loss for the period from assets classified as held for sale	-	(112)	-	(350)
<b>NET INCOME FOR THE PERIOD</b>	<b>7,847</b>	<b>1,749</b>	<b>10,683</b>	<b>3,182</b>
<b>Attributable to:</b>				
Shareholders of the Parent	7,863	1,714	10,745	3,146
Non-controlling shareholders	(16)	35	(62)	36
	<b>7,847</b>	<b>1,749</b>	<b>10,683</b>	<b>3,182</b>

## Interim Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2017 BD 000	2016 BD 000
<b>OPERATING ACTIVITIES</b>		
Net income for the period from operations	10,683	3,532
Net loss for the period from assets classified as held for sale	-	(350)
Net income for the period	10,683	3,182
Adjustments for:		
Provisions - net	1,225	(332)
Depreciation	515	2,218
Share of income from joint ventures and associates	(438)	(2,084)
Net gain on sale of investment in real estate	-	(161)
Net gain on sale of investments	(6,780)	(220)
Foreign exchange gain	(161)	(278)
Net unrealised loss on investment in real estate	309	651
Net unrealised loss on investments	31	282
Dividend income	(51)	-
Rental income	(43)	(50)
Operating income before changes in operating assets and liabilities	5,290	3,208
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	(2,530)	105
Due from banks	(93)	(13,162)
Financing contracts with customers	(21,819)	(33,674)
Receivables, prepayments and other assets	(1,745)	3,230
Customers' current accounts	(9,467)	30,147
Due to banks	(39,082)	(38,580)
Due to non-banks	(25,505)	119,795
Other liabilities	2,480	(8,695)
Net cash flows (used in) from operating activities	(92,471)	62,374
<b>INVESTING ACTIVITIES</b>		
(Purchase) disposal of investments - net	(3,759)	1,911
Disposal (purchase) of investment in sukuk - net	24,270	(53,028)
(Purchase) disposal of investment in real estate - net	(87)	458
Distributions from investment in joint ventures and associates	2,962	-
Dividend income	51	-
Rental income	43	50
Purchase of premises and equipment - net	(495)	(1,905)
Net cash flows from (used in) investing activities	22,985	(52,514)
<b>FINANCING ACTIVITY</b>		
Net movement in equity of investment account holders	51,267	(2,029)
Net cash flows from (used in) financing activity	51,267	(2,029)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(18,219)</b>	<b>7,831</b>
Cash and cash equivalents as at 1 January	103,687	102,698
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>85,468</b>	<b>110,529</b>

## 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	-	-	-	-	-	-	-	-	10,745	10,745	(62)	10,683
Other comprehensive income for the period	-	-	-	-	-	57	-	58	-	115	-	115
Total comprehensive income for the period	-	-	-	-	-	57	-	58	10,745	10,860	(62)	10,798
Cancellation of treasury shares	(12,044)	(9,879)	21,923	-	-	-	-	-	-	-	-	-
Reduction of equity on asset transfer	(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	-	-	-	-	-	-	-	-	-	-	272	272
<b>Balance at 30 June 2017</b>	<b>132,519</b>	<b>-</b>	<b>-</b>	<b>17,757</b>	<b>-</b>	<b>(3,440)</b>	<b>-</b>	<b>(33)</b>	<b>14,332</b>	<b>161,135</b>	<b>8,526</b>	<b>169,661</b>
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 period	-	-	-	-	-	-	-	-	3,146	3,146	36	3,182
Other comprehensive (loss) income for the period	-	-	-	-	-	(703)	-	11	-	(692)	-	(692)
Total comprehensive (loss) income for the period	-	-	-	-	-	(703)	-	11	3,146	2,454	36	2,490
Net transfer from property fair value reserve	-	-	-	-	-	-	(265)	-	265	-	-	-
Net movement in share of non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	16	16
<b>Balance at 30 June 2016</b>	<b>177,140</b>	<b>71,403</b>	<b>(21,923)</b>	<b>17,642</b>	<b>28,237</b>	<b>(2,579)</b>	<b>31,236</b>	<b>243</b>	<b>62,202</b>	<b>363,601</b>	<b>8,316</b>	<b>371,917</b>

These statements have been extracted from the interim condensed consolidated financial statements for the six month period ended 30 June 2017, reviewed by EY. These interim condensed consolidated financial statements were approved by the Board of Directors on 23 July 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 Alkhayyat  
Managing Director and Chief Executive Officer

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