

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020 (Reviewed)

	Reviewed 30 September 2020 BD 000	Audited 31 December 2019 BD 000
<b>ASSETS</b>		
Cash and balances with banks and Central Bank of Bahrain	54,880	99,535
Due from banks	91,608	115,216
Financing contracts	987,259	913,907
Investments	3,809	6,156
Investment in sukuk	329,236	270,277
Investment in associate	7,053	8,461
Receivables and other assets	222,310	247,328
Premises and equipment	3,891	9,553
<b>TOTAL ASSETS</b>	<b>1,700,046</b>	<b>1,670,433</b>
<b>LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY</b>		
<b>LIABILITIES</b>		
Customers' current accounts	151,888	128,258
Due to banks	109,009	101,783
Due to non-banks	321,423	222,965
Other liabilities	16,533	15,399
<b>TOTAL LIABILITIES</b>	<b>598,853</b>	<b>468,405</b>
<b>EQUITY OF INVESTMENT ACCOUNT HOLDERS</b>		
Banks	198,256	159,699
Non-banks and individuals	743,188	848,670
<b>TOTAL EQUITY OF INVESTMENT ACCOUNT HOLDERS</b>	<b>941,444</b>	<b>1,008,369</b>
<b>OWNERS' EQUITY</b>		
<b>Equity attributable to shareholders of the Parent</b>		
Share capital	132,519	132,519
Statutory reserve	24,115	24,115
Fair value through equity reserve	1,068	324
Proposed dividend	-	22,517
Retained earnings	(5,697)	3,587
	152,005	183,062
<b>Non-controlling shareholders</b>	<b>7,744</b>	<b>10,597</b>
<b>TOTAL EQUITY</b>	<b>159,749</b>	<b>193,659</b>
<b>TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY</b>	<b>1,700,046</b>	<b>1,670,433</b>
<b>OFF-BALANCE SHEET</b>		
<b>EQUITY OF INVESTMENT ACCOUNT HOLDERS</b>	<b>136,710</b>	<b>135,145</b>
<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>	<b>95,612</b>	<b>108,796</b>

## INTERIM CONSOLIDATED STATEMENT OF INCOME

For the nine months ended 30 September 2020 (Reviewed)

	Three months ended 30 September		Nine months ended 30 September	
	2020 BD 000	2019 BD 000	2020 BD 000	2019 BD 000
Income from financing contracts	14,682	17,203	46,146	48,211
Income from investments	366	495	1,767	1,585
Income from sukuk	3,842	3,493	11,059	10,301
Share of (loss)/ profit from associates	(101)	76	(382)	(94)
<b>OPERATING INCOME</b>	<b>18,789</b>	<b>21,267</b>	<b>58,590</b>	<b>60,003</b>
Return on equity of investment account holders before Group's share as mudarib	(10,033)	(8,473)	(32,263)	(24,279)
Group's share as mudarib	5,557	2,235	16,505	6,949
Return on equity of investment account holders	(4,476)	(6,238)	(15,758)	(17,330)
Profit on due to banks and non-banks	(3,561)	(3,206)	(11,264)	(9,101)
<b>NET OPERATING INCOME</b>	<b>10,752</b>	<b>11,823</b>	<b>31,568</b>	<b>33,572</b>
Staff costs	3,073	3,433	9,242	9,865
Depreciation	306	312	941	970
Provisions - net	877	178	5,982	(238)
Other expenses	2,677	2,284	7,696	6,727
<b>TOTAL OPERATING EXPENSES</b>	<b>6,933</b>	<b>6,207</b>	<b>23,861</b>	<b>17,324</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>3,819</b>	<b>5,616</b>	<b>7,707</b>	<b>16,248</b>
<b>Attributable to:</b>				
Shareholders of the Parent	3,822	5,617	7,713	16,250
Non-controlling shareholders	(3)	(1)	(6)	(2)
	3,819	5,616	7,707	16,248

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2020 (Reviewed)

	Nine months ended 30 September	
	2020 BD 000	2019 BD 000
<b>OPERATING ACTIVITIES</b>		
Net income for the period	7,707	16,248
Adjustments for:		
Provisions - net	5,982	(238)
Depreciation	941	970
Share of loss from associates	382	94
Net gain on sale of investments	(359)	-
Net gain on sale of premises and equipment	-	(5)
Foreign exchange gain	(394)	(615)
Net unrealised gain on investments	-	(180)
Operating income before changes in operating assets and liabilities	14,259	16,274
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	4,433	(95)
Due from banks	7,117	(228)
Financing contracts	(116,189)	(39,815)
Receivables and other assets	20,098	(1,941)
Financial support from government	1,460	-
Customers' current accounts	23,630	2,935
Due to banks	7,226	(63,247)
Due to non-banks	98,458	14,624
Other liabilities	654	3,995
Net cash flows from (used in) operating activities	61,146	(67,498)
<b>INVESTING ACTIVITIES</b>		
Disposal of investments - net	3,450	-
Purchase of investment in sukuk - net	(58,990)	(37,013)
Purchase of premises and equipment - net	(99)	-
Proceeds from disposal of held for sale subsidiary	4,760	(21)
Net cash flows used in investing activities	(50,879)	(37,034)
<b>FINANCING ACTIVITY</b>		
Net movement in equity of investment account holders	(66,925)	165,108
Net cash flows (used in) from financing activity	(66,925)	165,108
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(56,658)</b>	<b>60,576</b>
Cash and cash equivalents at 1 January	176,260	88,701
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b>119,602</b>	<b>149,277</b>

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the nine months ended 30 September 2020 (Reviewed)

	Attributable to shareholders of the Parent						Non - controlling shareholders	Total owners' equity
	Share capital	Statutory reserve	Fair value through equity reserve	Retained earnings	Proposed dividend	Total		
	BD 000	BD 000	BD 000	BD 000	BD 000	BD 000	BD 000	BD 000
Balance at 1 January 2020	132,519	24,115	324	3,587	22,517	183,062	10,597	193,659
Net income for the period	-	-	-	7,713	-	7,713	(6)	7,707
Other comprehensive income for the period	-	-	744	-	-	744	-	744
Total comprehensive income for the period	-	-	744	7,713	-	8,457	(6)	8,451
Dividend	-	-	-	-	(22,517)	(22,517)	-	(22,517)
Recognition of net modification loss	-	-	-	(16,997)	-	(16,997)	-	(16,997)
Net movement in share of non-controlling shareholders	-	-	-	-	-	-	(2,847)	(2,847)
<b>Balance at 30 September 2020</b>	<b>132,519</b>	<b>24,115</b>	<b>1,068</b>	<b>(5,697)</b>	<b>-</b>	<b>152,005</b>	<b>7,744</b>	<b>159,749</b>
Balance at 1 January 2019	132,519	21,613	170	3,587	16,608	174,497	7,766	182,263
Net income for the period	-	-	-	16,250	-	16,250	(2)	16,248
Other comprehensive income for the period	-	-	288	-	-	288	-	288
Total comprehensive income for the period	-	-	288	16,250	-	16,538	(2)	16,536
Dividend	-	-	-	-	(16,608)	(16,608)	-	(16,608)
Net movement in share of non-controlling shareholders	-	-	-	-	-	-	2,840	2,840
<b>Balance at 30 September 2019</b>	<b>132,519</b>	<b>21,613</b>	<b>458</b>	<b>19,837</b>	<b>-</b>	<b>174,427</b>	<b>10,604</b>	<b>185,031</b>

These statements have been extracted from the interim condensed consolidated financial statements for the nine months ended 30 September 2020, reviewed by EY. These interim condensed consolidated financial statements were approved by the Board of Directors on 4th November 2020. 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