

# FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

All amounts are in BD 000's

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION As of 31 December 2017

	31 December 2017 (Audited)	31 December 2016 (Audited)
<b>ASSETS</b>		
Cash and bank balances	75,787	56,006
Placements with financial institutions	33,969	78,714
Financing assets	354,504	355,377
Investment in sukuk	113,347	74,154
Assets acquired for leasing	97,193	92,839
Lease rentals receivables	8,590	2,573
Investment in equity securities	52,203	55,121
Investment in real estate	20,163	21,508
Development property	6,003	6,003
Other assets	15,706	14,496
Property and equipment	7,755	8,208
<b>Total assets</b>	<b>785,220</b>	<b>764,999</b>
<b>LIABILITIES</b>		
Placement from financial institutions	124,265	59,079
Placement from non-financial institutions and individuals	61,359	100,649
Medium-term borrowing	41,308	-
Customers' current accounts	74,833	75,814
Other liabilities	7,953	8,311
<b>Total liabilities</b>	<b>309,718</b>	<b>243,853</b>
<b>Equity of investment account holders</b>	<b>359,818</b>	<b>404,651</b>
<b>OWNERS' EQUITY</b>		
Share capital	105,000	105,000
Statutory reserve	8,159	7,962
Treasury shares	(10,212)	(8,832)
Employee share incentive scheme	(70)	(182)
Retained earnings	10,162	8,751
<b>Total equity attributable to shareholders of the parent</b>	<b>113,039</b>	<b>112,699</b>
Non-controlling interest	2,645	3,796
<b>Total liabilities, equity of investment account holders and owners' equity</b>	<b>785,220</b>	<b>764,999</b>

## CONSOLIDATED INCOME STATEMENT For the year ended 31 December 2017

	31 December 2017 (Audited)	31 December 2016 (Audited)
Income from financing assets and assets acquired for leasing	27,368	26,198
Income from placements with financial institutions	761	643
Income from sukuk	4,736	3,002
Income from equity securities	(1,658)	652
Fees and other income	2,644	5,422
<b>Total income before return to investment account holders</b>	<b>33,851</b>	<b>35,917</b>
Less: Return to investment account holders before Bank's share as Mudarib	(14,884)	(16,286)
Bank's share as a Mudarib	7,436	9,130
<b>Return to investment account holders</b>	<b>(7,448)</b>	<b>(7,156)</b>
Finance expense on placements from financial institutions, non-financial institutions and individuals	(4,612)	(2,976)
Finance expense on medium-term borrowing	(648)	-
<b>Total income</b>	<b>21,143</b>	<b>25,785</b>
Staff cost	6,674	5,988
Other operating expenses	6,181	5,568
<b>Total expenses</b>	<b>12,855</b>	<b>11,556</b>
<b>Profit before impairment allowances</b>	<b>8,288</b>	<b>14,229</b>
Net impairment charge	(7,470)	(8,921)
<b>PROFIT FOR THE YEAR</b>	<b>818</b>	<b>5,308</b>
<b>Attributable to:</b>		
Shareholders of the parent	1,969	5,310
Non-controlling interest	(1,151)	(2)
	<b>818</b>	<b>5,308</b>
<b>Earnings per share</b>	<b>2.04</b>	<b>5.49</b>
Basic and diluted earnings per share (filis)		

## CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 31 December 2017

	31 December 2017 (Audited)	31 December 2016 (Audited)
<b>OPERATING ACTIVITIES</b>		
Receipts / (disbursements) relating to financing assets, net	23,286	(18,071)
Payments for assets acquired for leasing, net	(10,543)	(26,548)
Receipt of profit on short-term placements	760	643
Returns paid to investment account holders	(7,533)	(7,041)
(Withdrawals) / Receipts from investment account holders, net	(44,834)	33,381
Payments of profit on placement	(4,612)	(2,976)
Payments for expenses	(13,228)	(12,364)
Other receipts	2,643	3,879
Payment for charity	(427)	(40)
(Withdrawals) / Receipts in customers' current accounts, net	(981)	9,965
Placement from financial institutions, net	65,186	12,072
Placement from non-financial institutions and individuals, net	(39,290)	52,338
Net payment to CBB reserve account	2,395	(985)
Income from sukuk received	4,015	2,844
Placements with financial institutions	(1,048)	-
<b>Net cash (used in) / generated from operating activities</b>	<b>(24,211)</b>	<b>47,097</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of sukuk	(59,054)	(32,983)
Purchase of equity securities	-	(84)
Proceed from redemption/sale of sukuk	19,465	21,757
Proceed from redemption/sale of equity securities	92	10,236
Proceeds from disposal of development property	-	1,081
Proceeds from disposal of Investment in real estate	700	1,800
Purchase of investment in real estate	(248)	-
Receipt of dividends / income from equity securities	399	708
Disposals / (Purchase) of property and equipment, net	41	(420)
<b>Net cash (used in) / generated from investing activities</b>	<b>(38,605)</b>	<b>2,095</b>
<b>FINANCING ACTIVITIES</b>		
Payment for treasury shares	(1,380)	(696)
Drawdown of medium-term borrowing	41,004	-
Finance expense paid on medium-term borrowing	(425)	-
<b>Net cash generated from / (used in) financing activities</b>	<b>39,199</b>	<b>(696)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(23,617)</b>	<b>48,496</b>
Cash and cash equivalents at 1 January	114,865	66,369
<b>Cash and cash equivalents at 31 December</b>	<b>91,248</b>	<b>114,865</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances (excluding CBB reserve)	58,327	36,151
Placement with financial institutions with original maturity of 90 days or less	32,921	78,714
	<b>91,248</b>	<b>114,865</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2017

31 December 2017 (Audited)	Equity attributable to shareholders of the parent							
	Share capital	Statutory reserve	Treasury shares	Employee share incentive scheme	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2017:	105,000	7,962	(8,832)	(182)	8,751	112,699	3,796	116,495
Profit for the year	-	-	-	-	1,969	1,969	(1,151)	818
<b>Total recognised income and expense for the year</b>	-	-	-	-	1,969	1,969	(1,151)	818
Transfer to statutory reserve	-	197	-	-	(197)	-	-	-
Net treasury shares purchased	-	-	(1,380)	-	-	(1,380)	-	(1,380)
Issue of shares under incentive scheme	-	-	-	112	-	112	-	112
Transfer to Zakah fund	-	-	-	-	(361)	(361)	-	(361)
<b>Balance at 31 December 2017</b>	<b>105,000</b>	<b>8,159</b>	<b>(10,212)</b>	<b>(70)</b>	<b>10,162</b>	<b>113,039</b>	<b>2,645</b>	<b>115,684</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2016

31 December 2016 (Audited)	Equity attributable to shareholders of the parent								
	Share capital	Statutory reserve	Treasury shares	Employee share incentive scheme	Investment fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2016:	100,000	7,411	(8,136)	(284)	(86)	8,998	107,903	3,796	111,701
Movement in fair value of investments	-	-	-	-	322	-	322	-	322
Disposal of equity securities	-	-	-	-	(236)	-	(236)	-	(236)
Profit for the year	-	-	-	-	-	5,310	5,310	(2)	5,308
<b>Total recognised income and expense for the year</b>	-	-	-	-	86	5,310	5,396	(2)	5,394
Issue of Bonus shares	5,000	-	-	-	-	(5,000)	-	-	-
Transfer of statutory reserve	-	551	-	-	-	(551)	-	-	-
Net treasury shares purchased	-	-	(696)	-	-	-	(696)	-	(696)
Issue of shares under incentive scheme	-	-	-	102	-	-	102	-	102
Transfer to Zakah fund	-	-	-	-	-	(6)	(6)	-	(6)
<b>Balance at 31 December 2016</b>	<b>105,000</b>	<b>7,962</b>	<b>(8,832)</b>	<b>(182)</b>	<b>-</b>	<b>8,751</b>	<b>112,699</b>	<b>3,796</b>	<b>116,495</b>

Dr. Ahmed Khalil Al Mutawa  
Chairman

Abdulkarim Ahmed Bucheery  
Vice-Chairman

Tawfeeq Mohamed Bastaki  
Acting Chief Executive Officer

www.khcbonline.com

Licensed by the Central Bank of Bahrain as a Retail Islamic Bank



This information has been extracted from the consolidated financial statements for the year ended 31 December 2017 which were approved by the Board of Directors on 7 February 2018 and audited by KPMG Fakhro who expressed unqualified opinion.