

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2018

	2018 BD '000	2017 BD '000
<b>ASSETS</b>		
Cash and balances with Central Bank of Bahrain	2,218	2,873
Placement with banks and other financial institutions	21,917	27,011
Islamic financing and loans to customers	85,866	114,535
Investment securities	31,144	15,143
Investment in associates	259	419
Investment properties	12,000	12,033
Property and equipment	1,155	1,216
Other assets	3,646	2,940
<b>TOTAL ASSETS</b>	<b>158,205</b>	<b>176,170</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Term loans	50,607	51,674
Deposits	35,001	46,440
Other liabilities	5,106	5,371
<b>Total liabilities</b>	<b>90,714</b>	<b>103,485</b>
<b>Equity</b>		
Share capital	65,000	65,000
Statutory reserve	1,186	1,186
Other capital contribution	4,048	4,048
Other reserves	(150)	181
(Accumulated losses) / retained earnings	(2,580)	2,280
Equity attributable to owners of the Bank	67,504	72,695
Non-controlling interest	(13)	(10)
<b>Total equity</b>	<b>67,491</b>	<b>72,685</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>158,205</b>	<b>176,170</b>

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
For the year ended 31 December 2018

	2018 BD '000	2017 BD '000
<b>Net loss for the year</b>	<b>(1,326)</b>	<b>(7,671)</b>
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>		
Fair value through other comprehensive income reserve (equity instruments)	1	-
<i>Items that will be reclassified to profit or loss in subsequent periods:</i>		
Changes in fair value of investments classified as fair value through other comprehensive income	(312)	-
<b>Total comprehensive loss for the year</b>	<b>(1,637)</b>	<b>(7,671)</b>
<b>Total comprehensive loss attributable to:</b>		
- Owners of the Bank	(1,634)	(7,660)
- Non-controlling interest	(3)	(11)
	<b>(1,637)</b>	<b>(7,671)</b>

The above financial statements have been extracted from the consolidated financial statements on which E&Y issued an unqualified report dated 24 February 2019

Khalid Al Rumaihi  
Chairman

Sanjeev Paul  
Chief Executive Officer

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
For the year ended 31 December 2018

	2018 BD '000	2017 BD '000
<b>Income</b>		
Islamic financing and interest income	8,268	9,004
Islamic financing and interest expense	(1,870)	(2,303)
<b>Net Islamic financing and interest income</b>	<b>6,398</b>	<b>6,701</b>
Fee and commission income	231	407
Investment income	379	177
Rental income	2,007	2,005
Other income	1,171	526
<b>Total operating income</b>	<b>10,186</b>	<b>9,816</b>
<b>Expenses</b>		
Staff costs	(4,324)	(4,626)
Other operating expenses	(3,227)	(4,709)
<b>Total operating expenses</b>	<b>(7,551)</b>	<b>(9,335)</b>
Allowance for expected credit losses / provision - net	(3,982)	(8,152)
Impairment on investment in associates	(92)	-
<b>Total expected credit losses / impairment</b>	<b>(4,074)</b>	<b>(8,152)</b>
<b>Net operating loss</b>	<b>(1,439)</b>	<b>(7,671)</b>
Share of profit from associates	113	-
<b>Net loss for the year</b>	<b>(1,326)</b>	<b>(7,671)</b>
<b>Net loss for the year attributable to:</b>		
- Owners of the Bank	(1,323)	(7,660)
- Non-controlling interest	(3)	(11)
	<b>(1,326)</b>	<b>(7,671)</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2018

	Equity attributable to owners of the Bank							
	Share capital BD '000	Statutory reserve BD '000	Other capital contribution BD '000	Other reserves BD '000	Retained earnings/ (accumulated losses) BD '000	Total BD '000	Non-controlling interest BD '000	Total Equity BD '000
As at 31 December 2017	65,000	1,186	4,048	181	2,280	72,695	(10)	72,685
Impact due to recognition of expected credit losses under IFRS 9	-	-	-	-	(3,557)	(3,557)	-	(3,557)
Impact due to reclassification of investment securities - debt under IFRS 9	-	-	-	(20)	20	-	-	-
Restated opening balance as at 1 January 2018	65,000	1,186	4,048	161	(1,257)	69,138	(10)	69,128
Total comprehensive loss for the year	-	-	-	(311)	(1,323)	(1,634)	(3)	(1,637)
<b>As at 31 December 2018</b>	<b>65,000</b>	<b>1,186</b>	<b>4,048</b>	<b>(150)</b>	<b>(2,580)</b>	<b>67,504</b>	<b>(13)</b>	<b>67,491</b>
	Equity attributable to owners of the Bank							
	Share capital BD '000	Statutory reserve BD '000	Other capital contribution BD '000	Other reserves BD '000	Retained earnings/ BD '000	Total BD '000	Non-controlling interest BD '000	Total Equity BD '000
As at 1 January 2017	65,000	1,186	4,048	181	9,940	80,355	6	80,361
Total comprehensive loss for the year	-	-	-	-	(7,660)	(7,660)	(11)	(7,671)
Minority interest movement	-	-	-	-	-	-	(5)	(5)
<b>As at 31 December 2017</b>	<b>65,000</b>	<b>1,186</b>	<b>4,048</b>	<b>181</b>	<b>2,280</b>	<b>72,695</b>	<b>(10)</b>	<b>72,685</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2018

	2018 BD '000	2017 BD '000
<b>OPERATING ACTIVITIES</b>		
Loss for the year	(1,326)	(7,671)
Adjustments for:		
Depreciation	893	919
Allowance for expected credit losses / provision - net	3,982	8,152
Impairment on investment in associates	92	-
Changes in fair value of investments classified as fair value through profit or loss	(84)	(60)
Dividend income	(90)	(117)
Share of profit from associates	(113)	-
Loss on foreign currency translation	76	51
Operating profit before changes in operating assets and liabilities	3,430	1,274
Changes in operating assets and liabilities:		
Placement with banks and other financial institutions having original maturity of more than 90 days	1,841	2,811
Islamic financing and loans to customers	22,114	16,534
Other assets	(1,630)	(174)
Deposits	(11,439)	(22,776)
Other liabilities	(265)	(235)
<b>Net cash from / (used in) operating activities</b>	<b>14,051</b>	<b>(2,566)</b>
<b>INVESTING ACTIVITIES</b>		
Purchases for property and equipment	(364)	(412)
Purchase of investment securities	(32,065)	(3,068)
Proceeds from sale of investment securities	16,019	2,200
Addition to investment properties *	(435)	(250)
Dividend income received	90	117
<b>Net cash used in investing activities</b>	<b>(16,755)</b>	<b>(1,413)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of term loans	(5,780)	(4,476)
Loan drawn down	4,713	-
<b>Net cash used in financing activities</b>	<b>(1,067)</b>	<b>(4,476)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,771)</b>	<b>(8,455)</b>
Cash and cash equivalents at beginning of the year	16,524	24,979
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>12,753</b>	<b>16,524</b>
<b>Additional information:</b>		
Islamic financing and interest received	7,840	9,072
Islamic financing and interest paid	1,872	2,375

\* The addition to investment properties includes a non-cash item of BD 348 thousand (2017: BD nil).