

FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 September 2013 BD 000's

| | 30 September 2013 (Reviewed) | 31 December 2012 (Audited) |
|---|---------------------------------|-------------------------------|
| ASSETS | | |
| Cash and bank balances | 63,033 | 23,856 |
| Placements with financial institutions | 92,190 | 57,525 |
| Financing assets | 262,873 | 245,745 |
| Investment securities | 95,260 | 100,860 |
| Assets acquired for leasing | 31,844 | 20,938 |
| Lease rentals receivables | 3,619 | 3,035 |
| Investment in associates | 2,796 | 2,887 |
| Investment property | 6,583 | 6,583 |
| Other assets | 15,784 | 2,806 |
| Property and equipment | 8,482 | 8,924 |
| Total assets | 572,464 | 473,159 |
| LIABILITIES | | |
| Placement from financial institutions | 23,841 | 67,732 |
| Placement from non-financial institutions and individuals | 87,751 | 53,416 |
| Customers' current accounts | 30,559 | 11,395 |
| Other liabilities | 6,034 | 4,739 |
| Total liabilities | 148,185 | 137,282 |
| Equity of investment account holders | 305,089 | 216,429 |
| OWNERS' EQUITY | | |
| Share capital | 115,416 | 115,416 |
| Share premium | 1,535 | 1,535 |
| Statutory reserve | 6,425 | 6,425 |
| Treasury shares | (6,060) | (6,060) |
| Unvested employee incentive scheme shares | (291) | (291) |
| Retained earnings | 2,165 | 2,423 |
| Total owners' equity | 119,190 | 119,448 |
| Total liabilities, equity of investment account holders and owners' equity | 572,464 | 473,159 |

CONDENSED CONSOLIDATED INCOME STATEMENT For the nine months ended 30 September 2013 BD 000's

| | Nine months ended | | Three months ended | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 30 September 2013 (Reviewed) | 30 September 2012 (Reviewed) | 30 September 2013 (Reviewed) | 30 September 2012 (Reviewed) |
| Management and other fees | 1,088 | 83 | 254 | - |
| Income from placements with financial institutions | 307 | 167 | 158 | 63 |
| Income from financing assets and assets acquired for leasing | 13,683 | 13,311 | 4,532 | 5,071 |
| Income from investment securities | 1,696 | 791 | 345 | 158 |
| Share of profit of associate companies | - | 215 | - | - |
| Other income | 439 | 297 | 166 | 101 |
| Total income before return to investment account holders | 17,213 | 14,864 | 5,455 | 5,393 |
| Less: return to investment account holders before Bank's share as Mudarib | (9,440) | (7,005) | (3,857) | (2,427) |
| Bank's share as a Mudarib | 3,395 | 2,444 | 1,407 | 881 |
| Return to investment account holders | (6,045) | (4,561) | (2,450) | (1,546) |
| Expense on placements from financial institutions, non-financial institutions and individuals | (2,939) | (2,073) | (1,143) | (790) |
| Total net income | 8,229 | 8,230 | 1,862 | 3,057 |
| Staff cost | 3,882 | 3,800 | 1,136 | 1,361 |
| Depreciation | 873 | 856 | 296 | 284 |
| Other expenses | 2,799 | 2,570 | 807 | 847 |
| Total expenses | 7,354 | 7,226 | 2,239 | 2,492 |
| Profit/(Loss) for the period before impairment allowances | 875 | 1,004 | (377) | 565 |
| Impairment allowances | (905) | (884) | (103) | (317) |
| (LOSS)/PROFIT FOR THE PERIOD | (30) | 120 | (480) | 248 |
| Earnings per share: | | | | |
| Basic earnings per share (fils) | (0.03) | 0.11 | (0.43) | 0.22 |
| Diluted earnings per share (fils) | (0.03) | 0.11 | (0.43) | 0.22 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS For the nine months ended 30 September 2013 BD 000's

| | Nine months ended | |
|---|---------------------------------|---------------------------------|
| | 30 September 2013 (Reviewed) | 30 September 2012 (Reviewed) |
| OPERATING ACTIVITIES | | |
| Disbursements of financing assets, net | (4,136) | (19,431) |
| Payments for assets acquired for leasing, net | (11,606) | (7,763) |
| Management fees received | 850 | 83 |
| Income from short-term placements received | 307 | 167 |
| Returns paid to investment account holders | (4,840) | (4,643) |
| Net receipts from investment account holders | 88,660 | 8,263 |
| Payments for expenses | (575) | (6,773) |
| Other receipts | 493 | 237 |
| Payments for charity | (253) | (288) |
| Net receipts in/(withdrawals from) customers' current accounts | 19,164 | (13,807) |
| Net payment to CBB reserve account | (4,165) | (670) |
| Net cash flows generated from/used in operating activities | 83,899 | (44,565) |
| INVESTING ACTIVITIES | | |
| Purchase of investment securities, net | (17,220) | (5,668) |
| Proceeds from sale/redemption of investment securities | 4,869 | 869 |
| Proceeds from redemption of investment in associates | 91 | - |
| Dividend/income from investment securities received | 760 | 15,446 |
| Purchase of equipment | (227) | (542) |
| Net cash flows (used in)/generated from investing activities | (11,727) | 10,105 |
| FINANCING ACTIVITIES | | |
| Placements from financial institutions, net | (43,891) | 8,228 |
| Placements from non-financial institutions and individuals, net | 34,335 | 9,935 |
| Purchase of treasury shares, net | - | (17) |
| Financing expenses paid | (2,939) | (2,073) |
| Net cash flows (used in)/generated from financing activities | (12,495) | 16,073 |
| Increase/(decrease) in cash and cash equivalents | 59,677 | (18,387) |
| Cash and cash equivalents at beginning of the period | 71,086 | 90,284 |
| Cash and cash equivalents at end of the period | 130,763 | 71,877 |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances (excluding CBB reserve) | 48,573 | 10,387 |
| Placements with financial institutions | 82,190 | 61,490 |
| Total | 130,763 | 71,877 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the nine months ended 30 September 2013 BD 000's

| 30 September 2013 (Reviewed) | Share capital | Share premium | Statutory reserve | Treasury shares | Unvested employee incentive scheme shares | Share grant reserve | Investments fair value reserve | Retained earnings | Total |
|--|----------------|---------------|-------------------|-----------------|---|---------------------|--------------------------------|-------------------|----------------|
| Balance at 1 January 2013 | 115,416 | 1,535 | 6,425 | (6,060) | (291) | - | - | 2,423 | 119,448 |
| Loss for the period | - | - | - | - | - | - | - | (30) | (30) |
| Total recognized income and expense for the period | - | - | - | - | - | - | - | (30) | (30) |
| Transfer to Zakah fund | - | - | - | - | - | - | - | (228) | (228) |
| Balance at 30 September 2013 | 115,416 | 1,535 | 6,425 | (6,060) | (291) | - | - | 2,165 | 119,190 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the nine months ended 30 September 2012 BD 000's

| 30 September 2012 (Reviewed) | Share capital | Share premium | Statutory reserve | Treasury shares | Unvested employee incentive scheme shares | Share grant reserve | Investments fair value reserve | Retained earnings | Total |
|--|----------------|---------------|-------------------|-----------------|---|---------------------|--------------------------------|-------------------|----------------|
| Balance at 1 January 2012 | 115,416 | 1,485 | 6,350 | (6,043) | (420) | 120 | 54 | 1,961 | 118,923 |
| Fair value changes | - | - | - | - | - | - | - | 41 | 41 |
| Transfer on disposal of investments | - | - | - | - | - | - | (95) | - | (95) |
| Profit for the period | - | - | - | - | - | - | - | 120 | 120 |
| Total recognised income and expense for the period | - | - | - | - | - | - | (54) | 120 | 66 |
| Treasury shares acquired | - | - | - | (17) | - | - | - | - | (17) |
| Vesting charge for the period, net of forfeiture | - | - | - | - | - | (36) | - | - | (36) |
| Transfer to Zakah fund | - | - | - | - | - | - | - | (214) | (214) |
| Balance at 30 September 2012 | 115,416 | 1,485 | 6,350 | (6,060) | (420) | 84 | - | 1,867 | 118,722 |

Dr. Fuad Abdulla Al-Omar
Chairman

Abdulrahman Mohammed Jamsheer
Vice-Chairman

Khalil Ismaeel Al-Meer
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 interim condensed consolidated financial statements for the nine months ended 30 September 2013 which were approved by the Board of Directors on 12 November 2013 and reviewed by KPMG.