

## Al Salam Bank - Bahrain B.S.C.

Consolidated Financial Statements for the year ended 31 December 2017.

These statements have been extracted from the consolidated financial statements on which Ernst & Young issued an unqualified audit report dated 13 February 2018.

CONSOLIDATED STATEMENT OF FINANCIAL	31 December	31 December	CONSOLIDATED STATEMENT OF INCOME	31 December	31 December
POSITION	2017	2016	CONSOCIDATED STATEMENT OF INCOME	2017	2016
ASSETS	BD '000	BD '000		BD '000	BD '000
Cash and balances with banks and Central Bank	66,351	131,990	OPERATING INCOME	(0.400	20.050
Sovereign Sukuk	357,778	358,269	Income from financing contracts	43,688	38,850
Murabaha and Wakala receivables from banks	143,803	182,452	Income from Sukuk	16,724	15,930
Corporate Sukuk	10,324	28,934	Gains on sale of investments and Sukuk - net	6,506	15,153
Murabaha financing Mudaraba financing	197,380 308,093	213,687 252,807	Income from investments	1,745 (941)	1,819
Ijarah Muntahia Bittamleek	212,148	188,485	Fair value changes on investments Dividend income	669	2,477 891
Musharaka	19,192	12,304	Foreign exchange gain	1,177	2,146
Assets under conversion	2,771	37,016	Fees, commission and other income - net	12,459	7,929
Non-trading investments	111,325	122,073	rees, commission and other income - net	82,027	85,195
Investments in real estate	52,431	51,863		02,027	00,170
Development properties Investment in associates	6,448 16,835	17,781 10,561	Profit on Murabaha and Wakala payables to banks	(1,831)	(1,910)
Other assets	58,410	27,260	Profit on Wakala payables to non-banks	(15,476)	(18,046)
Goodwill	25,971	25,971	Profit on Murabaha term financing	(2,411)	(2,120)
Assets classified as held-for-sale		19,840	Return on equity of investment accountholders before		
TOTAL ASSETS	1,589,260	1,681,293	Group's share as a Mudarib	(230)	(216)
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND EQUITY			Group's share as a Mudarib	111	97
LIABILITIES				(119)	(119)
Murabaha and Wakala payables to banks	154,641	132,032	Total operating income	62,190	63,000
Murabaha and Wakala payables to non-banks	597,848	723,439	OPERATING EXPENSES		
Current accounts	283,886	279,609	Staff cost	11,528	11,523
Liabilities under conversion	2,729	217	Premises and equipment cost	1,675	2,021
Murabaha term financing Other liabilities	79,786 47,652	91,837 49,043	Depreciation	1,509	3,060
Liabilities relating to assets classified as held-for-sale	47,652	11,421	Other operating expenses	9,553	9,454
TOTAL LIABILITIES	1,166,542	1,287,598	Total operating expenses	24,265	26,058
EQUITY OF INVESTMENT ACCOUNTHOLDERS	118,881	68,796	Total operating expenses	24,265	20,036
EQUITY			PROFIT BEFORE PROVISIONS AND RESULTS OF		
Share capital	214,093	214,093	ASSOCIATES	37,925	36,942
Treasury stock Reserves and retained earnings	(1,879) 76,029	(1,646) 100,213	Net allowance for credit losses/ impairment	(20,656)	(21,573)
Proposed appropriations	76,029 14,987	100,213	Share of profit from associates	786	727
Total equity attributable to shareholders of the Bank	303,230	323,365	Net profit for the year	18,055	16,096
Non-controlling interest	607	1,534	ATTRIBUTABLE TO:		
TOTAL EQUITY	303,837	324,899	- Shareholders of the Bank	18,099	16,219
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND EQUITY	1 500 240	1 401 202	- Non-controlling interest	(44)	(123)
ACCOUNT HOLDERS AND EQUITY	1,589,260	1,681,293	- Non-controlling interest	18,055	16,096
	31 December	31 December	Weighted average number of shares (in '000)		
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	2017	2016		2,125,147 8.5	2,140,820
	BD '000	BD '000	Basic and diluted earnings per share (fils)	8.5	7.6
Balance as of 1 January	324,899	320,002			
Transition adjustment on adoption of FAS 30 as of	(26,771)	_			
1 January 2017  Restated balance as of 1 January	298,128	320,002	TOTAL COMPREHENSIVE INCOME	31 December	31 December
Net profit for the period	18,055	16,096	TOTAL COMPREHENSIVE INCOME	2017	2016
Net changes in fair value	322	574		BD '000	BD '000
Foreign currency re-translation	(211)	(4)	Net profit for the year	18,055	16,096
Dividend paid	(10,638)	(10,705)	Unrealized gain reclassified consolidated income		
Disposal of subsidiaries Purchase of treasury stock	(1,598) (233)	- (1,646)	statement on disposal of fair value through equity investments	(246)	(82)
Movements in non-controlling interest	12	582		(240)	(02)
Balance as of 31 December	303,837	324,899	Unrealised gain on fair value through equity investments	_	675
			Changes in fair value of investments in real estate	(159)	(19)
CONSOLIDATED STATEMENT OF CASH FLOWS	31 December	31 December	-		
	2017	2016	Foreign currency re-translation	(211)	[4]
	BD '000	BD '000	Other comprehensive income for the year	(616)	14 444
Net cash used in operating activities	(178,618)	(56,211)	Total comprehensive income for the year	17,439	16,666
Net cash from investing activities Net cash from financing activities	44,445 27,175	67,517 49,945	Attributable to:		
NET CHANGE IN CASH AND CASH EQUIVALENTS	(106,998)	61,251	- Shareholders of the Bank	17,483	16,778
Cash and cash equivalents at 1 January	284,928	223,677	- Non-controlling interest	(44)	(112)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	177,930	284,928		17,439	16,666

These consolidated financial statements have been authorized for issue in accordance with a resolution of the Board of Directors dated 13 February 2018.