

BBK B.S.C- Interim Condensed Consolidated Financial Statements 30 September 2017 (Reviewed)



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017 (Reviewed)
BD '000s

	Reviewed 30 September 2017	Audited 31 December 2016
ASSETS		
Cash and balances with central banks	282,503	314,368
Treasury bills	422,391	401,635
Deposits and amounts due from banks and other financial institutions	499,651	318,407
Loans and advances to customers	1,697,356	1,767,138
Investment securities	730,902	768,134
Investments in associated companies and joint ventures	45,323	43,923
Interest receivable and other assets	64,567	64,769
Premises and equipment	26,292	24,183
TOTAL ASSETS	3,768,985	3,702,557
LIABILITIES AND EQUITY		
Liabilities		
Deposits and amounts due to banks and other financial institutions	358,111	259,911
Borrowings under repurchase agreement	184,082	184,016
Term borrowings	198,653	206,109
Customers' current, savings and other deposits	2,456,088	2,493,715
Interest payable and other liabilities	81,255	84,591
Total liabilities	3,278,189	3,228,342
Equity		
Share capital	108,165	108,165
Treasury stock	(883)	(1,206)
Perpetual tier 1 convertible capital securities	86,098	86,098
Share premium	41,016	39,919
Statutory reserve	54,082	54,082
General reserve	54,082	54,082
Cumulative changes in fair values	(7,405)	(13,669)
Foreign currency translation adjustments	(9,921)	(11,558)
Retained earnings	163,517	122,830
Appropriations	-	33,666
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE BANK AND CAPITAL SECURITIES' HOLDERS	488,751	472,409
Non-controlling interest	2,045	1,806
Total equity	490,796	474,215
TOTAL LIABILITIES AND EQUITY	3,768,985	3,702,557

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Nine-month period ended 30 September 2017 (Reviewed)
BD '000s

	Three-month ended		Nine-month ended	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
Interest and similar income	35,097	32,991	101,006	97,218
Interest and similar expense	(12,018)	(10,787)	(33,342)	(31,837)
Net interest income	23,079	22,204	67,664	65,381
Share of profit of associated companies and joint ventures	1,360	1,343	3,951	3,712
Other income	12,777	11,751	35,948	31,635
Total operating income	37,216	35,298	107,563	100,728
Staff costs	8,760	8,031	25,844	24,531
Other expenses	3,330	3,848	11,208	11,300
Depreciation	876	821	2,572	2,588
Net provision for credit impairment	11,239	9,530	22,123	19,723
Net provision/(write back) for impairment on investments	-	19	(69)	(756)
Total operating expenses	24,205	22,249	61,678	57,386
PROFIT BEFORE TAXATION	13,011	13,049	45,885	43,342
Net tax provision	(187)	(246)	(637)	(637)
PROFIT FOR THE PERIOD	12,824	12,803	45,248	42,705
Attributable to:				
Owners of the Bank	12,692	12,720	44,875	42,485
Non-controlling interest	132	83	373	220
	12,824	12,803	45,248	42,705
Basic earnings per share (BD)	0.008	0.012	0.038	0.040
Diluted earnings per share (BD)	0.007	0.010	0.032	0.033

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Nine-month period ended 30 September 2017 (Reviewed)
BD '000s

	Three-month ended		Nine-month ended	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
Profit for the period	12,824	12,803	45,248	42,705
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Fair value through other comprehensive income (equity instruments)	(3,210)	(1,722)	(7,927)	(5,423)
Items that are or may be reclassified subsequently to profit or loss				
<i>Movement in translation reserve:</i>				
Foreign currency translation adjustments	(87)	360	1,637	397
<i>Movement in hedging reserve:</i>				
Effective portion of changes in fair value	(11)	202	271	(334)
<i>Movement in fair value reserve (debt instruments - IFRS 9):</i>				
Net change in fair value	2,313	9,393	13,950	(2,011)
Net amount transferred to profit or loss	(496)	1,561	(1,235)	1,081
Other comprehensive income/(loss) for the period	(1,491)	9,794	6,696	(6,290)
Total comprehensive income for the period	11,333	22,597	51,944	36,415
Attributable to:				
Owners of the Bank	11,201	22,514	51,571	36,195
Non-controlling interest	132	83	373	220
	11,333	22,597	51,944	36,415

The consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, segmental information, accounting policies and notes have been extracted from the interim condensed consolidated financial statements of BBK B.S.C. for the nine-month period ended 30 September 2017 which were reviewed by Ernst & Young.

Above information available on www.bbkonline.com

Reviewed by Ernst & Young

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine-month period ended 30 September 2017 (Reviewed)
BD '000s

	Attributable to the owners of the Bank and capital securities' holders					Non-controlling interest	Total equity
	Share capital	Others	Retained earnings	Appropriations	Total		
Balance at 1 January 2017	108,165	207,748	122,830	33,666	472,409	1,806	474,215
Profit for the period	-	-	44,875	-	44,875	373	45,248
Other comprehensive income for the period	-	7,901	(1,205)	-	6,696	-	6,696
Total comprehensive income	-	7,901	43,670	-	51,571	373	51,944
Distribution on perpetual tier 1 convertible capital securities issued	-	-	(3,551)	-	(3,551)	-	(3,551)
Share - based payments	-	-	568	-	568	-	568
Dividends paid	-	-	-	(32,266)	(32,266)	(134)	(32,400)
Donations	-	-	-	(1,400)	(1,400)	-	(1,400)
Movement in treasury stock	-	1,420	-	-	1,420	-	1,420
Balance at 30 September 2017	108,165	217,069	163,517	-	488,751	2,045	490,796
Balance at 1 January 2016 (Restated)	108,165	100,961	107,560	30,586	347,272	1,562	348,834
Profit for the period (Restated)	-	-	42,485	-	42,485	220	42,705
Other comprehensive loss for the period (Restated)	-	(5,075)	(1,215)	-	(6,290)	-	(6,290)
Total comprehensive income (Restated)	-	(5,075)	41,270	-	36,195	220	36,415
Perpetual tier 1 convertible capital securities	-	86,098	-	-	86,098	-	86,098
Expenses related to perpetual-tier 1 convertible capital securities issued	-	-	(180)	-	(180)	-	(180)
Share-based payments	-	-	(212)	-	(212)	-	(212)
Dividends paid	-	-	-	(26,611)	(26,611)	(93)	(26,704)
Donations	-	-	-	(1,400)	(1,400)	-	(1,400)
Transfer to general reserve 2015	-	2,575	-	(2,575)	-	-	-
Movement in treasury stock	-	3,522	-	-	3,522	-	3,522
Balance at 30 September 2016 (Restated)	108,165	188,081	148,438	-	444,684	1,689	446,373

CONSOLIDATED STATEMENT OF CASH FLOWS

Nine-month period ended 30 September 2017 (Reviewed)
BD '000s

	Nine-month ended	
	30-Sep-17	30-Sep-16
Net cash from/(used in) operating activities	39,641	(89,206)
Net cash from/(used in) investing activities	44,614	(51,398)
Net cash (used in)/from financing activities	(45,403)	61,429
Foreign currency translation adjustments	1,637	397
NET CHANGE IN CASH AND CASH EQUIVALENTS	40,489	(78,778)
Cash and cash equivalents at beginning of the period	537,604	533,116
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	578,093	454,338

SEGMENTAL INFORMATION

Nine-month period ended 30 September 2017 (Reviewed)
BD '000s

30 September 2017	Retail banking	Corporate banking	International banking	Investment, treasury and other activities	Total
Operating income before share of profit of associated companies and joint ventures	34,968	21,845	16,821	29,978	103,612
Segment result	11,997	(1,360)	765	29,895	41,297
Share of profit of associated companies and joint ventures	3,879	-	-	72	3,951
Profit for the period					45,248
Profit attributable to non-controlling interest					(373)
Profit attributable to the owners of the Bank					44,875

30 September 2016 (Restated)	Retail banking	Corporate banking	International banking	Investment, treasury and other activities	Total
Operating income before share of profit of associated companies and joint ventures	31,076	22,373	18,109	25,458	97,016
Segment result	8,418	5,304	(122)	25,393	38,993
Share of profit of associated companies and joint ventures	3,712	-	-	-	3,712
Profit for the period					42,705
Profit attributable to non-controlling interest					(220)
Profit attributable to the owners of the Bank					42,485

Accounting policies and Notes :

- The interim condensed consolidated financial statements of the Group for the nine-month period ended 30 September 2017 are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2016. In addition, results for the nine-month period ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.
- Other income for the nine-month period ended 30 September 2017 includes BD 3,170 thousand (30 September 2016: BD 2,904 thousand) of dividend income, which is of a seasonal nature.
- During the year ended 31 December 2016, the Bank completed an issue of BD 86,098 thousand Basel III compliant Additional Tier I Convertible Perpetual Capital Securities. Distribution Payment Amounts shall be payable subject to and in accordance with terms and conditions on the outstanding nominal amount of the Capital Securities at rate of 8.25 per cent per annum. These securities are recognised under equity in the consolidated statement of financial position and the corresponding coupon on those securities are accounted as appropriation of profits. Expenses relating to this issuance have been included in retained earnings. Securities' holders will not have a right to claim the coupon and such event will not be considered as event of default.
- At the Annual General Meeting held on 29 March 2017, the shareholders approved the proposed appropriations of the year ended 31 December 2016.
- The comparative figures in the interim consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the nine-month period ended 30 September 2017, have been restated since the Group early adopted IFRS 9 on the audited consolidated financial statements for the year ended 31 December 2016, with a date of initial application of 1 January 2016.

Murad Ali Murad
Chairman

Aref Saleh Khamis
Deputy Chairman

Reyadh Yousef Sater
Chief Executive