

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



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Reviewed 30 June 2017	Audited 31 December 2016
<b>ASSETS</b>		
Cash and balances with central banks	237,022	314,368
Treasury bills	415,082	401,635
Deposits and amounts due from banks and other financial institutions	255,391	318,407
Loans and advances to customers	1,695,530	1,767,138
Investment securities	765,485	768,134
Investments in associated companies and joint ventures	44,478	43,923
Interest receivable and other assets	54,071	64,769
Premises and equipment	25,964	24,183
<b>TOTAL ASSETS</b>	<b>3,493,849</b>	<b>3,702,557</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Deposits and amounts due to banks and other financial institutions	378,874	259,911
Borrowings under repurchase agreement	184,082	184,016
Term borrowings	198,294	206,109
Customers' current, savings and other deposits	2,171,377	2,493,715
Interest payable and other liabilities	81,981	84,591
<b>Total liabilities</b>	<b>3,014,608</b>	<b>3,228,342</b>
<b>Equity</b>		
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	(6,409)	(13,669)
Foreign currency translation adjustments	(9,834)	(11,558)
Retained earnings	151,012	122,830
Appropriations	-	33,666
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE BANK AND CAPITAL SECURITIES' HOLDERS</b>	<b>477,329</b>	<b>472,409</b>
Non-controlling interest	1,912	1,806
<b>Total equity</b>	<b>479,241</b>	<b>474,215</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,493,849</b>	<b>3,702,557</b>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six-month period ended 30 June 2017 (Reviewed)  
BD '000s

	Three-month ended		Six-month ended	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
Interest and similar income	32,765	33,276	65,909	64,227
Interest and similar expense	(10,794)	(10,510)	(21,324)	(21,050)
<b>Net interest income</b>	<b>21,971</b>	<b>22,766</b>	<b>44,585</b>	<b>43,177</b>
Share of profit of associated companies and joint ventures	1,355	1,173	2,591	2,369
Other income	11,438	9,861	23,171	19,884
<b>Total operating income</b>	<b>34,764</b>	<b>33,800</b>	<b>70,347</b>	<b>65,430</b>
Staff costs	8,616	7,907	17,084	16,500
Other expenses	4,026	3,798	7,878	7,452
Depreciation	853	1,021	1,696	1,767
Net provision for credit impairment	4,555	5,677	10,884	10,193
Net provision/(write back) for impairment on investments	5	(21)	(69)	(775)
<b>Total operating expenses</b>	<b>18,055</b>	<b>18,382</b>	<b>37,473</b>	<b>35,137</b>
<b>PROFIT BEFORE TAXATION</b>	<b>16,709</b>	<b>15,418</b>	<b>32,874</b>	<b>30,293</b>
Net tax provision	(168)	(154)	(450)	(391)
<b>PROFIT FOR THE PERIOD</b>	<b>16,541</b>	<b>15,264</b>	<b>32,424</b>	<b>29,902</b>
<b>Attributable to:</b>				
Owners of the Bank	16,421	15,178	32,183	29,765
Non-controlling interest	120	86	241	137
	16,541	15,264	32,424	29,902
Basic earnings per share (BD)	0.012	0.014	0.027	0.028
Diluted earnings per share (BD)	0.010	0.012	0.022	0.023

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Six-month period ended 30 June 2017 (Reviewed)  
BD '000s

	Three-month ended		Six-month ended	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
<b>Profit for the period</b>	<b>16,541</b>	<b>15,264</b>	<b>32,424</b>	<b>29,902</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Fair value through other comprehensive income (equity instruments)	493	448	(980)	(3,701)
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
<i>Movement in translation reserve:</i>				
Foreign currency translation adjustments	497	(394)	1,724	37
<i>Movement in hedging reserve:</i>				
Effective portion of changes in fair value	(259)	(275)	282	(536)
<i>Movement in fair value reserve (debt instruments - IFRS 9):</i>				
Net change in fair value	(4,237)	1,009	9,778	(11,404)
Net amount transferred to profit or loss	(1,679)	(177)	(2,617)	(480)
<b>Other comprehensive income/(loss) for the period</b>	<b>(5,185)</b>	<b>611</b>	<b>8,187</b>	<b>(16,084)</b>
<b>Total comprehensive income for the period</b>	<b>11,356</b>	<b>15,875</b>	<b>40,611</b>	<b>13,818</b>
<b>Attributable to:</b>				
Owners of the Bank	11,236	15,789	40,370	13,681
Non-controlling interest	120	86	241	137
	11,356	15,875	40,611	13,818

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 six-month period ended 30 June 2017 which were reviewed by Ernst & Young.

Above information available on www.bbkonline.com

Reviewed by Ernst & Young

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six-month period ended 30 June 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	-	-	32,183	-	32,183	241	32,424
Other comprehensive income for the period	-	8,984	(797)	-	8,187	-	8,187
Total comprehensive income	-	8,984	31,386	-	40,370	241	40,611
Distribution on perpetual tier 1 convertible capital securities	-	-	(3,551)	-	(3,551)	-	(3,551)
Share - based payments	-	-	347	-	347	-	347
Dividends paid	-	-	-	(32,266)	(32,266)	(135)	(32,401)
Donations	-	-	-	(1,400)	(1,400)	-	(1,400)
Movement in treasury stock	-	1,420	-	-	1,420	-	1,420
<b>Balance at 30 June 2017</b>	<b>108,165</b>	<b>218,152</b>	<b>151,012</b>	<b>-</b>	<b>477,329</b>	<b>1,912</b>	<b>479,241</b>
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)	-	-	29,765	-	29,765	137	29,902
Other comprehensive loss for the period (Restated)	-	(14,869)	(1,215)	-	(16,084)	-	(16,084)
Total comprehensive income (Restated)	-	(14,869)	28,550	-	13,681	137	13,818
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	-	-	(382)	-	(382)	-	(382)
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	-	3,719	-	-	3,719	-	3,719
<b>Balance at 30 June 2016 (Restated)</b>	<b>108,165</b>	<b>178,484</b>	<b>135,548</b>	<b>-</b>	<b>422,197</b>	<b>1,606</b>	<b>423,803</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

Six-month period ended 30 June 2017 (Reviewed)  
BD '000s

	Six-month ended	
	30-Jun-17	30-Jun-16
Net cash (used in)/from operating activities	(117,093)	25,107
Net cash from/(used in) investing activities	11,141	(64,071)
Net cash (used in)/from financing activities	(45,403)	61,626
Foreign currency translation adjustments	1,724	37
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(149,631)</b>	<b>22,699</b>
Cash and cash equivalents at beginning of the period	537,604	533,116
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>387,973</b>	<b>555,815</b>

## SEGMENTAL INFORMATION

Six-month period ended 30 June 2017 (Reviewed)  
BD '000s

30 June 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	22,701	14,002	11,324	19,729	67,756
Segment result	7,924	(850)	3,095	19,664	29,833
Share of profit of associated companies and joint ventures	2,519	-	-	72	2,591
Profit for the period					32,424
Profit attributable to non-controlling interest					(241)
<b>Profit attributable to the owners of the Bank</b>					<b>32,183</b>

30 June 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	20,195	15,218	12,536	15,112	63,061
Segment result	5,550	2,270	4,919	14,794	27,533
Share of profit of associated companies and joint ventures	2,369	-	-	-	2,369
Profit for the period					29,902
Profit attributable to non-controlling interest					(137)
<b>Profit attributable to the owners of the Bank</b>					<b>29,765</b>

## Accounting policies and Notes :

- The interim condensed consolidated financial statements of the Group for the six-month period ended 30 June 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 six-month period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.
- Other income for the six-month period ended 30 June 2017 includes BD 1,617 thousand (30 June 2016: BD 2,213 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 six-month period ended 30 June 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