

# BBK B.S.C- Interim Condensed Consolidated Financial Statements

## 31 March 2017 (Reviewed)



### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017 (Reviewed)  
BD '000s

	Reviewed 31 March 2017	Audited 31 December 2016
<b>ASSETS</b>		
Cash and balances with central banks	314,175	314,368
Treasury bills	353,836	401,635
Deposits and amounts due from banks and other financial institutions	202,402	318,407
Loans and advances to customers	1,770,013	1,767,138
Investment securities	791,191	768,134
Investments in associated companies and joint ventures	45,464	43,923
Interest receivable and other assets	61,235	64,769
Premises and equipment	23,965	24,183
<b>TOTAL ASSETS</b>	<b>3,562,281</b>	<b>3,702,557</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Deposits and amounts due to banks and other financial institutions	341,986	259,911
Borrowings under repurchase agreement	184,082	184,016
Term borrowings	206,448	206,109
Customers' current, savings and other deposits	2,254,857	2,493,715
Interest payable and other liabilities	104,956	84,591
<b>Total liabilities</b>	<b>3,092,329</b>	<b>3,228,342</b>
<b>Equity</b>		
Share capital	108,165	108,165
Treasury stock	(1,232)	(1,206)
Perpetual tier 1 convertible capital securities	86,098	86,098
Share premium	39,919	39,919
Statutory reserve	54,082	54,082
General reserve	54,082	54,082
Cumulative changes in fair values	(1,524)	(13,669)
Foreign currency translation adjustments	(10,331)	(11,558)
Retained earnings	138,766	122,830
Appropriations	-	33,666
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE BANK AND CAPITAL SECURITIES' HOLDERS</b>	<b>468,025</b>	<b>472,409</b>
Non-controlling interest	1,927	1,806
<b>Total equity</b>	<b>469,952</b>	<b>474,215</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,562,281</b>	<b>3,702,557</b>

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Three-month period ended 31 March 2017 (Reviewed)  
BD '000s

	Three-month ended	
	31-Mar-17	(Restated) 31-Mar-16
Interest and similar income	33,143	30,951
Interest and similar expense	(10,530)	(10,540)
<b>Net interest income</b>	<b>22,613</b>	<b>20,411</b>
Share of profit of associated companies and joint ventures	1,236	1,196
Other income	11,733	10,022
<b>Total operating income</b>	<b>35,582</b>	<b>31,629</b>
Staff costs	8,468	8,593
Other expenses	3,851	3,654
Depreciation	843	746
Net provision for credit impairment	6,329	4,515
Net write back for impairment on investments	(74)	(754)
<b>Total operating expenses</b>	<b>19,417</b>	<b>16,754</b>
<b>PROFIT BEFORE TAXATION</b>	<b>16,165</b>	<b>14,875</b>
Net tax provision	(282)	(237)
<b>PROFIT FOR THE PERIOD</b>	<b>15,883</b>	<b>14,638</b>
Attributable to:		
Owners of the Bank	15,762	14,587
Non-controlling interest	121	51
	<b>15,883</b>	<b>14,638</b>
Basic earnings per share (BD)	0.015	0.014
Diluted earnings per share (BD)	0.012	0.011

### CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Three-month period ended 31 March 2017 (Reviewed)  
BD '000s

	Three-month ended	
	31-Mar-17	(Restated) 31-Mar-16
<b>Profit for the period</b>	<b>15,883</b>	<b>14,638</b>
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss		
Fair value through other comprehensive income reserve (equity instruments)	(1,473)	(2,934)
<b>Items that are or may be reclassified subsequently to profit or loss</b>		
Movement in translation reserve:		
Foreign currency translation adjustments	1,227	431
Movement in hedging reserve:		
Effective portion of changes in fair value	541	(261)
Movement in fair value reserve (debt instruments - IFRS 9):		
Net change in fair value	14,015	(12,413)
Net amount transferred to profit or loss	(938)	(303)
<b>Other comprehensive income/ (loss) for the period</b>	<b>13,372</b>	<b>(15,480)</b>
<b>Total comprehensive income/ (loss) for the period</b>	<b>29,255</b>	<b>(842)</b>
Attributable to:		
Owners of the Bank	29,134	(893)
Non-controlling interest	121	51
	<b>29,255</b>	<b>(842)</b>

The consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity, segmental information, accounting policies and notes have been extracted from the interim condensed consolidated financial statements of BBK B.S.C. for the three-month period ended 31 March 2017 which were reviewed by Ernst & Young.

Above information available on www.bbkonline.com

Reviewed by Ernst & Young

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three-month period ended 31 March 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	-	-	15,762	-	15,762	121	15,883
Other comprehensive income for the period	-	13,372	-	-	13,372	-	13,372
Total comprehensive income	-	13,372	15,762	-	29,134	121	29,255
Share - based payments	-	-	174	-	174	-	174
Dividends paid	-	-	-	(32,266)	(32,266)	-	(32,266)
Donations	-	-	-	(1,400)	(1,400)	-	(1,400)
Movement in treasury stock	-	(26)	-	-	(26)	-	(26)
<b>Balance at 31 March 2017</b>	<b>108,165</b>	<b>221,094</b>	<b>138,766</b>	<b>-</b>	<b>468,025</b>	<b>1,927</b>	<b>469,952</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)	-	-	14,587	-	14,587	51	14,638
Other comprehensive loss for the period (Restated)	-	(15,480)	-	-	(15,480)	-	(15,480)
Total comprehensive loss (Restated)	-	(15,480)	14,587	-	(893)	51	(842)
Share-based payments	-	-	32	-	32	-	32
Dividends paid	-	-	-	(26,611)	(26,611)	-	(26,611)
Donations	-	-	-	(1,400)	(1,400)	-	(1,400)
Transfer to general reserve 2015	-	2,575	-	(2,575)	-	-	-
<b>Balance at 31 March 2016 (Restated)</b>	<b>108,165</b>	<b>88,056</b>	<b>122,179</b>	<b>-</b>	<b>318,400</b>	<b>1,613</b>	<b>320,013</b>

### CONSOLIDATED STATEMENT OF CASH FLOWS

Three-month period ended 31 March 2017 (Reviewed)  
BD '000s

	Three-month ended	
	31-Mar-17	(Restated) 31-Mar-16
Net cash (used in) from operating activities	(57,657)	151,909
Net cash used in investing activities	(11,345)	(20,044)
Net cash used in financing activities	(33,692)	(28,011)
Foreign currency translation adjustments	1,227	431
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(101,467)</b>	<b>104,285</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>436,137</b>	<b>637,401</b>

### SEGMENTAL INFORMATION

Three-month period ended 31 March 2017 (Reviewed)  
BD '000s

	Retail banking	Corporate banking	International banking	Investment, treasury and other activities	Total
31 March 2017					
Operating income before share of profit of associated companies and joint ventures	11,044	7,204	5,801	10,297	34,346
Segment result	2,545	1,069	681	10,352	14,647
Share of profit of associated companies and joint ventures	1,240	-	-	(4)	1,236
Profit for the period					15,883
Profit attributable to non-controlling interest					(121)
<b>Profit attributable to the owners of the Bank</b>					<b>15,762</b>

	Retail banking	Corporate banking	International banking	Investment, treasury and other activities	Total
31 March 2016 (Restated)					
Operating income before share of profit of associated companies and joint ventures	9,559	7,475	6,278	7,121	30,433
Segment result	2,072	1,454	2,639	7,277	13,442
Share of profit of associated companies and joint ventures	1,196	-	-	-	1,196
Profit for the period					14,638
Profit attributable to non-controlling interest					(51)
<b>Profit attributable to the owners of the Bank</b>					<b>14,587</b>

### Accounting policies and Notes :

- The interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 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 three-month period ended 31 March 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.
- Other income for the three-month period ended 31 March 2017 includes BD 1,252 thousand (31 March 2016: BD 1,253 thousand) of dividend income, which is of a seasonal nature.
- During the year 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 three-month period ended 31 March 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