

CONDENSED INTERIM FINANCIAL INFORMATION

For the 6 months ended 30 June 2017

Condensed Statement of Financial Position

As at 30 June 2017	BD Millions		
	30 June 2017 (Reviewed)	31 December 2016 (Audited)	30 June 2016 (Reviewed)
Assets			
Cash and balances at central banks	109.25	102.99	102.42
Treasury bills	502.04	486.80	595.10
Placements with banks and other financial institutions	111.55	160.90	112.04
Trading Securities	0.50	0.35	0.30
Loans and advances	1,054.35	1,031.93	1,028.85
Investment securities	1,106.64	1,092.92	1,032.27
Investment in associates	49.53	50.08	48.82
Interest receivable and other assets	41.77	38.71	33.87
Property and equipment	12.82	12.42	12.59
Total assets	2,988.45	2,977.10	2,966.26
Liabilities			
Due to banks and other financial institutions	386.78	373.81	392.27
Borrowings under repurchase agreements	9.27	64.28	-
Customers' deposits	2,143.04	2,088.35	2,195.90
Interest payable and other liabilities	32.43	35.96	34.81
Total liabilities	2,571.52	2,562.40	2,622.98
Equity			
Share capital	127.54	115.95	115.95
Shares under employee share incentive scheme	(1.54)	(1.64)	(1.64)
Share premium	4.07	2.53	2.53
Statutory reserve	63.77	57.98	57.98
General reserve	32.40	32.40	32.40
Other reserves and retained earnings	190.69	207.48	136.06
Total equity	416.93	414.70	343.28
Total liabilities and equity	2,988.45	2,977.10	2,966.26

Condensed Statement of Profit or Loss

For the 6 months ended 30 June 2017 (Reviewed)	BD Millions			
	Six months (January-June)		Three months (April-June)	
	2017	2016	2017	2016
Interest Income	48.77	42.59	24.96	21.64
Interest Expense	(13.82)	(10.77)	(7.12)	(5.60)
Net interest income	34.95	31.82	17.84	16.04
Other income	18.67	19.70	9.07	9.23
Total operating income	53.62	51.52	26.91	25.27
Staff expenses	10.48	10.87	5.25	5.33
Other expenses	5.13	4.99	2.70	2.64
Total operating expenses	15.61	15.86	7.95	7.97
Profit before provisions	38.01	35.66	18.96	17.30
Impairment provisions on Loans and advances	(6.27)	(1.49)	(1.96)	(1.49)
Impairment provisions on investments	-	(2.45)	-	(1.85)
Profit for the period	31.74	31.72	17.00	13.96
Basic and diluted earnings per share	25.2 fils	25.2 fils	13.5 fils	11.1 fils

Condensed Statement of Comprehensive Income

For the 6 months ended 30 June 2017 (Reviewed)	BD Millions			
	Six months (January-June)		Three months (April-June)	
	2017	2016	2017	2016
Profit for the period	31.74	31.72	17.00	13.96
Other comprehensive income:				
Items that are or may be reclassified to profit or loss:				
Foreign currency translation movement	-	(0.01)	-	-
Fair value reserve (available-for-sale securities):				
Net change in fair value	(1.57)	(26.07)	(13.88)	3.49
Net amount transferred to profit or loss	(0.35)	(1.88)	(0.35)	(1.77)
Share of other comprehensive income of associates	(0.02)	0.02	-	0.03
Total other comprehensive income for the period	(1.94)	(27.94)	(14.23)	1.75
Total comprehensive income for the period	29.80	3.78	2.77	15.71

Operating Segment Information

For the 6 months ended 30 June 2017 (Reviewed)	BD Millions							
	Personal Banking		Bahrain Business Banking		Treasury & International Banking		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
External revenue	14.83	15.38	9.89	7.17	42.72	39.74	67.44	62.29
External expense	(4.74)	(3.04)	(5.64)	(6.10)	(3.44)	(1.63)	(13.82)	(10.77)
Inter-segment interest income/(expense)	6.80	4.63	5.52	5.86	(12.32)	(10.49)	-	-
Total revenue	16.89	16.97	9.77	6.93	26.96	27.62	53.62	51.52
Result	10.24	9.80	(0.48)	2.04	23.00	20.79	32.76	32.63
Unallocated corporate expenses	-	-	-	-	(1.02)	(0.91)	-	-
Profit for the period	10.24	9.80	(0.48)	2.04	21.98	19.88	31.74	31.72

Farouk Yousuf Khalil Almoayyed
Chairman

Dr. Essam Abdulla Fakhro
Deputy Chairman

Jean Christophe Durand
Chief Executive Officer

19 July 2017

Accounting Policies and Notes:

- Significant Accounting Policies and Financial Risk Management:** There have been no changes in the Bank's Significant Accounting Policies and Risk Management Framework as set out on pages 69 to 79 of the Bank's 2016 annual report.
- Statement of Compliance:** This condensed interim financial information has been prepared in compliance with International Accounting Standard 34 "Interim Financial Reporting".
- Dividend Income:** For 6 months ended 30 June 2017, Other Income includes BD 2.68 million (June 2016: BD 3.55 million) of dividend income received from the Bank's investments in equity securities. This income is of a seasonal nature.
- Appropriations:** At the annual ordinary general meeting for the year 2016 which was held on 8 March 2017, certain appropriations were approved and effected during the period. These appropriations include BD 28.99 million (BD 28.65 million excluding dividends on un allocated shares under employee share incentive scheme) for cash dividend at 25%, BD 2.91 million for donations and contributions and a transfer of BD 17.38 million from retained earnings to general reserve, increase in paid up capital due to a one for ten bonus issue through utilization of BD 11.59 million from general reserve and the transfer of BD 5.79 million from General Reserve to Statutory Reserve.

Condensed Statement of Cash Flows

For the 6 months ended 30 June 2017 (Reviewed)	BD Millions	
	2017	2016
Cash flow from operating activities		
Profit for the period	31.74	31.72
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	0.85	0.81
Impairment provisions for loans and advances	6.27	1.49
Impairment provisions for investment	-	2.45
Share of profit of associates	(1.76)	(1.70)
Profit for the period after adjustments	37.10	34.77
Change in operating assets and liabilities:		
Balances with central banks (mandatory cash reserve)	2.63	2.62
Treasury bills	(46.45)	(196.03)
Placements with banks and other financial institutions	3.45	(29.28)
Trading Securities	(0.15)	5.73
Loans and advances	(28.69)	22.88
Investment securities	(8.19)	54.75
Interest receivable and other assets	(11.07)	(32.06)
Due to banks and other financial institutions	12.97	120.78
Borrowings under repurchase agreements	(55.01)	(69.65)
Customers' deposits	54.69	(51.12)
Interest payable and other liabilities	(3.53)	1.32
Net cash used in operating activities	(42.25)	(135.29)
Cash flow from investing activities		
Investment in associates	-	(10.00)
Dividend received from associates	2.29	0.65
Purchase of property & equipment, net	(1.25)	(0.89)
Net cash from / (used in) investing activities	1.04	(10.24)
Cash flow from financing activities		
Dividends paid	(28.08)	(25.39)
Employee shares assigned under employee share incentive scheme	1.78	1.55
Donations and charities paid	(0.70)	(0.82)
Net cash used in financing activities	(27.00)	(24.66)
Net decrease in cash and cash equivalents during the period	(68.21)	(170.19)
Cash and cash equivalents at 1 January	208.86	372.65
Cash and cash equivalents at 30 June	140.65	202.46

Contingent Liabilities and Banking Commitments

As at 30 June 2017	BD Millions		
	30 June 2017 (Reviewed)	31 December 2016 (Audited)	30 June 2016 (Reviewed)
Contingent liabilities			
Letters of credits	32.16	27.49	37.46
Guarantees	160.91	158.10	146.27
Sub-total	193.07	185.59	183.73
Banking commitments			
Undrawn loan commitments	103.93	58.19	64.08
Forward commitments	-	-	3.76
Interest rate contracts	595.88	644.69	567.42
Foreign exchange contracts	626.56	572.81	615.94
Sub-total	1,326.37	1,275.69	1,251.20
Total	1,519.44	1,461.28	1,434.93

Condensed Statement of Changes in Equity

For the 6 months ended 30 June 2017 (Reviewed)	BD Millions								
	Shares under employee capital			Other reserves and retained earnings			Total equity		
	Share capital	Share incentive scheme	Share premium	Statutory reserve	General reserve	Fair value reserve	Donation & charity reserve	Retained earnings	Total equity
Balance at 1 January 2017	115.95	(1.64)	2.53	57.98	32.40	25.26	14.66	167.56	414.70
2016 appropriations:									
- Cash Dividend at 25%	-	-	-	-	-	-	-	(28.65)	(28.65)
- Bonus shares issued (10%)	11.59	(0.14)	-	-	(11.59)	-	-	0.14	-
- Transfer to donations and charity	-	-	-	-	-	-	2.91	(2.91)	-
- Transfer to general reserve	-	-	-	-	17.38	-	-	(17.38)	-
- Transfer to statutory reserve	-	-	-	5.79	(5.79)	-	-	-	-
Balance after 2016 appropriations	127.54	(1.78)	2.53	63.77	32.40	25.26	17.57	118.76	386.05
Shares allocated during the period	-	0.24	1.54	-	-	-	-	-	1.78
Comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	31.74	31.74
Other comprehensive income	-	-	-	-	-	(1.94)	-	-	(1.94)
Total comprehensive income for the period	-	-	-	-	-	(1.94)	-	31.74	29.80
Utilisation of donation and charity reserve	-	-	-	-	-	-	(0.70)	-	(0.70)
Balance at 30 June 2017	127.54	(1.54)	4.07	63.77	32.40	23.32	16.87	150.50	416.93

For the 6 months ended 30 June 2016 (Reviewed)	BD Millions								
	Shares under employee capital			Other reserves and retained earnings			Total equity		
	Share capital	Share incentive scheme	Share premium	Statutory reserve	General reserve	Fair value reserve	Donation & charity reserve	Retained earnings	Total equity
Balance at 1 January 2016	105.41	(1.72)	1.21	51.75	32.40	7.62	13.40	154.69	364.76
2015 appropriations:									
- Cash Dividend at 25%	-	-	-	-	-	-	-	(25.98)	(25.98)
- Bonus shares issued	10.54	(0.15)	-	-	(10.54)	-	-	0.15	-
- Transfer to donations and charity	-	-	-	-	-	-	2.76	(2.76)	-
- Transfer to general / statutory reserve	-	-	-	0.96	15.81	-	-	(16.77)	-
- Transfer to statutory reserve	-	-	-	5.27	(5.27)	-	-	-	-
Balance after 2015 appropriations	115.95	(1.87)	1.21	57.98	32.40	7.62	16.16	109.33	338.78
Shares allocated during the period	-	0.23	1.32	-	-	-	-	-	1.55
Comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	31.72	31.72
Other comprehensive income	-	-	-	-	-	(27.94)	-	(0.01)	(27.95)
Total comprehensive income for the period	-	-	-	-	-	(27.94)	-	31.71	3.77
Utilisation of donation and charity reserve	-	-	-	-	-	-	(0.82)	-	(0.82)
Balance at 30 June 2016	115.95	(1.64)	2.53	57.98	32.40	(20.32)	15.34	141.04	343.28

Reviewed by: KPMG
19 July 2017

