

BBK B.S.C Interim Condensed Consolidated Financial Statements

30 September 2018 (Reviewed)



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018 (Reviewed)
BD '000s

	Reviewed 30 September 2018	Audited 31 December 2017
ASSETS		
Cash and balances with central banks	149,881	469,436
Treasury bills	445,716	427,130
Deposits and amounts due from banks and other financial institutions	196,561	223,824
Loans and advances to customers	1,848,143	1,740,651
Investment securities	773,265	748,985
Investments in associated companies and joint ventures	61,998	46,958
Interest receivable and other assets	91,406	79,680
Premises and equipment	26,636	26,436
TOTAL ASSETS	3,593,606	3,763,100
LIABILITIES AND EQUITY		
Liabilities		
Deposits and amounts due to banks and other financial institutions	227,302	193,472
Borrowings under repurchase agreement	236,695	161,314
Term borrowings	144,542	199,012
Customers' current, savings and other deposits	2,398,529	2,623,577
Interest payable and other liabilities	85,436	84,890
Total liabilities	3,092,504	3,262,265
Equity		
Share capital	108,165	108,165
Treasury stock	(2,298)	(998)
Perpetual tier 1 convertible capital securities	86,098	86,098
Share premium	41,016	41,016
Statutory reserve	54,082	54,082
General reserve	54,082	54,082
Cumulative changes in fair values	(8,128)	(8,349)
Foreign currency translation adjustments	(12,456)	(9,271)
Retained earnings	177,955	134,632
Appropriations	-	39,161
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE BANK AND CAPITAL SECURITIES' HOLDERS	498,516	498,618
Non-controlling interest	2,586	2,217
Total equity	501,102	500,835
TOTAL LIABILITIES AND EQUITY	3,593,606	3,763,100

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Nine-month period ended 30 September 2018 (Reviewed)
BD '000s

	Three-month ended		Nine-month ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
Interest and similar income	43,382	35,097	121,143	101,006
Interest and similar expense	(14,477)	(12,018)	(40,994)	(33,342)
Net interest income	28,905	23,079	80,149	67,664
Share of profit of associated companies and joint ventures	1,102	1,360	2,470	3,951
Other income	10,042	12,777	36,389	35,948
Total operating income	40,049	37,216	119,008	107,563
Staff costs	9,651	8,760	27,777	25,844
Other expenses	4,538	3,330	12,939	11,208
Depreciation	895	876	2,714	2,572
Net provision for credit impairment	11,064	11,239	26,490	22,123
Net provision/(write back) for impairment on investments	8	-	(205)	(69)
Total operating expenses	26,156	24,205	69,715	61,678
PROFIT BEFORE TAXATION	13,893	13,011	49,293	45,885
Net tax provision	(152)	(187)	(443)	(637)
PROFIT FOR THE PERIOD	13,741	12,824	48,850	45,248
Attributable to:				
Owners of the Bank	13,616	12,692	48,422	44,875
Non-controlling interest	125	132	428	373
Basic earnings per share (BD)	0.013	0.012	0.042	0.038
Diluted earnings per share (BD)	0.011	0.010	0.037	0.032

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Nine-month period ended 30 September 2018 (Reviewed)
BD '000s

	Three-month ended		Nine-month ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
Profit for the period	13,741	12,824	48,850	45,248
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Fair value through other comprehensive income (equity instruments)	807	(3,210)	6,177	(7,927)
Items that are or may be reclassified subsequently to profit or loss				
<i>Movement in translation reserve:</i>				
Foreign currency translation adjustments	(1,291)	(87)	(3,185)	1,637
<i>Movement in hedging reserve:</i>				
Effective portion of changes in fair value	93	(11)	374	271
<i>Movement in fair value reserve (debt instruments):</i>				
Net change in fair value	15,139	2,313	(3,957)	13,950
Net amount transferred to profit or loss	(243)	(496)	(3,196)	(1,235)
Other comprehensive Income/(loss) for the period	14,505	(1,491)	(3,787)	6,696
Total comprehensive income for the period	28,246	11,333	45,063	51,944
Attributable to:				
Owners of the Bank	28,121	11,201	44,635	51,571
Non-controlling interest	125	132	428	373
	28,246	11,333	45,063	51,944

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 2018 which were reviewed by Ernst & Young.

Above information available on www.bbkonline.com

Reviewed by Ernst & Young

CONSOLIDATED STATEMENT OF CASH FLOWS

Nine-month period ended 30 September 2018
BD '000s

	Nine-month ended	
	30-Sep-18	30-Sep-17
Net cash (used in)/from operating activities	(234,450)	39,641
Net cash (used in)/from investing activities	(37,963)	44,046
Net cash used in financing activities	(99,952)	(44,835)
Foreign currency translation adjustments	(3,185)	1,637
NET CHANGE IN CASH AND CASH EQUIVALENTS	(375,550)	40,489
Cash and cash equivalents at beginning of the period	612,959	537,604
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	237,409	578,093

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine-month period ended 30 September 2018 (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 2018	108,165	216,660	134,632	39,161	498,618	2,217	500,835
Profit for the period	-	-	48,422	-	48,422	428	48,850
Other comprehensive loss for the period	-	(2,964)	(823)	-	(3,787)	-	(3,787)
Total comprehensive income	-	(2,964)	47,599	-	44,635	428	45,063
Distribution on perpetual tier 1 convertible capital securities issued	-	-	(3,551)	-	(3,551)	-	(3,551)
Share - based payments	-	-	(725)	-	(725)	-	(725)
Dividends paid	-	-	-	(37,761)	(37,761)	(210)	(37,971)
Movement in non-controlling interest	-	-	-	-	-	151	151
Donations	-	-	-	(1,400)	(1,400)	-	(1,400)
Movement in treasury stock	-	(1,300)	-	-	(1,300)	-	(1,300)
Balance at 30 September 2018	108,165	212,396	177,955	-	498,516	2,586	501,102
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

SEGMENTAL INFORMATION

Nine-month period ended 30 September 2018
BD '000s

	Retail banking	Corporate banking	International banking	Investment, treasury and other activities	Total
30 September 2018					
Operating income before share of profit of associated companies and joint ventures	38,837	23,291	19,189	35,221	116,538
Segment result	18,115	(9,238)	2,609	34,894	46,380
Share of profit of associated companies and joint ventures	2,932	-	-	(462)	2,470
Profit for the period					48,850
Profit attributable to non-controlling interest					(428)
Profit attributable to the owners of the Bank					48,422
30 September 2017					
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

Accounting policies and Notes:

- The interim condensed consolidated financial statements of the Group for the nine-month period ended 30 September 2018 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 2017. In addition, results for the nine-month period ended 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.
- Other income for the nine-month period ended 30 September 2018 includes BD 5,478 thousand (30 September 2017: BD 3,170 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 1 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 20 March 2018, the shareholders approved the proposed appropriations of the year ended 31 December 2017.

Murad Ali Murad
Chairman

Aref Saleh Khamis
Deputy Chairman

Reyadh Yousif Sater
Chief Executive