

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.12.18 US\$ millions	31.12.17 US\$ millions
ASSETS		
Cash and other liquid assets	5,114.2	3,768.5
Securities purchased under agreements to resell	1,015.9	855.0
Placements	6,770.8	6,033.2
Trading securities	177.7	191.8
Investment securities	3,897.2	3,993.8
Loans and advances	9,817.8	10,043.1
Other assets	752.5	585.9
Total assets	27,546.1	25,471.3
LIABILITIES		
Deposits from banks	2,372.2	2,129.1
Deposits from customers	18,322.4	15,989.8
Securities sold under agreements to repurchase	735.4	1,130.5
Other liabilities	581.9	547.4
Senior term financing	3,338.0	3,263.6
Total liabilities	25,349.9	23,060.4
EQUITY		
Share capital	2,500.0	2,500.0
Reserves	361.4	352.5
Retained earnings	(665.2)	(441.6)
Total equity	2,196.2	2,410.9
Total liabilities & equity	27,546.1	25,471.3

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31.12.18 US\$ millions	Year ended 31.12.17 US\$ millions
OPERATING ACTIVITIES		
Net (loss) / income before tax	(220.2)	76.6
Adjustments to reconcile net income to net cash flow from operating activities:-		
Provision charge for other assets	0.2	-
Provision charge for loans and advances	353.1	43.7
Tax paid	(6.3)	(3.0)
Realised losses on debt investment securities	-	0.4
Amortisation of investment securities	8.1	9.8
Amortisation of senior term financing	0.5	0.5
Net increase in statutory deposits with central banks	(15.1)	(44.5)
Net increase in securities purchased under agreements to resell	(160.9)	(220.0)
Net increase in placements	(737.6)	(1,317.9)
Net decrease / (increase) in trading securities	14.1	(99.9)
Net increase in loans and advances	(127.8)	(341.7)
Increase in accrued interest receivable	(51.1)	(47.6)
Increase in accrued interest payable	60.6	58.0
Net decrease / (increase) in other net assets	29.6	(162.3)
Net increase / (decrease) in deposits from banks	243.1	(425.1)
Net increase in deposits from customers	2,332.6	2,542.3
Net decrease in securities sold under agreement to repurchase	(395.1)	(191.0)
Net cash inflow / (outflow) from operating activities	1,327.8	(121.7)
INVESTING ACTIVITIES		
Purchase of investment securities	(610.0)	(1,370.0)
Maturity of investment securities	682.2	1,392.5
Net cash inflow from investing activities	72.2	22.5
FINANCING ACTIVITIES		
Issuance of senior term financing	1,016.0	983.6
Maturity of senior term financing	(942.1)	(482.1)
Net cash inflow from financing activities	73.9	501.5
Increase in cash and cash equivalents	1,473.9	402.3
Net foreign exchange difference	(143.3)	226.7
Cash and cash equivalents at 1st January	3,552.6	2,923.6
Cash and cash equivalents at 31st December	4,883.2	3,552.6

CONSOLIDATED STATEMENT OF INCOME

	Year ended 31.12.18 US\$ millions	Year ended 31.12.17 US\$ millions
Interest income	764.8	595.2
Interest expense	491.1	342.1
Net interest income	273.7	253.1
Fee and commission income	61.2	72.6
Foreign exchange income	18.6	14.1
Trading income	9.5	13.0
Other income	35.5	7.5
Total income	398.5	360.3
Staff expenses	156.8	142.6
Premises expenses	23.0	19.6
Other operating expenses	85.6	77.8
Total operating expenses	265.4	240.0
Net income before provisions and tax	133.1	120.3
Provision charge for loans and advances	(353.1)	(43.7)
Provision charge for other assets	(0.2)	-
Net (loss) / income before tax	(220.2)	76.6
Taxation charge	(6.8)	(6.6)
Net (loss) / income	(227.0)	70.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31.12.18 US\$ millions	Year ended 31.12.17 US\$ millions
Net (loss) / income	(227.0)	70.0
Other comprehensive income:-		
Items that may subsequently be reclassified to consolidated statement of income:-		
Cash flow hedges:-		
- net changes in fair value	(1.4)	(0.5)
	(1.4)	(0.5)
Items that will not be reclassified to consolidated statement of income:-		
Net changes in fair value of equity investments classified as fair value through other comprehensive income (FVTOCI)	11.5	(17.9)
Remeasurement of defined benefit pension fund	2.2	1.9
	13.7	(16.0)
Total other comprehensive income / (loss)	12.3	(16.5)
Total comprehensive (loss) / income	(214.7)	53.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital US\$ millions	Reserves US\$ millions	Retained earnings US\$ millions	Total US\$ millions
At 1st January 2018	2,500.0	352.5	(441.6)	2,410.9
Net loss for the year	-	-	(227.0)	(227.0)
Other comprehensive income for the year	-	10.1	2.2	12.3
Total comprehensive income / (loss) for the year	-	10.1	(224.8)	(214.7)
Transfer to retained earnings	-	(1.2)	1.2	-
At 31st December 2018	2,500.0	361.4	(665.2)	2,196.2
At 1st January 2017	2,500.0	364.7	(507.3)	2,357.4
Net income for the year	-	-	70.0	70.0
Other comprehensive (loss) / income for the year	-	(18.4)	1.9	(16.5)
Total comprehensive (loss) / income for the year	-	(18.4)	71.9	53.5
Transfer from retained earnings	-	7.6	(7.6)	-
Transfer to retained earnings	-	(1.4)	1.4	-
At 31st December 2017	2,500.0	352.5	(441.6)	2,410.9

ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in conformity with the Bahrain Commercial Companies Law and the Central Bank of Bahrain and Financial Institutions Law. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of trading securities, equity investment securities, derivative financial instruments and pension liabilities. Recognised assets and liabilities that are hedged by derivative financial instruments are also stated at fair value in respect of the risk that is being hedged. The accounting policies have been consistently applied by the Group and are consistent with those of the previous year, except for the adoption of IFRS 15 - Revenue from contracts with customers with effect from 1st January 2018.

The consolidated financial statements were approved by the Board of Directors on 15th February 2019 and signed on its behalf by:-

Abdullah bin Hassan Alabdulgader
Chairman

Sultan bin Abdul Malek Al-Sheikh
Chairman of the Board Audit Committee

Abdulaziz A. Al-Helaissi
Group Chief Executive Officer

The above has been extracted from the consolidated financial statements, which have been audited by Ernst & Young (EY).
The consolidated financial statements are available on GIB's website at www.gib.com