

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018

All figures in US\$ Million

	2018	2017
ASSETS		
Liquid funds	1,607	1,388
Trading securities	977	1,051
Placements with banks and other financial institutions	2,991	3,170
Securities bought under repurchase agreements	1,668	1,521
Non-trading investments	5,661	5,599
Loans and advances	14,884	15,329
Other assets	1,601	1,318
Premises and equipment	160	123
TOTAL ASSETS	29,549	29,499
LIABILITIES		
Deposits from customers	16,425	16,755
Deposits from banks	4,207	3,408
Certificates of deposit	39	27
Securities sold under repurchase agreements	1,271	1,628
Taxation	43	58
Other liabilities	1,236	1,063
Borrowings	2,012	2,148
Total liabilities	25,233	25,087
EQUITY		
Share capital	3,110	3,110
Treasury shares	(4)	-
Statutory reserve	501	481
Retained earnings	966	939
Other reserves	(711)	(600)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		
Non-controlling interests	454	482
Total equity	4,316	4,412
TOTAL LIABILITIES AND EQUITY	29,549	29,499

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

All figures in US\$ Million

	2018	2017
OPERATING ACTIVITIES		
Net cash from operating activities	590	1,073
INVESTING ACTIVITIES		
Net cash (used in) from investing activities	(136)	147
FINANCING ACTIVITIES		
Net cash used in financing activities	(239)	(1,592)
Net change in cash and cash equivalents	215	(372)
Effect of exchange rate changes on cash and cash equivalents	(34)	2
Cash and cash equivalents at beginning of the year	1,160	1,530
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	1,341	1,160

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

All figures in US\$ Million

	2018	2017
OPERATING INCOME		
Interest and similar income	1,472	1,511
Interest and similar expense	(913)	(955)
Net interest income	559	556
Other operating income	258	313
Total operating income	817	869
Credit loss expense on financial assets	(79)	(96)
NET OPERATING INCOME AFTER CREDIT LOSS EXPENSE	738	773
OPERATING EXPENSES		
Staff	316	311
Premises and equipment	38	37
Other	120	114
Total operating expenses	474	462
PROFIT BEFORE TAXATION	264	311
Taxation on foreign operations	(16)	(58)
PROFIT FOR THE YEAR	248	253
Profit attributable to non-controlling interests	(46)	(60)
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	202	193
BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)		
	0.07	0.06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

All figures in US\$ Million

	2018	2017
PROFIT FOR THE YEAR	248	253
Other comprehensive income:		
<i>Other comprehensive income that will be reclassified (or recycled) to profit or loss in subsequent periods:</i>		
Foreign currency translation:		
Unrealised loss on exchange translation in foreign subsidiaries	(169)	(23)
Debt instruments at FVOCI:		
Net change in fair value during the year	(42)	-
Available-for-sale financial assets:		
Net change in fair value during the year	-	16
	(211)	(7)
<i>Other comprehensive income that will not be reclassified (or recycled) to profit or loss in subsequent periods:</i>		
Net change in pension fund reserve	3	2
	3	2
Other comprehensive loss for the year	(208)	(5)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	40	248
Attributable to:		
Shareholders of the parent	57	198
Non-controlling interests	(17)	50
	40	248

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

All figures in US\$ Million

	Equity attributable to the shareholders of the parent									Non-controlling interests	Total equity
	Share capital	Treasury shares	Statutory reserve	Retained earnings*	General reserve	Other reserves			Total		
						Foreign exchange translation adjustments	Cumulative changes in fair value	Pension fund reserve			
At 1 January 2017	3,110	-	462	859	100	(625)	(45)	(35)	3,826	434	4,260
Profit for the year	-	-	-	193	-	-	-	-	193	60	253
Other comprehensive (loss) income for the year	-	-	-	-	-	(13)	16	2	5	(10)	(5)
Total comprehensive income (loss) for the year	-	-	-	193	-	(13)	16	2	198	50	248
Dividend	-	-	-	(93)	-	-	-	-	(93)	-	(93)
Transfers during the year	-	-	19	(19)	-	-	-	-	-	-	-
Other equity movements in subsidiaries	-	-	-	(1)	-	-	-	-	(1)	(2)	(3)
At 31 December 2017	3,110	-	481	939	100	(638)	(29)	(33)	3,930	482	4,412
Impact of adopting IFRS 9	-	-	-	(62)	-	-	34	-	(28)	(8)	(36)
Restated balance as at 1 January 2018	3,110	-	481	877	100	(638)	5	(33)	3,902	474	4,376
Profit for the year	-	-	-	202	-	-	-	-	202	46	248
Other comprehensive (loss) income for the year	-	-	-	-	-	(106)	(42)	3	(145)	(63)	(208)
Total comprehensive income (loss) for the year	-	-	-	202	-	(106)	(42)	3	57	(17)	40
Dividend	-	-	-	(93)	-	-	-	-	(93)	-	(93)
Purchase of treasury shares	-	(4)	-	-	-	-	-	-	(4)	-	(4)
Transfers during the year	-	-	20	(20)	-	-	-	-	-	-	-
Other equity movements in subsidiaries	-	-	-	-	-	-	-	-	-	(3)	(3)
At 31 December 2018	3,110	(4)	501	966	100	(744)	(37)	(30)	3,862	454	4,316

* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 429 million (2017: US\$ 424 million).

The above consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, condensed consolidated statement of cash flows and consolidated statement of changes in equity have been extracted from the Consolidated Financial Statements of Arab Banking Corporation (B.S.C.) for the year ended 31st December 2018, which were approved by the Board of Directors and on which an unqualified audit opinion was issued by Ernst & Young, Kingdom of Bahrain, on 10th February 2019.