

**Interim Consolidated Statement of Financial Position**

30 September 2017 (Reviewed)

All figures in US\$ million

	Reviewed 30 September 2017	Audited 31 December 2016
<b>ASSETS</b>		
Liquid funds	1,088	1,831
Trading securities	870	711
Placements with banks and other financial institutions	3,861	4,130
Securities bought under repurchase agreements	1,872	1,556
Non-trading securities	5,894	5,635
Loans and advances	14,434	14,683
Interest receivable	486	430
Other assets	918	1,053
Premises and equipment	120	112
<b>TOTAL ASSETS</b>	<b>29,543</b>	<b>30,141</b>
<b>LIABILITIES</b>		
Deposits from customers	17,104	14,270
Deposits from banks	4,409	5,870
Certificates of deposit	29	37
Securities sold under repurchase agreements	478	169
Interest payable	432	369
Taxation	61	94
Other liabilities	630	803
TERM NOTES, BONDS AND OTHER TERM FINANCING	1,979	4,269
<b>Total liabilities</b>	<b>25,122</b>	<b>25,881</b>
<b>EQUITY</b>		
Share capital	3,110	3,110
Statutory reserve	462	462
Retained earnings	915	859
Other reserves	(560)	(605)
<b>EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>	<b>3,927</b>	<b>3,826</b>
Non-controlling interests	494	434
<b>Total equity</b>	<b>4,421</b>	<b>4,260</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>29,543</b>	<b>30,141</b>

**Interim Condensed Consolidated Statement of Cash Flows**

Nine-month period ended 30 September 2017 (Reviewed)

All figures in US\$ million

	Nine months ended 30 September	
	2017	2016
<b>OPERATING ACTIVITIES</b>		
Net cash from operating activities	1,333	630
<b>INVESTING ACTIVITIES</b>		
Net cash used in investing activities	(219)	(725)
<b>FINANCING ACTIVITIES</b>		
Net cash (used in) from financing activities	(1,719)	361
Net change in cash and cash equivalents	(605)	266
Effect of exchange rate changes on cash and cash equivalents	12	(37)
Cash and cash equivalents at beginning of the period	1,530	791
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>937</b>	<b>1,020</b>

**Interim Consolidated Statement of Profit or Loss**

Nine-month period ended 30 September 2017 (Reviewed)

All figures in US\$ million

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
<b>OPERATING INCOME</b>				
Interest and similar income	409	373	1,169	997
Interest and similar expense	(269)	(230)	(759)	(600)
<b>Net interest income</b>	<b>140</b>	<b>143</b>	<b>410</b>	<b>397</b>
Other operating income	81	73	243	261
<b>Total operating income</b>	<b>221</b>	<b>216</b>	<b>653</b>	<b>658</b>
Impairment provisions - net	(17)	(24)	(67)	(60)
<b>NET OPERATING INCOME AFTER PROVISIONS</b>	<b>204</b>	<b>192</b>	<b>586</b>	<b>598</b>
<b>OPERATING EXPENSES</b>				
Staff	78	75	231	221
Premises and equipment	10	9	27	26
Other	27	29	81	78
<b>Total operating expenses</b>	<b>115</b>	<b>113</b>	<b>339</b>	<b>325</b>
<b>PROFIT BEFORE TAXATION</b>	<b>89</b>	<b>79</b>	<b>247</b>	<b>273</b>
Taxation on foreign operations	(27)	(16)	(53)	(87)
<b>PROFIT FOR THE PERIOD</b>	<b>62</b>	<b>63</b>	<b>194</b>	<b>186</b>
Profit attributable to non-controlling interests	(13)	(14)	(43)	(36)
<b>PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>	<b>49</b>	<b>49</b>	<b>151</b>	<b>150</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)</b>	<b>0.02</b>	<b>0.02</b>	<b>0.05</b>	<b>0.05</b>

**Interim Consolidated Statement of Comprehensive Income**

Nine-month period ended 30 September 2017 (Reviewed)

All figures in US\$ million

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
<b>PROFIT FOR THE PERIOD</b>	<b>62</b>	<b>63</b>	<b>194</b>	<b>186</b>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income that could be reclassified (or recycled) to profit or loss in subsequent periods:</i>				
Net fair value movements during the period after impairment effect	10	24	30	10
Amortisation of fair value shortfall on reclassified securities	-	-	-	1
Unrealised gain (loss) on exchange translation of foreign subsidiaries	38	(1)	28	31
	<b>48</b>	<b>23</b>	<b>58</b>	<b>42</b>
<i>Other comprehensive income that cannot be reclassified (or recycled) to profit or loss in subsequent periods:</i>				
Net change in pension fund reserve	-	-	(1)	-
	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>
<b>Total other comprehensive income for the period</b>	<b>48</b>	<b>23</b>	<b>57</b>	<b>42</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>110</b>	<b>86</b>	<b>251</b>	<b>228</b>
Total comprehensive income attributable to non-controlling interests	(30)	(14)	(55)	(96)
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>	<b>80</b>	<b>72</b>	<b>196</b>	<b>132</b>

**Interim Consolidated Statement of Changes in Equity**

Nine-month period ended 30 September 2017 (Reviewed)

All figures in US\$ million

	Equity attributable to shareholders of the parent							Non-controlling interests	Total equity	
	Share capital	Statutory reserve	Retained earnings*	Other reserves			Total			
				General reserve	Foreign exchange translation adjustments	Cumulative changes in fair value				Pension fund reserve
At 31 December 2016	3,110	462	859	100	(625)	(45)	(35)	3,826	434	4,260
Profit for the period	-	-	151	-	-	-	-	151	43	194
Other comprehensive income (loss) for the period	-	-	-	-	16	30	(1)	45	12	57
<b>Total comprehensive income (loss) for the period</b>	<b>-</b>	<b>-</b>	<b>151</b>	<b>-</b>	<b>16</b>	<b>30</b>	<b>(1)</b>	<b>196</b>	<b>55</b>	<b>251</b>
Dividend	-	-	(93)	-	-	-	-	(93)	-	(93)
Other equity movements in subsidiaries	-	-	(2)	-	-	-	-	(2)	5	3
<b>At 30 September 2017 (reviewed)</b>	<b>3,110</b>	<b>462</b>	<b>915</b>	<b>100</b>	<b>(609)</b>	<b>(15)</b>	<b>(36)</b>	<b>3,927</b>	<b>494</b>	<b>4,421</b>
At 31 December 2015	3,110	444	693	100	(507)	(44)	(23)	3,773	335	4,108
Profit for the period	-	-	150	-	-	-	-	150	36	186
Other comprehensive (loss) income for the period	-	-	-	-	(29)	11	-	(18)	60	42
<b>Total comprehensive income (loss) for the period</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>-</b>	<b>(29)</b>	<b>11</b>	<b>-</b>	<b>132</b>	<b>96</b>	<b>228</b>
Other equity movements in subsidiaries	-	-	1	-	-	-	-	1	(2)	(1)
<b>At 30 September 2016 (reviewed)</b>	<b>3,110</b>	<b>444</b>	<b>844</b>	<b>100</b>	<b>(536)</b>	<b>(33)</b>	<b>(23)</b>	<b>3,906</b>	<b>429</b>	<b>4,335</b>

\* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 424 million (31 December 2016: US\$ 419 million).

The above interim consolidated statement of financial position, interim consolidated statement of profit and loss, interim consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and interim consolidated statement of changes in equity have been extracted from the Interim Condensed Consolidated Financial Statements of Arab Banking Corporation (B.S.C) for the period ended 30th September 2017, which were approved by the Board of Directors and on which an unqualified review conclusion was issued by Ernst & Young, Kingdom of Bahrain, on 5th November 2017.