

Interim Consolidated Statement of Financial Position

30 June 2017 (Reviewed)

All figures in US\$ million

	Reviewed 30 June 2017	Audited 31 December 2016
ASSETS		
Liquid funds	1,215	1,831
Trading securities	878	711
Placements with banks and other financial institutions	4,004	4,130
Securities bought under repurchase agreements	1,729	1,556
Non-trading securities	5,759	5,635
Loans and advances	13,961	14,683
Interest receivable	438	430
Other assets	1,124	1,053
Premises and equipment	115	112
TOTAL ASSETS	29,223	30,141
LIABILITIES		
Deposits from customers	16,577	14,270
Deposits from banks	4,648	5,870
Certificates of deposit	38	37
Securities sold under repurchase agreements	149	169
Interest payable	402	369
Taxation	78	94
Other liabilities	847	803
TERM NOTES, BONDS AND OTHER TERM FINANCING	2,179	4,269
Total liabilities	24,918	25,881
EQUITY		
Share capital	3,110	3,110
Statutory reserve	462	462
Retained earnings	867	859
Other reserves	(591)	(605)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	3,848	3,826
Non-controlling interests	457	434
Total equity	4,305	4,260
TOTAL LIABILITIES AND EQUITY	29,223	30,141

Interim Condensed Consolidated Statement of Cash Flows

Six-month period ended 30 June 2017 (Reviewed)

All figures in US\$ million

	Six months ended 30 June	
	2017	2016
OPERATING ACTIVITIES		
Net cash from operating activities	1,031	1,143
INVESTING ACTIVITIES		
Net cash used in investing activities	(76)	(525)
FINANCING ACTIVITIES		
Net cash used in financing activities	(1,530)	(16)
Net change in cash and cash equivalents	(575)	602
Effect of exchange rate changes on cash and cash equivalents	8	(32)
Cash and cash equivalents at beginning of the period	1,530	791
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	963	1,361

Interim Consolidated Statement of Profit or Loss

Six-month period ended 30 June 2017 (Reviewed)

All figures in US\$ million

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
OPERATING INCOME				
Interest and similar income	376	330	760	624
Interest and similar expense	(240)	(196)	(490)	(370)
Net interest income	136	134	270	254
Other operating income	67	99	162	188
Total operating income	203	233	432	442
Impairment provisions - net	(21)	(18)	(50)	(36)
NET OPERATING INCOME AFTER PROVISIONS	182	215	382	406
OPERATING EXPENSES				
Staff	75	75	153	146
Premises and equipment	8	9	17	17
Other	29	24	54	49
Total operating expenses	112	108	224	212
PROFIT BEFORE TAXATION	70	107	158	194
Taxation on foreign operations	(3)	(36)	(26)	(71)
PROFIT FOR THE PERIOD	67	71	132	123
Profit attributable to non-controlling interests	(15)	(11)	(30)	(22)
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	52	60	102	101
BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)	0.02	0.02	0.03	0.03

Interim Consolidated Statement of Comprehensive Income

Six-month period ended 30 June 2017 (Reviewed)

All figures in US\$ million

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
PROFIT FOR THE PERIOD	67	71	132	123
Other comprehensive income:				
<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	(11)	7	20	(14)
Amortisation of fair value shortfall on reclassified securities	-	1	-	1
Unrealised (loss) gain on exchange translation of foreign subsidiaries	(41)	25	(10)	32
	(52)	33	10	19
<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)	-	(1)	-
	(1)	-	(1)	-
Total other comprehensive (loss) income for the period	(53)	33	9	19
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	14	104	141	142
Total comprehensive loss (income) attributable to non-controlling interests	1	(45)	(25)	(82)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	15	59	116	60

Interim Consolidated Statement of Changes in Equity

Six-month period ended 30 June 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	-	-	102	-	-	-	-	102	30	132
Other comprehensive (loss) income for the period	-	-	-	-	(5)	20	(1)	14	(5)	9
Total comprehensive income (loss) for the period	-	-	102	-	(5)	20	(1)	116	25	141
Dividend	-	-	(93)	-	-	-	-	(93)	-	(93)
Other equity movements in subsidiaries	-	-	(1)	-	-	-	-	(1)	(2)	(3)
At 30 June 2017 (reviewed)	3,110	462	867	100	(630)	(25)	(36)	3,848	457	4,305
At 31 December 2015	3,110	444	693	100	(507)	(44)	(23)	3,773	335	4,108
Profit for the period	-	-	101	-	-	-	-	101	22	123
Other comprehensive (loss) income for the period	-	-	-	-	(28)	(13)	-	(41)	60	19
Total comprehensive income (loss) for the period	-	-	101	-	(28)	(13)	-	60	82	142
Other equity movements in subsidiaries	-	-	1	-	-	-	-	1	(6)	(5)
At 30 June 2016 (reviewed)	3,110	444	795	100	(535)	(57)	(23)	3,834	411	4,245

* 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 or 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 June 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 24th July 2017.