# Bank ABC

| Third Quarter Financial Results |
|---------------------------------|
| 30 September 2017               |

| Reviewed<br>30 September<br>2017     Audited<br>31 December<br>2016       ASSETS     1,088     1,831       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     5635       Loans and advances     14,434     14,683       Interest receivable     486     430       Other assets     918     1,053       Premises and equipment     120     112       TOTAL ASSETS     29,543     30,141       LIABILITIES     29     37       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       Taxet iniabilities     630     803       TERM NOTES, BONDS AND OTHER TERM FINANCING     1,97              | Interim Consolidated Statement of Financial<br>30 September 2017 (Reviewed) |              | in US\$ million |
|--|---|--------------|-----------------|
| 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   14,663     Interest receivable   486   430     Other assets   918   1,053     Premises and equipment   120   112     TOTAL ASSETS   29,543   30,141     LIABILITIES   29   37     Deposits from customers   17,104   14,270     Deposits from customers   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     Total liabilities   25,122   25,881   EQUITY     Share capital   3,110   3,110   3,110     Statutory reserve <td></td> <td>30 September</td> <td>31 December</td>   |   | 30 September | 31 December     |
| 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   14,663     Interest receivable   486   430     Other assets   918   1,053     Premises and equipment   120   112     TOTAL ASSETS   29,543   30,141     LIABILITIES   29,543   30,141     Deposits from customers   17,104   14,270     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     Total liabilities   25,122   25,881     EQUITY   Share capital </td <td>ASSETS</td> <td></td> <td></td>  | ASSETS  |              |                 |
| 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       TOTAL ASSETS     29,543     30,141       LIABILITIES     29,543     30,141       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       Interest payable     630     803       TERM NOTES, BONDS AND OTHER TERM FINANCING     1,979     4,269       Total liabilities     25,122     25,881       EQUITY     5     3110     3,110       Share capital     3,110     3,110     3,110   | Liquid funds  | 1,088        | 1,831           |
| 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       TOTAL ASSETS     29,543     30,141       LIABILITIES     29     37       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       Total liabilities     25,122     25,881       EQUITY     112     3,110     3,110       Share capital     3,110     3,110     3,110       Statutory reserve     (560)   | Trading securities  | 870          | 711             |
| 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       TOTAL ASSETS     29,543     30,141       LIABILITIES     29,543     30,141       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       Total liabilities     25,122     25,881       EQUITY     1462     462       Share capital     3,110     3,110       Statutory reserve     462     462       Retained earnings     915     859       Other reserves   | Placements with banks and other financial institutions                      | 3,861        | 4,130           |
| Loans and advances     14,434     14,683       Interest receivable     486     430       Other assets     918     1,053       Premises and equipment     120     112       TOTAL ASSETS     29,543     30,141       LIABILITIES     29,543     30,141       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       Total liabilities     25,122     25,881  EQUITY     EQUITY     5     859       Other reserves     (560)     (605)       EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT     3,927     3,826       Non-controlling interests     494     434       Total equity     4,421     4,260  | Securities bought under repurchase agreements                               | 1,872        | 1,556           |
| Interest receivable486430Other assets9181,053Premises and equipment120112TOTAL ASSETS29,54330,141LIABILITIESDeposits from customers17,10414,270Deposits from banks4,4095,870Certificates of deposit2937Securities sold under repurchase agreements478169Interest payable432369Taxation6194Other liabilities630803TERM NOTES, BONDS AND OTHER TERM FINANCING1,9794,269Total liabilities25,12225,881EQUITY462462Share capital3,1103,110Statutory reserve462462Retained earnings915859Other reserves(560)(605)EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT3,9273,826Non-controlling interests494434Total equity4,4214,260  | Non-trading securities  | 5,894        | 5,635           |
| Interview     100       Other assets     918     1,053       Premises and equipment     120     112       TOTAL ASSETS     29,543     30,141       LIABILITIES     29,543     30,141       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       Total liabilities     25,122     25,881       EQUITY     Share capital     3,110     3,110       Statutory reserve     462     462       Retained earnings     915     859       Other reserves     (560)     (605)       EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT     3,927     3,826       Non-controlling interests     494     434 <t< td=""><td>Loans and advances</td><td>14,434</td><td>14,683</td></t<> | Loans and advances  | 14,434       | 14,683          |
| Interest     Interest     Interest       Premises and equipment     I20     I12       TOTAL ASSETS     29,543     30,141       LIABILITIES     29,543     30,141       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       Total liabilities     25,122     25,881       EQUITY     Share capital     3,110     3,110       Statutory reserve     462     462       Retained earnings     915     859       Other reserves     (560)     (605)       EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT     3,927     3,826       Non-controlling interests     494     434       Total equity     4,421   | Interest receivable   | 486          | 430             |
| TOTAL ASSETS29,54330,141LIABILITIESDeposits from customers17,10414,270Deposits from banks4,4095,870Certificates of deposit2937Securities sold under repurchase agreements478169Interest payable432369Taxation6194Other liabilities630803TERM NOTES, BONDS AND OTHER TERM FINANCING1,9794,269Total liabilities25,12225,881EQUITYShare capital3,1103,110Statutory reserve462462Retained earnings915859Other reserves(560)(605)EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT3,9273,826Non-controlling interests494434Total equity4,4214,260   | Other assets  | 918          | 1,053           |
| LIABILITIESDeposits from customers17,10414,270Deposits from banks4,4095,870Certificates of deposit2937Securities sold under repurchase agreements478169Interest payable432369Taxation6194Other liabilities630803TERM NOTES, BONDS AND OTHER TERM FINANCING1,9794,269Total liabilities25,12225,881EQUITYShare capital3,1103,110Statutory reserve462462Retained earnings915859Other reserves(560)(605)EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT3,9273,826Non-controlling interests494434Total equity4,4214,260   | Premises and equipment  | 120          | 112             |
| 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       Total liabilities     25,122     25,881       EQUITY     Share capital     3,110     3,110       Statutory reserve     462     462       Retained earnings     915     859       Other reserves     (560)     (605)       EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT     3,927     3,826       Non-controlling interests     494     434       Total equity     4,421     4,260  | TOTAL ASSETS  | 29,543       | 30,141          |
| Deposits from banks4,4095,870Certificates of deposit2937Securities sold under repurchase agreements478169Interest payable432369Taxation6194Other liabilities630803TERM NOTES, BONDS AND OTHER TERM FINANCING1,9794,269Total liabilities25,12225,881EQUITYShare capital3,1103,110Statutory reserve462462Retained earnings915859Other reserves(560)(605)EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT3,9273,826Non-controlling interests494434Total equity4,4214,260   | LIABILITIES   |              |                 |
| 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       Total liabilities     25,122     25,881       EQUITY       3,110       Statutory reserve     462     462       Retained earnings     915     859       Other reserves     (560)     (605)       EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT     3,927     3,826       Non-controlling interests     494     434       Total equity     4,421     4,260  | Deposits from customers   | 17,104       | 14,270          |
| 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       Total liabilities     25,122     25,881       EQUITY  | Deposits from banks   | 4,409        | 5,870           |
| Interest payable432369Taxation6194Other liabilities630803TERM NOTES, BONDS AND OTHER TERM FINANCING1,9794,269Total liabilities25,12225,881EQUITY5hare capital3,1103,110Statutory reserve462462Retained earnings915859Other reserves(560)(605)EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT3,9273,826Non-controlling interests494434Total equity4,4214,260  | Certificates of deposit   | 29           | 37              |
| Taxation6194Other liabilities630803TERM NOTES, BONDS AND OTHER TERM FINANCING1,9794,269Total liabilities25,12225,881EQUITY5hare capital3,1103,110Statutory reserve462462Retained earnings915859Other reserves(560)(605)EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT3,9273,826Non-controlling interests494434Total equity4,4214,260  | Securities sold under repurchase agreements                                 | 478          | 169             |
| Other liabilities     630     803       TERM NOTES, BONDS AND OTHER TERM FINANCING     1,979     4,269       Total liabilities     25,122     25,881       EQUITY  | Interest payable  | 432          | 369             |
| TERM NOTES, BONDS AND OTHER TERM FINANCING1,9794,269Total liabilities25,12225,881EQUITYShare capital3,1103,110Statutory reserve462462Retained earnings915859Other reserves(560)(605)EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT3,9273,826Non-controlling interests494434Total equity4,4214,260   | Taxation  | 61           | 94              |
| Total liabilities25,12225,881EQUITYShare capital3,1103,110Statutory reserve462462Retained earnings915859Other reserves(560)(605)EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT3,9273,826Non-controlling interests494434Total equity4,4214,260   | Other liabilities   | 630          | 803             |
| EQUITYShare capital3,110Statutory reserve462Retained earnings915Other reserves(560)EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT3,927Skate494Von-controlling interests4944,4214,260  | TERM NOTES, BONDS AND OTHER TERM FINANCING                                  | 1,979        | 4,269           |
| Share capital     3,110     3,110       Statutory reserve     462     462       Retained earnings     915     859       Other reserves     (560)     (605)       EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT     3,927     3,826       Non-controlling interests     494     434       Total equity     4,421     4,260  | Total liabilities   | 25,122       | 25,881          |
| Statutory reserve     462     462       Retained earnings     915     859       Other reserves     (560)     (605)       EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT     3,927     3,826       Non-controlling interests     494     434       Total equity     4,421     4,260  | EQUITY  |              |                 |
| Retained earnings915859Other reserves(560)(605)EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT3,9273,826Non-controlling interests494434Total equity4,4214,260  | Share capital   | 3,110        | 3,110           |
| Other reserves(560)(605)EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT3,9273,826Non-controlling interests494434Total equity4,4214,260   | Statutory reserve   | 462          | 462             |
| EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT3,9273,826Non-controlling interests494434Total equity4,4214,260   | -   | 915          | 859             |
| Non-controlling interests494434Total equity4,4214,260  | Other reserves  | (560)        | (605)           |
| Total equity     4,421     4,260   | EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT                       | 3,927        | 3,826           |
|  | Non-controlling interests   | 494          | 434             |
| TOTAL LIABILITIES AND EQUITY     29,543     30,141   | Total equity  | 4,421        | 4,260           |
|  | TOTAL LIABILITIES AND EQUITY  | 29,543       | 30,141          |

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

#### Interim Consolidated Statement of Comprehensive Income All figures in US\$ million Nine-month period ended 30 September 2017 (Reviewed) Three months ended 30 September Nine months ended 30 September 2017 2016 2017 2016 PROFIT FOR THE PERIOD 62 63 194 186 Other comprehensive income: Other comprehensive income that could be reclassified (or recycled) to profit or loss in subsequent periods: 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 48 23 58 42 Other comprehensive income that cannot be reclassified (or recycled) to profit or loss in subsequent periods: Net change in pension fund reserve (1) (1) -Total other comprehensive income for the period 48 23 57 42 TOTAL COMPREHENSIVE INCOME FOR THE PERIOD 110 86 251 228 Total comprehensive income attributable to non-controlling interests (30) (14) (55) (96) TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT 132 80 72 196

#### Interim Condensed Consolidated Statement of Cash Flows

| Nine-month period ended 30 September 2017 (Reviewed)         | iewed) All figures in US\$ million |       |  |  |  |
|--|------------------------------------|-------|--|--|--|
|  | Nine months ended 30 September     |       |  |  |  |
|  | 2017                               | 2016  |  |  |  |
| OPERATING ACTIVITIES   |                                    |       |  |  |  |
| Net cash from operating activities                           | 1,333                              | 630   |  |  |  |
| INVESTING ACTIVITIES   |                                    |       |  |  |  |
| Net cash used in investing activities                        | (219)                              | (725) |  |  |  |
| FINANCING ACTIVITIES   |                                    |       |  |  |  |
| 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   |  |  |  |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD               | 937                                | 1,020 |  |  |  |
|  |                                    |       |  |  |  |

## Interim Consolidated Statement of Changes in Equity

|  |                  | Equity attributable to shareholders of the parent |                       |                    |   |                                     |                         |       | Non-controlling<br>interests | Total<br>equity |
|--|------------------|---|-----------------------|--------------------|---|-------------------------------------|-------------------------|-------|------------------------------|-----------------|
|  |                  |   |                       |                    | Other                                       | reserves                            |                         |       |                              |                 |
|  | Share<br>capital | Statutory<br>reserve                              | Retained<br>earnings* | General<br>reserve | Foreign exchange<br>translation adjustments | Cumulative changes<br>in fair value | Pension fund<br>reserve | Total |                              |                 |
| 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              |
| Total comprehensive income (loss) for the period | -                | -   | 151                   | -                  | 16  | 30                                  | (1)                     | 196   | 55                           | 251             |
| Dividend   | -                | -   | (93)                  | -                  | -   | -                                   | -                       | (93)  | -                            | (93)            |
| Other equity movements in subsidiaries           | -                | -   | (2)                   | -                  | -   | -                                   | -                       | (2)   | 5                            | 3               |
| At 30 September 2017 (reviewed)                  | 3,110            | 462   | 915                   | 100                | (609)                                       | (15)                                | (36)                    | 3,927 | 494                          | 4,421           |
| 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              |
| Total comprehensive income (loss) for the period | -                | -   | 150                   | -                  | (29)  | 11                                  | -                       | 132   | 96                           | 228             |
| Other equity movements in subsidiaries           | -                | -   | 1                     | -                  | -   | -                                   | -                       | 1     | (2)                          | (1)             |
| At 30 September 2016 (reviewed)                  | 3,110            | 444   | 844                   | 100                | (536)                                       | (33)                                | (23)                    | 3,906 | 429                          | 4,335           |
|  |                  |   |                       |                    |   |                                     |                         |       |                              |                 |

\* 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.

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### Head Office

P.O. Box 5698, Manama, Kingdom of Bahrain (CR: 10299) Bank ABC (Arab Banking Corporation B.S.C.) is licensed as a conventional wholesale bank by the Central Bank of Bahrain