

Interim Consolidated Statement of Financial Position

30 September 2018 (Reviewed)

All figures in US\$ million

	Reviewed 30 September 2018	Audited 31 December 2017
ASSETS		
Liquid funds	1,419	1,388
Trading securities	1,034	1,051
Placements with banks and other financial institutions	2,081	3,170
Securities bought under repurchase agreements	1,497	1,521
Non-trading investments	5,523	5,599
Loans and advances	14,418	15,329
Interest receivable	488	445
Other assets	1,314	873
Premises and equipment	120	123
TOTAL ASSETS	27,894	29,499
LIABILITIES		
Deposits from customers	16,164	16,755
Deposits from banks	3,409	3,408
Certificates of deposit	41	27
Securities sold under repurchase agreements	583	1,628
Interest payable	375	427
Taxation	40	58
Other liabilities	901	636
TERM NOTES, BONDS AND OTHER TERM FINANCING	2,114	2,148
Total liabilities	23,627	25,087
EQUITY		
Share capital	3,110	3,110
Treasury shares	(4)	-
Statutory reserve	481	481
Retained earnings	943	939
Other reserves	(701)	(600)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	3,829	3,930
Non-controlling interests	438	482
Total equity	4,267	4,412
TOTAL LIABILITIES AND EQUITY	27,894	29,499

Interim Condensed Consolidated Statement of Cash Flows

Nine-month period ended 30 September 2018 (Reviewed)

All figures in US\$ million

	Nine months ended 30 September	
	2018	2017
OPERATING ACTIVITIES		
Net cash from operating activities	194	1,333
INVESTING ACTIVITIES		
Net cash from (used in) investing activities	16	(219)
FINANCING ACTIVITIES		
Net cash used in financing activities	(130)	(1,719)
Net change in cash and cash equivalents	80	(605)
Effect of exchange rate changes on cash and cash equivalents	(21)	12
Cash and cash equivalents at beginning of the period	1,160	1,530
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,219	937

Interim Consolidated Statement of Profit or Loss

Nine-month period ended 30 September 2018 (Reviewed)

All figures in US\$ million

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
OPERATING INCOME				
Interest and similar income	362	409	1,103	1,169
Interest and similar expense	(222)	(269)	(686)	(759)
Net interest income	140	140	417	410
Other operating income	63	81	175	243
Total operating income	203	221	592	653
Credit loss expense on financial assets	(32)	(17)	(62)	(67)
NET OPERATING INCOME AFTER PROVISIONS	171	204	530	586
OPERATING EXPENSES				
Staff	75	78	237	231
Premises and equipment	8	10	27	27
Other	29	27	88	81
Total operating expenses	112	115	352	339
PROFIT BEFORE TAXATION	59	89	178	247
Taxation (expense) credit on foreign operations	(1)	(27)	19	(53)
PROFIT FOR THE PERIOD	58	62	197	194
Profit attributable to non-controlling interests	(12)	(13)	(38)	(43)
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	46	49	159	151
BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)	0.01	0.02	0.05	0.05

Interim Consolidated Statement of Comprehensive Income

Nine-month period ended 30 September 2018 (Reviewed)

All figures in US\$ million

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
PROFIT FOR THE PERIOD	58	62	197	194
Other comprehensive income:				
<i>Other comprehensive income that will be reclassified (or recycled) to profit or loss in subsequent periods:</i>				
<u>Foreign currency translation:</u>				
Unrealised (loss) gain on exchange translation in foreign subsidiaries	(36)	38	(201)	28
<u>Debt instruments at FVOCI:</u>				
Net change in fair value during the period	20	-	(10)	-
<u>Available-for-sale financial assets:</u>				
Net change in fair value during the period	-	10	-	30
	(16)	48	(211)	58
<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	-	-	-	(1)
	-	-	-	(1)
Other comprehensive (loss) income for the period	(16)	48	(211)	57
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	42	110	(14)	251
Attributable to:				
Shareholders of the parent	38	80	24	196
Non-controlling interests	4	30	(38)	55
	42	110	(14)	251

Interim Consolidated Statement of Changes in Equity

Nine-month period ended 30 September 2018 (Reviewed)

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 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 period	-	-	-	159	-	-	-	-	159	38	197
Other comprehensive loss for the period	-	-	-	-	-	(125)	(10)	-	(135)	(76)	(211)
Total comprehensive income (loss) for the period	-	-	-	159	-	(125)	(10)	-	24	(38)	(14)
Dividend	-	-	-	(93)	-	-	-	-	(93)	-	(93)
Purchase of treasury shares	-	(4)	-	-	-	-	-	-	(4)	-	(4)
Other equity movements in subsidiaries	-	-	-	-	-	-	-	-	-	2	2
At 30 September 2018 (reviewed)	3,110	(4)	481	943	100	(763)	(5)	(33)	3,829	438	4,267
At 1 January 2017	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

* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 429 million (31 December 2017: US\$ 424 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 September 2018, which were approved by the Board of Directors and on which an unqualified review conclusion was issued by Ernst & Young, Kingdom of Bahrain, on 4th November 2018.