

Interim Consolidated Statement of Financial Position

30 June 2018 (Reviewed)

All figures in US\$ million

	Reviewed 30 June 2018	Audited 31 December 2017
ASSETS		
Liquid funds	988	1,388
Trading securities	1,224	1,051
Placements with banks and other financial institutions	2,262	3,170
Securities bought under repurchase agreements	1,163	1,521
Non-trading investments	5,292	5,599
Loans and advances	15,053	15,329
Interest receivable	499	445
Other assets	1,280	873
Premises and equipment	121	123
TOTAL ASSETS	27,882	29,499
LIABILITIES		
Deposits from customers	16,181	16,755
Deposits from banks	2,945	3,408
Certificates of deposit	37	27
Securities sold under repurchase agreements	1,106	1,628
Interest payable	375	427
Taxation	62	58
Other liabilities	842	636
TERM NOTES, BONDS AND OTHER TERM FINANCING	2,110	2,148
Total liabilities	23,658	25,087
EQUITY		
Share capital	3,110	3,110
Treasury shares	(1)	-
Statutory reserve	481	481
Retained earnings	895	939
Other reserves	(693)	(600)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	3,792	3,930
Non-controlling interests	432	482
Total equity	4,224	4,412
TOTAL LIABILITIES AND EQUITY	27,882	29,499

Interim Condensed Consolidated Statement of Cash Flows

Six-month period ended 30 June 2018 (Reviewed)

All figures in US\$ million

	Six months ended 30 June	
	2018	2017
OPERATING ACTIVITIES		
Net cash (used in) from operating activities	(481)	1,031
INVESTING ACTIVITIES		
Net cash from (used in) investing activities	171	(76)
FINANCING ACTIVITIES		
Net cash used in financing activities	(117)	(1,530)
Net change in cash and cash equivalents	(427)	(575)
Effect of exchange rate changes on cash and cash equivalents	(15)	8
Cash and cash equivalents at beginning of the period	1,160	1,530
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	718	963

Interim Consolidated Statement of Profit or Loss

Six-month period ended 30 June 2018 (Reviewed)

All figures in US\$ million

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
OPERATING INCOME				
Interest and similar income	382	376	741	760
Interest and similar expense	(243)	(240)	(464)	(490)
Net interest income	139	136	277	270
Other operating income	39	67	112	162
Total operating income	178	203	389	432
Credit loss expense on financial assets	(18)	(21)	(30)	(50)
NET OPERATING INCOME AFTER PROVISIONS	160	182	359	382
OPERATING EXPENSES				
Staff	80	75	162	153
Premises and equipment	10	8	19	17
Other	31	29	59	54
Total operating expenses	121	112	240	224
PROFIT BEFORE TAXATION	39	70	119	158
Taxation credit (expense) on foreign operations	34	(3)	20	(26)
PROFIT FOR THE PERIOD	73	67	139	132
Profit attributable to non-controlling interests	(13)	(15)	(26)	(30)
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	60	52	113	102
BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)	0.02	0.02	0.04	0.03

Interim Consolidated Statement of Comprehensive Income

Six-month period ended 30 June 2018 (Reviewed)

All figures in US\$ million

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
PROFIT FOR THE PERIOD	73	67	139	132
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 on exchange translation in foreign subsidiaries	(166)	(41)	(165)	(10)
<u>Debt instruments at FVOCI:</u>				
Net change in fair value during the period	(23)	-	(30)	-
<u>Available-for-sale financial assets:</u>				
Net change in fair value during the period	-	(11)	-	20
	(189)	(52)	(195)	10
<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)
	-	(1)	-	(1)
Other comprehensive (loss) income for the period	(189)	(53)	(195)	9
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(116)	14	(56)	141
Attributable to:				
Shareholders of the parent	(64)	15	(14)	116
Non-controlling interests	(52)	(1)	(42)	25
	(116)	14	(56)	141

Interim Consolidated Statement of Changes in Equity

Six-month period ended 30 June 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	-	-	-	113	-	-	-	-	113	26	139
Other comprehensive loss for the period	-	-	-	-	-	(97)	(30)	-	(127)	(68)	(195)
Total comprehensive income (loss) for the period	-	-	-	113	-	(97)	(30)	-	(14)	(42)	(56)
Dividend	-	-	-	(93)	-	-	-	-	(93)	-	(93)
Purchase of treasury shares	-	(1)	-	-	-	-	-	-	(1)	-	(1)
Other equity movements in subsidiaries	-	-	-	(2)	-	-	-	-	(2)	-	(2)
At 30 June 2018 (reviewed)	3,110	(1)	481	895	100	(735)	(25)	(33)	3,792	432	4,224
At 1 January 2017	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

* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 430 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 June 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 12th August 2018.