



**Statement of Financial Position**  
December 31, 2017

**Statement of Changes in Head Office Funds**  
For the Year Ended December 31, 2017

	2017	2016
	BD'000	BD'000
<b>ASSETS</b>		
Cash and deposits with Central Bank of Bahrain	33,685	16,703
Current accounts with banks and financial institutions	33,518	46,985
Deposits with Head Office, other branches and affiliates	31,535	73,778
Investment at fair value through other comprehensive income	178	160
Investments at amortized cost	112,606	76,137
Derivative assets	520	245
Loans and advances	241,628	202,818
Interest receivable	1,863	2,075
Other assets	649	996
Premises and equipment	659	357
<b>Total Assets</b>	<b>456,841</b>	<b>420,254</b>
<b>LIABILITIES AND HEAD OFFICE FUNDS</b>		
<b>Liabilities</b>		
Current accounts from banks and financial institutions	1,171	1,011
Deposits from Head Office, other branches and affiliates	103,591	123,106
Borrowing under repurchase agreement	-	14,427
Customers' deposits	318,923	256,270
Derivative liabilities	349	283
Interest payable	2,325	1,947
Other liabilities	4,794	2,726
Provision for employees' end-of-service benefits	309	338
<b>Total Liabilities</b>	<b>431,462</b>	<b>400,108</b>
<b>Head Office Funds</b>		
Capital	15,800	12,350
Reserves	484	484
Fair value reserve	170	152
Unremitted profit to Head Office	8,925	7,160
<b>Total Head Office Funds</b>	<b>25,379</b>	<b>20,146</b>
<b>Total Liabilities and Head Office Funds</b>	<b>456,841</b>	<b>420,254</b>

	Capital	Reserves	Investment Revaluation Reserve	Unremitted Profits to Head Office	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Balance at January 1, 2016	11,250	484	106	6,678	18,518
Total comprehensive income for the year	-	-	46	7,160	7,206
Profits remitted to Head Office	-	-	-	(6,678)	(6,678)
Addition of capital	1,100	-	-	-	1,100
<b>Balance at December 31, 2016</b>	<b>12,350</b>	<b>484</b>	<b>152</b>	<b>7,160</b>	<b>20,146</b>
Total comprehensive income for the year	-	-	18	8,925	8,943
Profits remitted to Head Office	-	-	-	(7,160)	(7,160)
Addition of capital	3,450	-	-	-	3,450
<b>Balance at December 31, 2017</b>	<b>15,800</b>	<b>484</b>	<b>170</b>	<b>8,925</b>	<b>25,379</b>

**Statement of Cash Flows**  
For the Year Ended December 31, 2017

	2017	2016
	BD'000	BD '000
<b>Cash flows from operating activities</b>		
Profit for the year	8,925	7,160
Adjustments for non-cash items:		
Depreciation	254	157
Premises and equipment written off	5	14
Impairment charge for credit losses - net	339	870
Provision for employees' end-of-service benefits	44	41
Fair value of derivative assets and liabilities	(209)	(51)
Operating profit before changes in operating assets and liabilities	<b>9,358</b>	<b>8,191</b>
Changes in operating assets and liabilities:		
Compulsory regulatory cash reserve with Central Bank	(2,800)	470
Deposits with Head Office, other branches and affiliates	-	11,377
Loans and advances	(39,149)	(27,695)
Interest receivable	212	(961)
Other assets	347	(598)
Customers' deposits	62,653	25,564
Borrowing under repurchase agreement	(14,427)	14,427
Interest payable	378	990
Deposits from Head Office, other branches and affiliates	(20,000)	16,230
Other liabilities	2,068	(2,200)
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,360)</b>	<b>45,795</b>
<b>Cash flows from investing activities</b>		
Purchase of premises and equipment	(561)	(86)
Payments for employees' end-of-service Benefits	(73)	-
Payments for acquisition of investments at amortized cost	(71,980)	(25,505)
Proceeds from redemption of investments at amortized cost	35,511	20,163
<b>Net cash used in investing activities</b>	<b>(37,103)</b>	<b>(5,428)</b>
<b>Cash flows from financing activities</b>		
Net profits remitted to Head Office	(7,160)	(6,678)
<b>Net cash used in financing activities</b>	<b>(7,160)</b>	<b>(5,428)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(45,623)</b>	<b>33,689</b>
Cash and cash equivalents at the beginning of the year	12,879	(20,810)
<b>Cash and cash equivalents end of year</b>	<b>(32,744)</b>	<b>12,879</b>
<b>Cash and cash equivalent include:</b>		
Cash and deposits with Central Bank of Bahrain excluding compulsory regulatory reserve	22,765	8,583
Current accounts with banks and financial institutions	33,518	46,985
Deposits with Head Office, other branches and affiliates	15,735	61,428
Current accounts from banks and financial institutions	(1,171)	(1,011)
Deposits from Head Office, other branches and affiliates	(103,591)	(103,106)
	<b>(32,744)</b>	<b>12,879</b>

The above statement of financial position as at December 31, 2017, and the statement of Profit and Loss and other comprehensive income, statement of changes in Head office funds and statement of cash flows for the year then ended have been extracted from the financial statements of Arab Bank Plc, Retail Bank, a branch of Arab Bank Plc, Jordan for the year ended December 31, 2017, which were approved and authorized for issue by the management on February 22, 2018 and signed on its behalf by Mr. Mohamed Assem Abdelkhalik, Country Manager, and on which an unqualified audit opinion was issued by Deloitte & Touche – Middle East, Kingdom of Bahrain on February 22, 2018.

**Statement of Profit or Loss and Other Comprehensive Income**  
For the Year Ended December 31, 2017

	2017	2016
	BD'000	BD'000
Interest income	21,285	16,308
Interest expense	(9,969)	(6,261)
<b>Net interest income</b>	<b>11,316</b>	<b>10,047</b>
Fee and commission income – net	2,249	2,079
Foreign exchange gain	449	387
Other income	704	697
<b>Total financial income</b>	<b>14,718</b>	<b>13,210</b>
Allowance for credit losses – net	(339)	(870)
<b>Total financial income after net provisions</b>	<b>14,379</b>	<b>12,340</b>
Staff costs	(2,514)	(2,328)
General and administrative expenses	(1,916)	(1,996)
Premises and equipment expenses	(770)	(699)
Depreciation	(254)	(157)
<b>Total operating expenses</b>	<b>(5,454)</b>	<b>(5,180)</b>
<b>Net profit for the year</b>	<b>8,925</b>	<b>7,160</b>
<b>Other comprehensive income</b>		
Items that will not be reclassified subsequently to profit or loss:		
Net change in fair value of financial assets at fair value through other comprehensive income	18	46
<b>Total other comprehensive income for the year</b>	<b>18</b>	<b>46</b>
<b>Total comprehensive income for the year</b>	<b>8,943</b>	<b>7,206</b>

**Non-cash Transaction:**

During the year an amount of BD 3,450 thousand (2016: BD 1,100 thousand) was allocated to Head Office capital against deposits with Head Office.