

ARAB BANK PLC
RETAIL BANK
MANAMA - KINGDOM OF BAHRAIN

البنك العربي
ARAB BANK



Statement of Financial Position
at December 31, 2018

	December 31, 2018	December 31, 2017
	BD '000	BD '000
ASSETS		
Cash and deposits with Central Bank of Bahrain	25,916	33,685
Current accounts with banks and financial institutions	38,397	33,518
Deposits with Head Office, other branches and affiliates	45,988	31,535
Investment at fair value through other comprehensive income	198	178
Investments at amortized cost	123,595	112,606
Derivative assets	14,720	520
Loans and advances	247,801	241,628
Interest receivable	3,294	1,863
Other assets	7,272	649
Premises and equipment	508	659
Total Assets	507,689	456,841
LIABILITIES AND HEAD OFFICE FUNDS		
Liabilities		
Current accounts from banks and financial institutions	1,583	1,171
Deposits from Head Office, other branches and affiliates	115,398	103,591
Customers' deposits	343,120	318,923
Derivative liabilities	14,695	349
Interest payable	2,980	2,325
Other liabilities	2,381	4,794
Employees' end-of-service benefits	144	309
Total Liabilities	480,301	431,462
Head Office Funds		
Head Office Capital	16,800	15,800
Reserves	484	484
Investment revaluation reserve	190	170
Unremitted profits to Head Office	9,914	8,925
Total Head Office Funds	27,388	25,379
Total Liabilities and Head Office Funds	507,689	456,841

The financial statements were approved on 14 March, 2019 and signed by: Mr. Mohamed Assem Abdelkhalek.

Statement of Income
For The Year Ended December 31, 2018

	2018	2017
	BD '000	BD '000
Interest income	25,680	21,285
Interest expense	(12,057)	(9,969)
Net interest income	13,623	11,316
Net fee and commission income	2,969	2,799
Foreign exchange gain	534	449
Other income	86	154
Operating income	17,212	14,718
Staff expenses	(2,597)	(2,514)
Depreciation	(190)	(254)
Premises and equipment expenses	(878)	(770)
Other administrative expenses	(2,233)	(1,916)
Operating expenses	(5,898)	(5,454)
Operating profit before provision for credit losses	11,314	9,264
Net provisions for credit losses / impairment	(1,400)	(339)
Profit for the year	9,914	8,925
Other comprehensive income		
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	20	18
Total other comprehensive income for the year	20	18
Total comprehensive income for the year	9,934	8,943

The above information is extracted from the financial statements audited by Ernst & Young - Bahrain.

Statement Of Changes In Head Office Funds
For The Year Ended December 31, 2018

	Share Capital	Statutory Reserve	Fair Value Reserve	Unremitted Profit to Head Office	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Balance at 1 January 2018	15,800	484	170	8,925	25,379
Restatement to retained earnings due to adoption of IFRS 9	-	-	-	(1,815)	(1,815)
Total comprehensive income for the year	-	-	20	9,914	9,934
Profits remitted to Head Office	-	-	-	(7,110)	(7,110)
Addition to Head Office capital	1,000	-	-	-	1,000
Balance at 31 December 2018	16,800	484	190	9,914	27,388
Balance at 1 January 2017	12,350	484	152	7,160	20,146
Total comprehensive income for the year	-	-	18	8,925	8,943
Amount remitted to Head Office	-	-	-	(7,160)	(7,160)
Additions to capital	3,450	-	-	-	3,450
Balance at 31 December 2017	15,800	484	170	8,925	25,379

Statement of Cash Flows
For The Year Ended December 31, 2018

	2018	2017
	BD '000	BD '000
Operating Activities		
Profit for the year	9,914	8,925
Adjustments for:		
Depreciation and Amortization	190	254
Premises and equipment written off	-	5
Provision for employees' end-of-service benefits	36	44
Provision for credit losses – net	1,400	339
Fair value of derivative assets and liabilities	146	(209)
	11,686	9,358
Changes in operating assets and liabilities:		
Compulsory regulatory reserve with Central Bank of Bahrain	(490)	(2,800)
Current accounts with banks and financial institutions	(3)	-
Loans and advances	(8,655)	(39,149)
Interest receivable	(1,431)	212
Other assets	(6,623)	347
Customers' deposits	24,197	62,653
Due to other offices of the Bank having original maturities of 90 days or more	45,000	(20,000)
Borrowings under repurchase agreements	-	(14,427)
Interest payable	655	378
Other liabilities	(2,413)	2,068
Cash from (used) in operating activities	61,923	(1,360)
Payment of employees' end-of-service benefits	(201)	(73)
Net cash from (used) in operating activities	61,722	(1,433)
Investing Activities		
Purchase of fixed assets	(39)	(561)
Disposal of investments	52,113	35,511
Purchase of investments	(63,832)	(71,980)
Net cash used in investing activities	(11,758)	(37,030)
Financing Activity		
Net profit remitted to Head office	(7,110)	(7,160)
Net cash used in financing activity	(7,110)	(7,160)
Net change in cash and cash equivalents	42,854	(45,623)
Cash and cash equivalents at 1 January	(32,744)	12,879
Cash and cash equivalents at 31 December	10,110	(32,744)
Comprising:		
Cash and balances with the Central Bank of Bahrain	14,506	22,765
Current accounts with banks and financial institutions	38,397	33,518
Deposits with Head Office, other branches and affiliates	29,188	15,735
Current accounts from banks and financial institutions	(1,583)	(1,171)
Deposits from Head Office, other branches and affiliates	(70,398)	(103,591)
	10,110	(32,744)

Non-cash Transactions:

During the year an amount of BD 1,000 thousand (2017: BD 3,450 thousand) was allocated to Head Office capital against deposits with Head Office.