

Arab Banking Corporation (B.S.C.)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 MARCH 2024 (REVIEWED)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF ARAB BANKING CORPORATION (B.S.C.)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Arab Banking Corporation (B.S.C.) [the "Bank"] and its subsidiaries [together the "Group"] as at 31 March 2024, comprising of the interim consolidated statement of financial position as at 31 March 2024 and the related interim consolidated statements of profit or loss, comprehensive income, cash flows and changes in equity for the three-month period then ended, and explanatory notes. The Bank's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



12 May 2024
Manama, Kingdom of Bahrain

Arab Banking Corporation (B.S.C.)

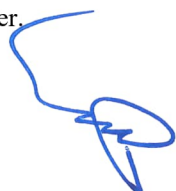
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2024 (Reviewed)

All figures in US\$ Million

	<i>Notes</i>	Reviewed 31 March 2024	Audited 31 December 2023
ASSETS			
Liquid funds		2,356	4,466
Trading securities		1,352	1,070
Placements with banks and other financial institutions		2,116	2,231
Securities bought under repurchase agreements		1,482	2,191
Non-trading investments	4	11,916	11,368
Loans and advances	5	18,675	19,096
Other assets		3,298	3,210
Premises and equipment		240	260
TOTAL ASSETS		41,435	43,892
LIABILITIES			
Deposits from customers		22,040	23,705
Deposits from banks		4,448	4,135
Certificates of deposit		230	142
Securities sold under repurchase agreements		5,808	6,933
Taxation		116	146
Other liabilities		2,687	2,724
Borrowings		1,399	1,303
Total liabilities		36,728	39,088
EQUITY			
Share capital		3,110	3,110
Treasury shares		(6)	(6)
Statutory reserve		569	569
Retained earnings		1,283	1,283
Other reserves		(1,149)	(1,046)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		3,807	3,910
Additional / perpetual tier-1 capital		390	390
Equity attributable to the shareholders of the parent and perpetual instrument holders		4,197	4,300
Non-controlling interests		510	504
Total equity		4,707	4,804
TOTAL LIABILITIES AND EQUITY		41,435	43,892

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 12 May 2024 and signed on their behalf by the Chairman, Deputy Chairman and the Group Chief Executive Officer.



Saddek El Kaber
Chairman



Mohammad Abdulredha Saleem
Deputy Chairman



Saal Al Waary
Group Chief Executive Officer

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Three-month period ended 31 March 2024 (Reviewed)

All figures in US\$ Million

	Notes	Reviewed	
		Three months ended	
		31 March	2023
		2024	2023
OPERATING INCOME			
Interest and similar income		827	661
Interest and similar expense		(594)	(438)
Net interest income		233	223
Other operating income	6	110	76
Total operating income		343	299
OPERATING EXPENSES			
Staff		122	108
Premises and equipment		14	13
Other		62	53
Total operating expenses		198	174
NET OPERATING PROFIT BEFORE CREDIT LOSS EXPENSE AND TAXATION			
		145	125
Credit loss expense	7	(36)	(43)
PROFIT BEFORE TAXATION		109	82
Taxation charge on foreign operations		(18)	(11)
PROFIT FOR THE PERIOD		91	71
Profit attributable to non-controlling interests		(16)	(11)
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		75	60
BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)			
		0.02	0.02



Saddek El Kaber
Chairman



Mohammad Abdulredha Saleem
Deputy Chairman



Sael Al Waary
Group Chief Executive Officer

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Three-month period ended 31 March 2024 (Reviewed)

All figures in US\$ Million

	Reviewed	
	<i>Three months ended</i>	
	<i>31 March</i>	
	2024	2023
PROFIT FOR THE PERIOD	91	71
Other comprehensive income (loss):		
<i>Other comprehensive income (loss)</i>		
<i>that will be reclassified (or recycled) to profit</i>		
<i>or loss in subsequent periods:</i>		
<u>Foreign currency translation:</u>		
Unrealised loss on exchange translation in foreign subsidiaries	(155)	(27)
<u>Debt instruments at FVOCI:</u>		
Net change in fair value during the period	39	(28)
	(116)	(55)
<i>Other comprehensive income (loss) that will not be</i>		
<i>reclassified (or recycled) to profit or loss in</i>		
<i>subsequent periods:</i>		
Net change in fair value of FVOCI equity securities during the period	(2)	4
	(2)	4
Other comprehensive loss for the period	(118)	(51)
TOTAL COMPREHENSIVE		
(LOSS) INCOME FOR THE PERIOD	(27)	20
Attributable to:		
Shareholders of the parent	(28)	(1)
Non-controlling interests	1	21
	(27)	20

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Three-month period ended 31 March 2024 (Reviewed)

All figures in US\$ million

	Reviewed	
	<i>Three months ended</i>	
	<i>31 March</i>	
	2024	2023
OPERATING ACTIVITIES		
Profit for the period	91	71
Adjustments for:		
Credit loss expense	36	43
Depreciation and amortisation	16	14
Gain on disposal of non-trading debt investments - net	(10)	(4)
Changes in operating assets and liabilities:		
Treasury bills and other eligible bills	-	38
Trading securities	(319)	(454)
Placements with banks and other financial institutions	(177)	(431)
Securities bought under repurchase agreements	683	344
Loans and advances	(123)	315
Other assets	(159)	(199)
Deposits from customers	(742)	(1,251)
Deposits from banks	372	267
Securities sold under repurchase agreements	(1,111)	(909)
Other liabilities	22	173
Other non-cash movements	(100)	397
Net cash used in operating activities	(1,521)	(1,586)
INVESTING ACTIVITIES		
Purchase of non-trading investments	(6,750)	(1,899)
Sale and redemption of non-trading investments	6,096	2,346
Purchase of premises and equipment	(5)	(20)
Sale of premises and equipment	1	5
Investment in subsidiaries - net	3	2
Net cash (used in) from investing activities	(655)	434
FINANCING ACTIVITIES		
Issue (repayment) of certificates of deposit - net	84	(60)
Repayment of borrowings	-	(43)
Proceeds from borrowings	100	42
Interest paid on additional / perpetual tier-1 capital	(9)	(9)
Dividend paid to the Bank's shareholders	(70)	(46)
Dividend paid to non-controlling interests	(8)	(7)
Net cash from (used in) financing activities	97	(123)
Net change in cash and cash equivalents	(2,079)	(1,275)
Effect of exchange rate changes on cash and cash equivalents	(31)	(27)
Cash and cash equivalents at beginning of the period	4,466	2,848
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	2,356	1,546

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three-month period ended 31 March 2024 (Reviewed)

All figures in US\$ Million

	Equity attributable to the shareholders of the parent								Additional / perpetual tier-1 capital	Non- controlling interests	Total equity	
	Other reserves											
	Share capital	Treasury shares	Statutory reserve	Retained earnings*	General reserve	Foreign		Pension fund reserve				Total
						exchange translation adjustments	Cumulative changes in fair value					
At 31 December 2023	3,110	(6)	569	1,283	100	(1,126)	13	(33)	3,910	390	504	4,804
Profit for the period	-	-	-	75	-	-	-	-	75	-	16	91
Other comprehensive (loss) income for the period	-	-	-	-	-	(140)	37	-	(103)	-	(15)	(118)
Total comprehensive income (loss) for the period	-	-	-	75	-	(140)	37	-	(28)	-	1	(27)
Dividend**	-	-	-	(70)	-	-	-	-	(70)	-	(8)	(78)
Interest paid on additional / perpetual tier-1 capital	-	-	-	(9)	-	-	-	-	(9)	-	-	(9)
Other equity movements in subsidiaries	-	-	-	4	-	-	-	-	4	-	13	17
At 31 March 2024 (reviewed)	3,110	(6)	569	1,283	100	(1,266)	50	(33)	3,807	390	510	4,707

* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 558 million (31 December 2023: US\$ 555 million).

** A dividend of US\$ 0.0225 per share (2022: US\$ 0.015 per share) for the year 2023 was approved for payment at the Annual General Meeting held on 24 March 2024.

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three-month period ended 31 March 2024 (Reviewed)

All figures in US\$ Million

	Equity attributable to the shareholders of the parent								Additional / perpetual tier-1 capital	Non- controlling interests	Total equity	
	Other reserves											
	Share capital	Treasury shares	Statutory reserve	Retained earnings*	General reserve	Foreign		Pension fund reserve				Total
						exchange translation adjustments	Cumulative changes in fair value					
At 31 December 2022	3,110	(6)	545	1,125	100	(1,114)	(22)	(33)	3,705	390	426	4,521
Profit for the period	-	-	-	60	-	-	-	-	60	-	11	71
Other comprehensive (loss) income for the period	-	-	-	-	-	(37)	(24)	-	(61)	-	10	(51)
Total comprehensive income (loss) for the period	-	-	-	60	-	(37)	(24)	-	(1)	-	21	20
Dividend**	-	-	-	(46)	-	-	-	-	(46)	-	(7)	(53)
Interest paid on additional / perpetual tier-1 capital	-	-	-	(9)	-	-	-	-	(9)	-	-	(9)
Other equity movements in subsidiaries	-	-	-	4	-	-	-	-	4	-	2	6
At 31 March 2023 (reviewed)	3,110	(6)	545	1,134	100	(1,151)	(46)	(33)	3,653	390	442	4,485

* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 519 million (31 December 2022: US\$ 517 million).

** A dividend of US\$ 0.015 per share (2021: US\$ 0.01 per share) for the year 2022 was approved for payment at the Annual General Meeting held on 19 March 2023.

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2024 (Reviewed)

All figures in US\$ million

1 INCORPORATION AND ACTIVITIES

Arab Banking Corporation (B.S.C.) [the "Bank"] is incorporated in the Kingdom of Bahrain by an Amiri decree and operates under a wholesale banking licence issued by the Central Bank of Bahrain (the "CBB"). The Bank is a Bahraini Shareholding Company with limited liability and is listed on the Bahrain Bourse. The Central Bank of Libya is the ultimate parent of the Bank and its subsidiaries (together the "Group").

The Bank's registered office is at ABC Tower, Diplomatic Area, P.O. Box 5698, Manama, Kingdom of Bahrain. The Bank is registered under commercial registration number 10299 issued by the Ministry of Industry and Commerce, Kingdom of Bahrain.

The Group offers a range of international wholesale banking services including Corporate Banking & Financial Institutions, Project & Structured Finance, Syndications, Treasury, Trade Finance, Islamic Banking and the digital, mobile-only banking space named "ila Bank" within retail consumer banking services. Retail banking services are only provided in the MENA region.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the three-month period ended 31 March 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting (IAS 34).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023. In addition, results for the three-month period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

2.2 New and amended standards and interpretations adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new and amended standards and interpretations that have become applicable effective from 1 January 2024. The Group has not early adopted any new and amended standard or interpretation that has been issued but is not yet effective.

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2024 (Reviewed)

All figures in US\$ million

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023 except for adoption of new standards and amendments effective from 1 January 2024.

4 NON-TRADING INVESTMENTS

	<i>Reviewed</i> <i>31 March</i> <i>2024</i>	<i>Audited</i> <i>31 December</i> <i>2023</i>
Debt securities		
At amortised cost	6,304	5,977
At FVOCI	5,681	5,458
	11,985	11,435
ECL allowance	(87)	(88)
Debt securities - net	11,898	11,347
Equity securities		
At FVOCI	18	21
	18	21
	11,916	11,368

Following are the stage wise break-up of debt securities as of 31 March 2024 and 31 December 2023:

	<i>31 March 2024 (Reviewed)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Debt securities, gross	11,911	-	74	11,985
ECL allowance	(13)	-	(74)	(87)
	11,898	-	-	11,898
	<i>31 December 2023 (Audited)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Debt securities, gross	11,361	-	74	11,435
ECL allowance	(14)	-	(74)	(88)
	11,347	-	-	11,347

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2024 (Reviewed)

All figures in US\$ million

5 LOANS AND ADVANCES

	<i>31 March 2024 (Reviewed)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Loans and advances, gross	17,725	875	725	19,325
ECL allowance	(140)	(72)	(438)	(650)
	17,585	803	287	18,675
	<i>31 December 2023 (Audited)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Loans and advances, gross	18,219	815	710	19,744
ECL allowance	(139)	(74)	(435)	(648)
	18,080	741	275	19,096

An analysis of movement in the ECL allowance during the period ended 31 March 2024 and 31 March 2023 are as follows:

<u>Reviewed</u>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
As at 1 January 2024	139	74	435	648
Net transfers between stages	-	(6)	6	-
Amounts written-off	-	-	(11)	(11)
Charge for the period - net	2	6	27	35
Exchange adjustments and other movements	(1)	(2)	(19)	(22)
As at 31 March 2024	140	72	438	650
<u>Reviewed</u>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
As at 1 January 2023	139	71	463	673
Net transfers between stages	1	(11)	10	-
Amounts written-off	-	-	(132)	(132)
Charge for the period - net	(6)	4	41	39
Exchange adjustments and other movements	2	9	(3)	8
As at 31 March 2023	136	73	379	588

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2024 (Reviewed)

All figures in US\$ million

6 OTHER OPERATING INCOME

	<i>Reviewed</i>	
	<i>31 March 2024</i>	<i>31 March 2023</i>
Fee and commission income - net*	59	45
Bureau processing income	11	9
Net gain from trading book (including foreign currencies transaction)	12	5
Gain on disposal of non-trading debt investments - net	10	4
Merchant acquiring income	4	3
Brokerage income - net	3	3
Others - net	11	7
	110	76

*Included in the fee and commission income is US\$ 3 million (31 March 2023: US\$ 3 million) of fee income relating to funds under management.

7 CREDIT LOSS EXPENSE

	<i>Reviewed</i>	
	<i>31 March 2024</i>	<i>31 March 2023</i>
Non-trading debt investments	1	1
Loans and advances	35	39
Credit commitments and contingent items	-	3
	36	43

8 OPERATING SEGMENTS

For management purposes, the Group is organised into five operating segments which are based on business units and their activities. The Group has accordingly been structured to place its activities under the distinct divisions which are as follows:

- **MENA subsidiaries** cover retail, corporate and treasury activities of subsidiaries in North Africa and Levant;
- **International wholesale banking** encompasses corporate and structured finance, trade finance, Islamic banking services and syndications;
- **Group treasury** comprises treasury business of Bahrain, New York and London;
- **ABC Brasil** primarily reflects the commercial banking and treasury activities of the Brazilian subsidiary Banco ABC Brasil S.A., focusing on the corporate and middle market segments in Brazil; and
- **Others** includes activities of the Head Office, Arab Financial Services Company B.S.C. (c) and ila Bank.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2024 (Reviewed)

All figures in US\$ million

9 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables provide the fair value measurement hierarchy of the Group's financial assets and financial liabilities measured at fair value in these financial statements.

Quantitative disclosure of fair value measurement hierarchy for assets as at 31 March 2024 (Reviewed):

Financial assets measured at fair value:

	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Trading securities	919	433	1,352
Non-trading investments	5,001	612	5,613
Loans and advances	-	673	673
Derivatives held for trading	392	315	707
Derivatives held as hedges	-	120	120

Quantitative disclosure of fair value measurement hierarchy for liabilities as at 31 March 2024 (Reviewed):

Financial liabilities measured at fair value:

	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Derivatives held for trading	305	287	592
Derivatives held as hedges	-	16	16

Quantitative disclosure of fair value measurement hierarchy for assets as as at 31 December 2023 (Audited):

Financial assets measured at fair value:

	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Trading securities	924	146	1,070
Non-trading investments	4,702	777	5,479
Loans and advances	-	793	793
Derivatives held for trading	458	395	853
Derivatives held as hedges	-	99	99

Quantitative disclosure of fair value measurement hierarchy for assets as at 31 December 2023 (Audited):

Financial liabilities measured at fair value:

	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Derivatives held for trading	361	405	766
Derivatives held as hedges	-	13	13

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2024 (Reviewed)

All figures in US\$ million

9 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair values of financial instruments not carried at fair value

Except for the following, the fair value of financial instruments which are not carried at fair value are not materially different from their carrying value.

	<i>Reviewed</i>		<i>Audited</i>	
	<i>31 March 2024</i>		<i>31 December 2023</i>	
	<i>Carrying value</i>	<i>Fair value</i>	<i>Carrying value</i>	<i>Fair value</i>
Financial assets				
Non-trading debt investments				
at amortised cost - gross (level 1 and 2)	6,304	6,289	5,977	5,982
Financial liabilities				
Borrowings - perpetual (level 1)	195	204	98	104

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 during the current and prior period.

10 CREDIT COMMITMENTS AND CONTINGENT ITEMS

a) Exposure (after applying credit conversion factor) and ECL by stage

	<i>31 March 2024 (Reviewed)</i>			<i>Total</i>
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	
Credit commitments and contingencies	3,920	98	18	4,036
ECL allowance	8	12	11	31

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2024 (Reviewed)

All figures in US\$ million

10 CREDIT COMMITMENTS AND CONTINGENT ITEMS (continued)

a) Exposure (after applying credit conversion factor) and ECL by stage (continued)

	31 December 2023 (Audited)			Total
	Stage 1	Stage 2	Stage 3	
Credit commitments and contingencies	4,212	100	20	4,332
ECL allowance	8	13	11	32

An analysis of movement in the ECL allowance during the period are as follows:

	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	8	13	11	32
ECL movements for the period - net	-	(1)	-	(1)
As at 31 March 2024 (reviewed)	8	12	11	31
	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	7	9	28	44
ECL movements for the period - net	-	2	(1)	1
As at 31 March 2023 (reviewed)	7	11	27	45

b) Credit commitments and contingencies

	Reviewed 31 March 2024	Audited 31 December 2023
Short-term self-liquidating trade and transaction-related contingent items	4,087	4,536
Direct credit substitutes, guarantees	2,976	3,102
Undrawn loans and other commitments	2,592	2,738
	9,655	10,376
Credit exposure after applying credit conversion factor	4,036	4,332
Risk weighted equivalents	3,359	3,696

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2024 (Reviewed)

All figures in US\$ million

10 CREDIT COMMITMENTS AND CONTINGENT ITEMS (continued)

c) Derivatives

The outstanding notional amounts at the reporting date were as follows:

	<i>Reviewed</i> <i>31 March</i> <i>2024</i>	<i>Audited</i> <i>31 December</i> <i>2023</i>
Interest rate swaps	13,849	11,524
Currency swaps	1,044	1,113
Forward foreign exchange contracts	8,605	9,539
Options*	23,776	12,991
Futures	4,931	5,386
	52,205	40,553
Risk weighted equivalents (credit and market risk)	1,514	1,328

* This includes options for which the Group has a back-to-back cover available.

11 RISK MANAGEMENT**Liquidity risk**

The Group is required to comply with the liquidity requirements as stipulated by its regulator, the CBB. These requirements relate to maintaining a minimum of 100% for liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). LCR is calculated as a ratio of its stock of high quality liquid assets (HQLA) and net outflows over the next 30 calendar days. NSFR is calculated as a ratio of 'available stable funding' to 'required stable funding'. As at 31 March 2024, the Group's LCR and NSFR were at 260 % (31 December 2023: 278%) and 126% (31 December 2023: 128%) respectively.

	31 March 2024					31 December 2023				
	Unweighted Values (i.e. before applying relevant factors)					Unweighted Values (i.e. before applying relevant factors)				
	No specified maturity	Less than 6 months	Over 6 months and less than one year	Over one year	Total weighted value	No specified maturity	Less than 6 months	Over 6 months and less than one year	Over one year	Total weighted value
Available Stable Funding (ASF):										
Capital:										
Regulatory Capital	4,154	-	-	-	4,154	4,249	-	-	-	4,249
Other Capital Instruments	498	-	-	339	838	464	-	-	325	789
Retail deposits and deposits from small business customers:										
Stable deposits	-	-	-	-	-	-	-	63	-	60
Less stable deposits	-	2,126	492	833	3,189	-	2,072	362	580	2,772
Wholesale funding:										
Operational deposits										
Other wholesale funding	-	20,037	3,680	7,438	13,247	-	21,391	4,080	8,206	14,270
Other liabilities:										
NSFR derivative liabilities	-	-	-	-	-	-	-	-	-	-
All other liabilities not included in the above categories	-	1,230	-	-	-	-	1,318	-	-	-
Total ASF (A)					21,428					22,140

11 RISK MANAGEMENT (continued)

	31 March 2024					31 December 2023				
	Unweighted Values (i.e. before applying relevant factors)					Unweighted Values (i.e. before applying relevant factors)				
	No specified maturity	Less than 6 months	Over 6 months and less than one year	Over one year	Total weighted value	No specified maturity	Less than 6 months	Over 6 months and less than one year	Over one year	Total weighted value
Required Stable Funding (RSF):										
Total NSFR high-quality liquid assets (HQLA)	11,859	552	-	-	707	11,336	368	-	-	718
Deposits held at other financial institutions for operational purposes	-	-	-	-	-	-	-	-	-	-
Performing loans and securities:										
Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	-	3,625	1,017	881	1,890	-	4,464	927	789	1,854
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	7,438	2,363	5,775	9,809	-	7,393	2,512	5,907	9,973
With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	309	201	-	-	-	344	223
Performing residential mortgages, of which:										
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	-	-	-	-	-	-	-
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	235	549	1,911	2,016	-	209	208	986	1,047
Other assets:										
Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-	-	-	-	-	-
NSFR derivative assets	-	142	-	-	142	-	116	-	-	116
NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-	-	-	-	-	-
All other assets not included in the above categories	2,075	337	3	1,594	1,800	4,210	350	3	2,649	2,865
OBS items	-	9,586	-	-	479	-	10,293	-	-	515
Total RSF (B)					17,044					17,311
NSFR (A/B)					126%					128%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2024 (Reviewed)

All figures in US\$ million

12 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties represent the ultimate parent, major shareholders, associates, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

The period-end and year-end balances in respect of related parties included in the interim consolidated statement of financial position are as follows:

	<i>Ultimate parent</i>	<i>Major share- holder</i>	<i>Directors</i>	<i>31 March 2024 (Reviewed)</i>
Deposits from customers	2,964	-	36	3,000
Borrowings	1,115	-	-	1,115
Additional / perpetual tier-1 capital*	390	-	-	390
Short-term self-liquidating trade and transaction-related contingent items	915	-	-	915
	<i>Ultimate parent</i>	<i>Major share- holder</i>	<i>Directors</i>	<i>31 December 2023 (Audited)</i>
Deposits from customers	2,949	-	37	2,986
Borrowings	1,115	-	-	1,115
Additional / perpetual tier-1 capital*	390	-	-	390
Short-term self-liquidating trade and transaction-related contingent items	966	-	-	966

* During the period, the Group has paid interest on additional / perpetual tier-1 capital amounting to US\$ 9 million (31 March 2023: US\$ 9 million) which has been charged to the interim consolidated statement of changes in equity.

The income and expenses in respect of transactions with related parties included in the interim consolidated statement of profit or loss are as follows:

	<i>31 March 2024 Reviewed</i>	<i>31 March 2023</i>
Commission income	6	3
Interest expense	64	59