

Private report to the Directors Europe Arab Bank Plc only

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF EUROPE ARAB BANK PLC

Opinion

We have audited the country-by-country schedule ('the Schedule') of Europe Arab Bank Plc ('the Company') for the year ended 31 December 2017.

In our opinion the accompanying country-by-country information in the attached Schedule, of the Company as at 31 December 2017 is prepared, in all material respects, in accordance with the requirements of The Capital Requirements (Country-by-Country Reporting) Regulations 2013 ('the Regulations').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are independent of the Company in accordance with the ethical requirements of the International Ethical Standards Board for Accountants that are relevant to our audit of the Schedule, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use

The basis of accounting for the purpose of The Schedule is the International Financial Reporting Standards (IFRS). The Schedule is prepared to assist the Company in meeting the requirements of the Regulations. As a result the Schedule may not be suitable for another purpose. Our report is intended solely for the benefit of the directors of the Company, in accordance with our engagement letter dated 7th March 2018 and should not be distributed to or used by parties other than the directors of the Company. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation of the Schedule in accordance with the Regulations, for the appropriateness of the basis of preparation and the interpretation of the Regulations as they affect the preparation of the Schedule, and for such internal control as management determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of this Schedule.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Schedule or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Ernst & Young LLP
London
9 July 2018

Europe Arab Bank plc (Company Registration 5575857) Country by country reporting as at 31 December 2017

Principal activities and location

Europe Arab Bank ("EAB") plc is an authorised credit institution and provides a wide range of Banking and financial services including Corporate & Institutional Banking ("CIB"), Private Banking and Treasury services. EAB is headquartered in London, United Kingdom, and provides services to its clients through the following branches in addition to London:

- Paris and Cannes, France
- Frankfurt, Germany
- Milan, Italy

Subsidiaries

EAB has the following subsidiaries incorporated and located in England and Wales:

- 13-15 Moorgate No. 1 Limited
- 13-15 Moorgate No. 2 Limited
- EAB Client Assets Nominee Limited

Turnover

The Net Operating Income of EAB for the year ended 31 December 2017 was €44.99mn and includes net interest & similar income, net fees & commission income, net trading gains and other operating income.

Average number of employees

The average number of permanent employees was 131 for the year ended 31 December 2017.

Country-by-country breakdown

Country	Type of operations	Turnover* €'000	Operating profit / (loss) before taxation €'000	Corporation Tax paid €'000	Average number of Full Time Employees	Government subsidies received €'000
United Kingdom	CIB, Private Banking and Treasury	34,307	(8,140)	639	109	-
France	CIB and Private Banking	4,469	(595)	-	14	-
Germany	CIB	4,215	1,145	-	5	-
Italy	CIB	1,999	6,580	-	3	-
Grand Total		44,990	(1,010)	639	131	-

The above information is on a consolidated basis, inclusive of subsidiaries. The annual audited financial statements as published are on a company only basis.

**Turnover is defined as total income before impairment and operating expenses and includes net interest & similar income, net fees & commission income, and net trading gains and other operating income.*