

Arab Banking Corporation (B.S.C.)

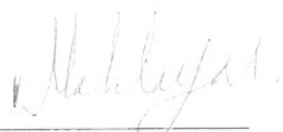
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2010 (Unaudited)

All figures in US\$ million

	Note	<i>Unaudited</i> 30 September 2010	<i>Audited</i> 31 December 2009
ASSETS			
Liquid funds		1,334	646
Trading securities		227	135
Placements with banks and other financial institutions		4,696	3,949
Non-trading securities		8,328	9,552
Loans and advances		11,504	10,949
Interest receivable		232	181
Other assets		395	430
Premises and equipment		118	123
TOTAL ASSETS		26,834	25,965
LIABILITIES			
Deposits from customers		8,843	9,909
Deposits from banks and other financial institutions		6,989	6,224
Certificates of deposit		34	34
Securities sold under repurchase agreements		3,774	4,079
Interest payable		174	139
Taxation		76	116
Other liabilities		551	539
TERM NOTES, BONDS AND OTHER TERM FINANCING	8	2,588	2,344
Total liabilities		23,029	23,384
EQUITY			
Share capital	7	3,110	2,000
Reserves		282	191
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		3,392	2,191
Non-controlling interests		413	390
Total equity		3,805	2,581
TOTAL LIABILITIES AND EQUITY		26,834	25,965

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 28 October 2010 and signed on their behalf by the Chairman and the President & Chief Executive.



Mohammed Layas
Chairman



Hassan Ali Juma
President & Chief Executive

The attached notes 1 to 9 form part of these interim condensed consolidated financial statements

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF INCOME

Nine-month period ended 30 September 2010 (Unaudited)

All figures in US\$ million

	Three months ended 30 September		Nine months ended 30 September	
	2010	2009	2010	2009
OPERATING INCOME				
Interest and similar income	250	258	718	829
Interest and similar expense	(136)	(158)	(394)	(545)
Net interest income	114	100	324	284
Other operating income (note 9)	67	67	204	206
Total operating income	181	167	528	490
Impairment provisions - net	(20)	(33)	(54)	(98)
NET OPERATING INCOME AFTER PROVISIONS	161	134	474	392
OPERATING EXPENSES				
Staff	61	56	184	170
Premises and equipment	8	7	24	22
Other	19	19	58	57
Total operating expenses	88	82	266	249
PROFIT BEFORE TAXATION	73	52	208	143
Taxation on foreign operations	(22)	(14)	(56)	(33)
PROFIT FOR THE PERIOD	51	38	152	110
Profit attributable to non-controlling interests	(14)	(12)	(40)	(30)
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	37	26	112	80
BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)	0.02	0.01	0.05	0.04

The attached notes 1 to 9 form part of these interim condensed consolidated financial statements

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Nine-month period ended 30 September 2010 (Unaudited)

All figures in US\$ million

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2010	2009	2010	2009
PROFIT FOR THE PERIOD	51	38	152	110
Other comprehensive income:				
Net fair value movements during the period after impairment effect	7	8	84	143
Amortisation of fair value shortfall on reclassified securities	10	8	17	23
Unrealised gain (loss) on exchange translation in foreign subsidiaries	49	47	(5)	144
Total other comprehensive income for the period	66	63	96	310
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	117	101	248	420
Total comprehensive income attributable to non-controlling interests	(36)	(38)	(47)	(107)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	81	63	201	313

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Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Nine-month period ended 30 September 2010 (Unaudited)

All figures in US\$ million

	2010	2009
OPERATING ACTIVITIES		
Profit attributable to shareholders of the parent	112	80
Items not involving cash flow:		
Impairment provisions - net	54	98
Depreciation	11	10
Gain on repurchase of term notes, bonds and other term financing (note 8)	2	33
Changes in operating assets and liabilities:		
Trading securities	(85)	(8)
Placements with banks and other financial institutions	(766)	5
Loans and advances	(544)	2,153
Interest receivable and other assets	(15)	143
Deposits from customers	(1,019)	(788)
Deposits from banks and other financial institutions	697	(372)
Securities sold under repurchase agreements	(312)	(1,245)
Interest payable and other liabilities	20	(183)
Other non-cash movements	37	33
Net cash used in operating activities	<u>(1,808)</u>	<u>(41)</u>
INVESTING ACTIVITIES		
Purchase of non-trading securities	(756)	(1,089)
Sale and redemption of non-trading securities	2,029	1,816
Purchase of premises and equipment	(7)	(11)
Sale of premises and equipment	1	1
Net cash from investing activities	<u>1,267</u>	<u>717</u>
FINANCING ACTIVITIES		
Increase in share capital - rights issue (note 7)	1,110	-
Underwriting fees (note 7)	(110)	-
Redemption of certificates of deposit - net	-	(7)
Issue of term notes, bonds and other term financing - net (note 8)	289	-
Repurchase / repayment of term notes, bonds and other term financing (note 9)	(45)	(154)
Net cash from (used in) financing activities	<u>1,244</u>	<u>(161)</u>
NET CHANGE IN LIQUID FUNDS	703	515
Effect of exchange rate changes on liquid funds	(15)	16
Liquid funds at beginning of the period	646	823
LIQUID FUNDS AT END OF THE PERIOD	<u>1,334</u>	<u>1,354</u>

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Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine-month period ended 30 September 2010 (Unaudited)

All figures in US\$ million

	Attributable to shareholders of the parent							Non-controlling interests	Total equity	
	Share capital	Share premium	Statutory reserve	General reserve	Retained earnings*	Foreign exchange translation adjustments	Cumulative changes in fair value			
Balance at 31 December 2009	2,000	110	321	150	(151)	(16)	(223)	2,191	390	2,581
Profit for the period	-	-	-	-	112	-	-	112	40	152
Other comprehensive (loss) income for the period	-	-	-	-	-	(12)	101	89	7	96
Total comprehensive income for the period	-	-	-	-	112	(12)	101	201	47	248
Issue of share capital - rights issue (note 7)	1,110	(110)	-	-	-	-	-	1,000	-	1,000
Other equity movements in subsidiaries	-	-	-	-	-	-	-	-	(24)	(24)
Balance at 30 September 2010	3,110	-	321	150	(39)	(28)	(122)	3,392	413	3,805
Balance at 31 December 2008	2,000	110	309	150	(261)	(81)	(434)	1,793	295	2,088
Profit for the period	-	-	-	-	80	-	-	80	30	110
Other comprehensive income for the period	-	-	-	-	-	67	166	233	77	310
Total comprehensive income for the period	-	-	-	-	80	67	166	313	107	420
Other equity movements in subsidiaries	-	-	-	-	-	-	-	-	(14)	(14)
Balance at 30 September 2009	2,000	110	309	150	(181)	(14)	(268)	2,106	388	2,494

* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 434 million (31 December 2009: US\$ 418 million).

The attached notes 1 to 9 form part of these interim condensed consolidated financial statements