

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011 (Unaudited)

All figures in US\$ million

	<i>Unaudited</i> 30 June 2011	<i>Audited</i> 31 December 2010
ASSETS		
Liquid funds	2,092	485
Trading securities	74	65
Placements with banks and other financial institutions	5,891	6,573
Non-trading securities	7,253	8,057
Loans and advances	11,799	12,186
Interest receivable	303	243
Other assets	421	374
Premises and equipment	124	122
TOTAL ASSETS	27,957	28,105
LIABILITIES		
Deposits from customers	11,795	11,175
Deposits from banks and other financial institutions	4,975	6,283
Certificates of deposit	31	41
Securities sold under repurchase agreements	4,311	3,719
Interest payable	213	182
Taxation	111	87
Other liabilities	560	675
TERM NOTES, BONDS AND OTHER TERM FINANCING	1,897	2,183
Total liabilities	23,893	24,245
EQUITY		
Share capital	3,110	3,110
Reserves	489	318
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	3,599	3,428
Non-controlling interests	465	432
Total equity	4,064	3,860
TOTAL LIABILITIES AND EQUITY	27,957	28,105

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 17 July 2011 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 7 form part of these interim condensed consolidated financial statements

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF INCOME

Six-month period ended 30 June 2011 (Unaudited)

All figures in US\$ million

	Three months ended		Six months ended	
	30 June		30 June	
	2011	2010	2011	2010
OPERATING INCOME				
Interest and similar income	275	232	554	468
Interest and similar expense	(152)	(124)	(307)	(258)
Net interest income	123	108	247	210
Other operating income	84	69	157	137
Total operating income	207	177	404	347
Impairment writeback (provisions) - net	8	(22)	1	(34)
NET OPERATING INCOME AFTER PROVISIONS	215	155	405	313
OPERATING EXPENSES				
Staff	72	61	142	123
Premises and equipment	9	8	18	16
Other	21	21	41	39
Total operating expenses	102	90	201	178
PROFIT BEFORE TAXATION	113	65	204	135
Taxation on foreign operations	(29)	(18)	(56)	(34)
PROFIT FOR THE PERIOD	84	47	148	101
Income attributable to non-controlling interests	(16)	(13)	(32)	(26)
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	68	34	116	75
BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)	0.02	0.01	0.04	0.03

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six-month period ended 30 June 2011 (Unaudited)

All figures in US\$ million

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2011	2010	2011	2010
PROFIT FOR THE PERIOD	84	47	148	101
Other comprehensive income:				
Net fair value movements during the period after impairment effect	8	46	7	77
Amortisation of fair value shortfall on reclassified securities	11	2	17	7
Unrealised gain (loss) on exchange translation in foreign subsidiaries	43	(21)	62	(54)
Total other comprehensive income for the period	62	27	86	30
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	146	74	234	131
Total comprehensive income attributable to non-controlling interests	(33)	(6)	(57)	(11)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	113	68	177	120

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Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Six-month period ended 30 June 2011 (Unaudited)

All figures in US\$ million

	Six months ended 30 June	
	2011	2010
OPERATING ACTIVITIES		
Profit attributable to shareholders of the parent	116	75
Items not involving cash flow:		
Impairment (writeback) provisions - net	(1)	34
Depreciation	7	7
Gain on repurchase of term notes, bonds and other term financing	(13)	(2)
Changes in operating assets and liabilities:		
Trading securities	(6)	(15)
Placements with banks and other financial institutions	803	(1,039)
Loans and advances	711	(428)
Interest receivable and other assets	(83)	63
Deposits from customers	407	(465)
Deposits from banks and other financial institutions	(1,513)	468
Securities sold under repurchase agreements	587	(566)
Interest payable and other liabilities	23	(37)
Other non-cash movements	3	216
Net cash from (used in) operating activities	<u>1,041</u>	<u>(1,689)</u>
INVESTING ACTIVITIES		
Purchase of non-trading securities	(514)	(659)
Sale and redemption of non-trading securities	1,403	1,597
Purchase of premises and equipment	(6)	(5)
Sale of premises and equipment	1	1
Additional investment in a subsidiary	(16)	-
Net cash from investing activities	<u>868</u>	<u>934</u>
FINANCING ACTIVITIES		
Increase in share capital - rights issue	-	1,110
Underwriting fees	-	(110)
(Redemption) issue of certificates of deposit - net	(12)	1
Repayment of term notes, bonds and other term financing - net	(200)	289
Repurchase of term notes, bonds and other term financing	(89)	(43)
Net cash (used in) from financing activities	<u>(301)</u>	<u>1,247</u>
Net change in liquid funds	1,608	492
Effect of exchange rate changes on liquid funds	(1)	(23)
Liquid funds at beginning of the period	485	646
LIQUID FUNDS AT END OF THE PERIOD	<u><u>2,092</u></u>	<u><u>1,115</u></u>

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six-month period ended 30 June 2011 (Unaudited)

All figures in US\$ million

	Attributable to shareholders of the parent							Non-controlling	Total	
	Share capital	Share premium	Statutory reserve	General reserve	Retained earnings*	Foreign exchange translation adjustments	Cumulative changes in fair value	interests	equity	
Balance at 31 December 2010	3,110	-	335	150	(22)	(20)	(125)	3,428	432	3,860
Profit for the period	-	-	-	-	116	-	-	116	32	148
Other comprehensive income for the period	-	-	-	-	-	37	24	61	25	86
Total comprehensive income for the period	-	-	-	-	116	37	24	177	57	234
Other equity movements in subsidiaries	-	-	-	-	(6)	-	-	(6)	(24)	(30)
Balance at 30 June 2011	3,110	-	335	150	88	17	(101)	3,599	465	4,064
Balance at 31 December 2009	2,000	110	321	150	(151)	(16)	(223)	2,191	390	2,581
Profit for the period	-	-	-	-	75	-	-	75	26	101
Other comprehensive income for the period	-	-	-	-	-	(39)	84	45	(15)	30
Total comprehensive income for the period	-	-	-	-	75	(39)	84	120	11	131
Issue of share capital - rights issue	1,110	(110)	-	-	-	-	-	1,000	-	1,000
Other equity movements in subsidiaries	-	-	-	-	-	-	-	-	(17)	(17)
Balance at 30 June 2010	3,110	-	321	150	(76)	(55)	(139)	3,311	384	3,695

* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 388 million (31 December 2010: US\$ 373 million).

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements