

# Arab Banking Corporation (B.S.C.)


## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011 (Unaudited)

All figures in US\$ million

	Unaudited 30 September 2011	Audited 31 December 2010
<b>ASSETS</b>		
Liquid funds	1,598	485
Trading securities	79	65
Placements with banks and other financial institutions	4,863	6,573
Non-trading securities	6,805	8,057
Loans and advances	11,367	12,186
Interest receivable	338	243
Other assets	591	374
Premises and equipment	120	122
<b>TOTAL ASSETS</b>	<b>25,761</b>	<b>28,105</b>
<b>LIABILITIES</b>		
Deposits from customers	11,463	11,175
Deposits from banks and other financial institutions	4,560	6,283
Certificates of deposit	29	41
Securities sold under repurchase agreements	3,261	3,719
Interest payable	214	182
Taxation	116	87
Other liabilities	567	575
TERM NOTES, BONDS AND OTHER TERM FINANCING	1,574	2,183
<b>Total liabilities</b>	<b>21,784</b>	<b>24,245</b>
<b>EQUITY</b>		
Share capital	3,110	3,110
Reserves	454	318
<b>EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>	<b>3,564</b>	<b>3,428</b>
Non-controlling interests	413	432
<b>Total equity</b>	<b>3,977</b>	<b>3,860</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>25,761</b>	<b>28,105</b>

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 18 October 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

Nine-month period ended 30 September 2011 (Unaudited)

*All figures in US\$ million*

	Three months ended 30 September		Nine months ended 30 September	
	2011	2010	2011	2010
<b>OPERATING INCOME</b>				
Interest and similar income	284	250	838	718
Interest and similar expense	(159)	(136)	(466)	(394)
<b>Net interest income</b>	<b>125</b>	<b>114</b>	<b>372</b>	<b>324</b>
Other operating income	75	67	232	204
<b>Total operating income</b>	<b>200</b>	<b>181</b>	<b>604</b>	<b>528</b>
Impairment (provisions) writeback- net	(20)	(20)	(19)	(54)
<b>NET OPERATING INCOME AFTER PROVISIONS</b>	<b>180</b>	<b>161</b>	<b>585</b>	<b>474</b>
<b>OPERATING EXPENSES</b>				
Staff	67	61	209	184
Premises and equipment	9	8	27	24
Other	21	19	62	58
<b>Total operating expenses</b>	<b>97</b>	<b>88</b>	<b>298</b>	<b>266</b>
<b>PROFIT BEFORE TAXATION</b>	<b>83</b>	<b>73</b>	<b>287</b>	<b>208</b>
Taxation on foreign operations	(24)	(22)	(80)	(56)
<b>PROFIT FOR THE PERIOD</b>	<b>59</b>	<b>51</b>	<b>207</b>	<b>152</b>
Income attributable to non-controlling interests	(18)	(14)	(50)	(40)
<b>PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>	<b>41</b>	<b>37</b>	<b>157</b>	<b>112</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)</b>	<b>0.01</b>	<b>0.02</b>	<b>0.05</b>	<b>0.05</b>

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

Nine-month period ended 30 September 2011 (Unaudited)

*All figures in US\$ million*

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>PROFIT FOR THE PERIOD</b>	<b>59</b>	<b>51</b>	<b>207</b>	<b>152</b>
<b>Other comprehensive income:</b>				
Net fair value movements during the period				
after impairment effect	<b>(3)</b>	<b>7</b>	<b>4</b>	<b>84</b>
Amortisation of fair value shortfall on reclassified securities	<b>4</b>	<b>10</b>	<b>21</b>	<b>17</b>
Unrealised (loss) gain on exchange translation in foreign subsidiaries	<b>(145)</b>	<b>49</b>	<b>(83)</b>	<b>(5)</b>
<b>Total other comprehensive income for the period</b>	<b>(144)</b>	<b>66</b>	<b>(58)</b>	<b>96</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(85)</b>	<b>117</b>	<b>149</b>	<b>248</b>
Total comprehensive income attributable to non-controlling interests	<b>50</b>	<b>(36)</b>	<b>(7)</b>	<b>(47)</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>	<b>(35)</b>	<b>81</b>	<b>142</b>	<b>201</b>

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# Arab Banking Corporation (B.S.C.)

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Nine-month period ended 30 September 2011 (Unaudited)

*All figures in US\$ million*

	<i>Nine months ended 30 September</i>	
	<b>2011</b>	<b>2010</b>
<b>OPERATING ACTIVITIES</b>		
Profit attributable to shareholders of the parent	<b>157</b>	112
Items not involving cash flow:		
Impairment provisions - net	<b>19</b>	54
Depreciation	<b>10</b>	11
Gain on repurchase of term notes, bonds and other term financing	<b>(13)</b>	(2)
Changes in operating assets and liabilities:		
Trading securities	<b>(22)</b>	(85)
Placements with banks and other financial institutions	<b>1,655</b>	(766)
Loans and advances	<b>305</b>	(544)
Interest receivable and other assets	<b>(368)</b>	(15)
Deposits from customers	<b>564</b>	(1,019)
Deposits from banks and other financial institutions	<b>(1,532)</b>	697
Securities sold under repurchase agreements	<b>(449)</b>	(312)
Interest payable and other liabilities	<b>111</b>	20
Other non-cash movements	<b>94</b>	41
Net cash from (used in) operating activities	<b>531</b>	(1,808)
<b>INVESTING ACTIVITIES</b>		
Purchase of non-trading securities	<b>(496)</b>	(756)
Sale and redemption of non-trading securities	<b>1,744</b>	2,029
Purchase of premises and equipment	<b>(9)</b>	(7)
Sale of premises and equipment	<b>1</b>	1
Additional investment in a subsidiary	<b>(16)</b>	-
Net cash from investing activities	<b>1,224</b>	1,267
<b>FINANCING ACTIVITIES</b>		
Increase in share capital - rights issue	-	1,110
Underwriting fees	-	(110)
Redemption of certificates of deposit - net	<b>(12)</b>	-
(Repayment) issue of term notes, bonds and other term financing - net	<b>(517)</b>	289
Repurchase of term notes, bonds and other term financing	<b>(89)</b>	(45)
Net cash (used in) from financing activities	<b>(618)</b>	1,244
Net change in liquid funds	<b>1,137</b>	703
Effect of exchange rate changes on liquid funds	<b>(24)</b>	(15)
Liquid funds at beginning of the period	<b>485</b>	646
<b>LIQUID FUNDS AT END OF THE PERIOD</b>	<b>1,598</b>	1,334

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# Arab Banking Corporation (B.S.C.)

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine-month period ended 30 September 2011 (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	Total		
Balance at 31 December 2010	3,110	-	335	150	(22)	(20)	(125)	3,428	432	3,860
Profit for the period	-	-	-	-	157	-	-	157	50	207
Other comprehensive income for the period	-	-	-	-	-	(40)	25	(15)	(43)	(58)
Total comprehensive income for the period	-	-	-	-	157	(40)	25	142	7	149
Other equity movements in subsidiaries	-	-	-	-	(6)	-	-	(6)	(26)	(32)
<b>Balance at 30 September 2011</b>	<b>3,110</b>	<b>-</b>	<b>335</b>	<b>150</b>	<b>129</b>	<b>(60)</b>	<b>(100)</b>	<b>3,564</b>	<b>413</b>	<b>3,977</b>
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 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	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

\* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 401 million (31 December 2010: US\$ 373 million).

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