

Arab Banking Corporation (B.S.C.)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2011

All figures in US\$ Million

	Note	2011	2010
<b>ASSETS</b>			
Liquid funds		1,399	485
Trading securities	6	64	65
Placements with banks and other financial institutions		4,520	6,573
Non-trading securities	7	6,050	8,057
Loans and advances	9	11,985	12,186
Interest receivable		349	243
Other assets	11	527	374
Premises and equipment		121	122
<b>TOTAL ASSETS</b>		<b>25,015</b>	<b>28,105</b>
<b>LIABILITIES</b>			
Deposits from customers		11,526	11,175
Deposits from banks and other financial institutions		4,273	6,283
Certificates of deposit		30	41
Securities sold under repurchase agreements	26	2,907	3,719
Interest payable		225	182
Taxation	12	126	87
Other liabilities	13	461	575
TERM NOTES, BONDS AND OTHER TERM FINANCING	14	1,448	2,183
<b>Total liabilities</b>		<b>20,996</b>	<b>24,245</b>
<b>EQUITY</b>			
Share capital	15	3,110	3,110
Reserves		488	318
<b>EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>		<b>3,598</b>	<b>3,428</b>
Non-controlling interests		421	432
<b>Total equity</b>		<b>4,019</b>	<b>3,860</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>25,015</b>	<b>28,105</b>

The consolidated financial statements were authorised for issue by the Board of Directors on 9 February 2012 and signed on their behalf by the Chairman and the President & Chief Executive.



Saddek El Kaber  
Chairman



Hassan Ali Juma  
President & Chief Executive

The attached notes 1 to 32 form part of these consolidated financial statements

Arab Banking Corporation (B.S.C.)  
**CONSOLIDATED STATEMENT OF INCOME**  
Year ended 31 December 2011

*All figures in US\$ Million*

	<i>Note</i>	<b>2011</b>	2010
<b>OPERATING INCOME</b>			
Interest and similar income	16	<b>1,118</b>	976
Interest and similar expense	17	<b>(610)</b>	(536)
<b>Net interest income</b>		<b>508</b>	440
Other operating income	18	<b>310</b>	279
<b>Total operating income</b>		<b>818</b>	719
Impairment provisions - net	10	<b>(28)</b>	(77)
<b>NET OPERATING INCOME AFTER PROVISIONS</b>		<b>790</b>	642
<b>OPERATING EXPENSES</b>			
Staff		<b>291</b>	248
Premises and equipment		<b>36</b>	32
Other		<b>87</b>	79
<b>Total operating expenses</b>		<b>414</b>	359
<b>PROFIT BEFORE TAXATION</b>		<b>376</b>	283
Taxation on foreign operations	12	<b>(106)</b>	(84)
<b>PROFIT FOR THE YEAR</b>		<b>270</b>	199
Income attributable to non-controlling interests		<b>(66)</b>	(56)
<b>PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>		<b>204</b>	143
<b>BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)</b>			
	31	<b>0.07</b>	0.05

The attached notes 1 to 32 form part of these consolidated financial statements

Arab Banking Corporation (B.S.C.)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

*All figures in US\$ Million*

	<i>Note</i>	<b>2011</b>	2010
<b>PROFIT FOR THE YEAR</b>		<b>270</b>	199
<b>Other comprehensive income</b>			
Net fair value movements during the year after impairment effect	15	7	78
Amortisation of fair value shortfall on reclassified securities	15	22	20
Unrealised (loss) gain on exchange translation in foreign subsidiaries		<b>(104)</b>	8
<b>Total other comprehensive income for the year</b>		<b>(75)</b>	106
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>195</b>	305
Comprehensive income attributable to non-controlling interests		<b>(19)</b>	(68)
Comprehensive income attributable to shareholders of the parent		<b>176</b>	237

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Arab Banking Corporation (B.S.C.)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2011

All figures in US\$ Million

	Note	2011	2010
<b>OPERATING ACTIVITIES</b>			
Profit for the year		270	199
Items not involving cash flow:			
Impairment provisions - net	10	28	77
Depreciation and amortisation		14	13
Amortisation of fair value shortfall on reclassified securities	15	22	20
Items considered separately:			
Gains on non-trading securities - net	18	(11)	(1)
Gain on repurchase of term notes, bonds and other term financing	15	(15)	(2)
Changes in operating assets and liabilities:			
Trading securities		(6)	72
Placements with banks and other financial institutions		2,002	(2,663)
Loans and advances		(395)	(1,192)
Interest receivable and other assets		(317)	(1)
Deposits from customers		679	1,225
Deposits from banks and other financial institutions		(1,795)	57
Securities sold under repurchase agreements		(812)	(360)
Interest payable and other liabilities		12	43
Other non-cash movements		103	40
Net cash used in operating activities		<u>(221)</u>	<u>(2,473)</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of non-trading securities		(650)	(1,073)
Sales and redemptions of non-trading securities		2,607	2,587
Purchase of premises and equipment		(14)	(16)
Sale of premises and equipment		2	4
Additional investment in a subsidiary		(16)	-
Net cash from investing activities		<u>1,929</u>	<u>1,502</u>
<b>FINANCING ACTIVITIES</b>			
Increase in share capital - rights issue	15	-	1,110
Underwriting fees	15	-	(110)
(Purchase) sale of certificates of deposit - net		(10)	8
Issue of term notes, bonds and other term financing		-	284
Repurchase of term notes, bonds and other term financing	14	(208)	(45)
Dividend paid to non-controlling interests		(19)	(19)
Repayment of other term notes, bonds and other term financing		(525)	(400)
Net cash (used in) from financing activities		<u>(762)</u>	<u>828</u>
Net change in liquid funds		946	(143)
Effect of exchange rate changes on liquid funds		(32)	(18)
Liquid funds at beginning of the year		485	646
<b>LIQUID FUNDS AT THE END OF THE YEAR</b>		<u><u>1,399</u></u>	<u><u>485</u></u>

The attached notes 1 to 32 form part of these consolidated financial statements

Arab Banking Corporation (B.S.C.)  
**CONSOLIDATED STATEMENT OF EQUITY**  
Year ended 31 December 2011

All figures in US\$ Million

	Attributable to the shareholders of the parent				Non-controlling interest		Total equity	
	Share premium	General reserve	Retained earnings*	Foreign exchange translation adjustments	Cumulative changes in fair values	Total		
At 31 December 2009	21	150	(151)	(16)	(223)	2,191	390	2,581
Profit for the year	-	-	143	-	-	143	56	199
Other comprehensive income for the year	-	-	-	(4)	98	94	12	106
Total comprehensive income for the year	-	-	143	(4)	98	237	68	305
Transfers during the year	14	-	(14)	-	-	-	-	-
Issue of share capital - Rights issue	-	-	-	-	-	1,000	-	1,000
Other equity movements in subsidiaries	-	-	-	-	-	-	(26)	(26)
At 31 December 2010	35	150	(22)	(20)	(125)	3,428	432	3,860
Profit for the year	-	-	204	-	-	204	66	270
Other comprehensive income for the year	-	-	-	(57)	29	(28)	(47)	(75)
Total comprehensive income for the year	-	-	204	(57)	29	176	19	195
Transfers during the year	20	-	(20)	-	-	-	-	-
Other equity movements in subsidiaries	-	-	(6)	-	-	(6)	(30)	(36)
<b>At 31 December 2011</b>	<b>55</b>	<b>150</b>	<b>156</b>	<b>(77)</b>	<b>(96)</b>	<b>3,598</b>	<b>421</b>	<b>4,019</b>

\* Retained earnings include non-distribution of subsidiaries amounting to US\$ 402 million (2010: US\$ 373 million).

The attached notes 1 to 32 form part of these