

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012 (Unaudited)

All figures in US\$ million

	<b>Unaudited</b> <b>30 June</b> <b>2012</b>	<i>Audited</i> <i>31 December</i> <i>2011</i>
<b>ASSETS</b>		
Liquid funds	969	1,399
Trading securities	79	64
Placements with banks and other financial institutions	5,192	4,520
Non-trading securities	4,274	6,050
Loans and advances	12,724	11,985
Interest receivable	393	349
Other assets	696	527
Premises and equipment	117	121
<b>TOTAL ASSETS</b>	<b>24,444</b>	<b>25,015</b>
<b>LIABILITIES</b>		
Deposits from customers	11,481	11,526
Deposits from banks and other financial institutions	5,587	4,273
Certificates of deposit	31	30
Securities sold under repurchase agreements	761	2,907
Interest payable	230	225
Taxation	94	126
Other liabilities	498	461
TERM NOTES, BONDS AND OTHER TERM FINANCING	1,673	1,448
<b>Total liabilities</b>	<b>20,355</b>	<b>20,996</b>
<b>EQUITY</b>		
Share capital	3,110	3,110
Reserves	562	488
<b>EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>	<b>3,672</b>	<b>3,598</b>
Non-controlling interests	417	421
<b>Total equity</b>	<b>4,089</b>	<b>4,019</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>24,444</b>	<b>25,015</b>

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 22 July 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 6 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 2012 (Unaudited)

All figures in US\$ million

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	2012	2011
<b>OPERATING INCOME</b>				
Interest and similar income	268	275	548	554
Interest and similar expense	(135)	(152)	(279)	(307)
<b>Net interest income</b>	133	123	269	247
Other operating income	60	84	138	157
<b>Total operating income</b>	193	207	407	404
Impairment (provisions) writeback - net	(13)	8	(28)	1
<b>NET OPERATING INCOME AFTER PROVISIONS</b>	180	215	379	405
<b>OPERATING EXPENSES</b>				
Staff	72	72	140	142
Premises and equipment	8	9	17	18
Other	23	21	45	41
<b>Total operating expenses</b>	103	102	202	201
<b>PROFIT BEFORE TAXATION</b>	77	113	177	204
Taxation on foreign operations	(12)	(29)	(42)	(56)
<b>PROFIT FOR THE PERIOD</b>	65	84	135	148
Income attributable to non-controlling interests	(14)	(16)	(30)	(32)
<b>PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>	51	68	105	116
<b>BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)</b>	0.02	0.02	0.03	0.04



Saddek El Kaber  
Chairman



Hassan Ali Juma  
President & Chief Executive

The attached notes 1 to 6 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 2012 (Unaudited)

All figures in US\$ million

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	2012	2011
PROFIT FOR THE PERIOD	65	84	135	148
<b>Other comprehensive income:</b>				
Net fair value movements during the period after impairment effect	7	8	10	7
Amortisation of fair value shortfall on reclassified securities	2	11	9	17
Unrealised (loss) gain on exchange translation in foreign subsidiaries	(95)	43	(72)	62
<b>Total other comprehensive (loss) income for the period</b>	<b>(86)</b>	62	<b>(53)</b>	86
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>	<b>(21)</b>	146	<b>82</b>	234
Total comprehensive income (loss) attributable to non-controlling interests	19	(33)	(8)	(57)
<b>TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>	<b>(2)</b>	113	<b>74</b>	177

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements

**Arab Banking Corporation (B.S.C.)**  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
Six-month period ended 30 June 2012 (Unaudited)

*All figures in US\$ million*

	<i>Six months ended</i>	
	<i>30 June</i>	
	<b>2012</b>	<b>2011</b>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	135	148
Adjustments for:		
Impairment provisions - net	28	(1)
Depreciation and amortisation	7	7
Gain on repurchase of term notes, bonds and other term financing	-	(13)
Amortisation of fair value shortfall on reclassified securities	9	17
Changes in operating assets and liabilities:		
Trading securities	(19)	(6)
Placements with banks and other financial institutions	(735)	803
Loans and advances	(1,069)	711
Interest receivable and other assets	(258)	(83)
Deposits from customers	116	407
Deposits from banks and other financial institutions	1,488	(1,513)
Securities sold under repurchase agreements	(2,147)	587
Interest payable and other liabilities	36	(9)
Other non-cash movements	(41)	(2)
Net cash (used in) from operating activities	<b>(2,450)</b>	1,053
<b>INVESTING ACTIVITIES</b>		
Purchase of non-trading securities	(510)	(514)
Sale and redemption of non-trading securities	2,328	1,403
Purchase of premises and equipment	(5)	(6)
Sale of premises and equipment	1	1
Additional investment in a subsidiary	(1)	(16)
Net cash from investing activities	<b>1,813</b>	868
<b>FINANCING ACTIVITIES</b>		
Issue (redemption) of certificates of deposit - net	3	(12)
Issue of term notes, bonds and other term financing	1,000	-
Repayment of other term notes, bonds and other term financing	(781)	(200)
Repurchase of term notes, bonds and other term financing	(6)	(89)
Dividend paid to non-controlling interests	(12)	(12)
Net cash from (used in) financing activities	<b>204</b>	(313)
Net change in liquid funds	<b>(433)</b>	1,608
Effect of exchange rate changes on liquid funds	3	(1)
Liquid funds at beginning of the period	<b>1,399</b>	485
<b>LIQUID FUNDS AT END OF THE PERIOD</b>	<b>969</b>	<b>2,092</b>

The attached notes 1 to 6 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 2012 (Unaudited)

All figures in US\$ million

	Attributable to shareholders of the parent					Non-controlling interests	Total equity		
	Share capital	Statutory reserve	General reserve	Retained earnings*	Foreign exchange translation adjustments			Cumulative changes in fair value	Total
Balance at 31 December 2011	3,110	355	150	156	(77)	(96)	3,598	421	4,019
Profit for the period	-	-	-	105	-	-	105	30	135
Other comprehensive (loss) income for the period	-	-	-	-	(50)	19	(31)	(22)	(53)
Total comprehensive income (loss) for the period	-	-	-	105	(50)	19	74	8	82
Other equity movements in subsidiaries	-	-	-	-	-	-	-	(12)	(12)
<b>Balance at 30 June 2012</b>	<b>3,110</b>	<b>355</b>	<b>150</b>	<b>261</b>	<b>(127)</b>	<b>(77)</b>	<b>3,672</b>	<b>417</b>	<b>4,089</b>
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

\* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 405 million (31 December 2011: US\$ 402 million).

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements