

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010 (Unaudited)

All figures in US\$ million

	Note	Unaudited 30 June 2010	Audited 31 December 2009
ASSETS			
Liquid funds		1,115	646
Trading securities		145	135
Placements with banks and other financial institutions		4,867	3,949
Non-trading securities		8,477	9,552
Loans and advances		11,073	10,949
Interest receivable		195	181
Other assets		338	430
Premises and equipment		115	123
TOTAL ASSETS		26,325	25,965
LIABILITIES			
Deposits from customers		9,271	9,909
Deposits from banks and other financial institutions		6,494	6,224
Certificates of deposit		34	34
Securities sold under repurchase agreements		3,512	4,079
Interest payable		161	139
Taxation		62	116
Other liabilities		508	539
TERM NOTES, BONDS AND OTHER TERM FINANCING	8	2,588	2,344
Total liabilities		22,630	23,384
EQUITY			
Share capital	7	3,110	2,000
Reserves		201	191
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		3,311	2,191
Non-controlling interests		384	390
Total equity		3,695	2,581
TOTAL LIABILITIES AND EQUITY		26,325	25,965

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 28 July 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

Six-month period ended 30 June 2010 (Unaudited)

All figures in US\$ million

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
OPERATING INCOME				
Interest and similar income	232	268	468	571
Interest and similar expense	(124)	(174)	(258)	(387)
Net interest income	108	94	210	184
Other operating income (note 9)	69	90	137	139
Total operating income	177	184	347	323
Impairment provisions - net	(22)	(50)	(34)	(65)
NET OPERATING INCOME AFTER PROVISIONS	155	134	313	258
OPERATING EXPENSES				
Staff	61	61	123	114
Premises and equipment	8	8	16	15
Other	21	19	39	38
Total operating expenses	90	88	178	167
PROFIT BEFORE TAXATION	65	46	135	91
Taxation on foreign operations	(18)	(13)	(34)	(19)
PROFIT FOR THE PERIOD	47	33	101	72
Income attributable to non-controlling interests	(13)	(11)	(26)	(18)
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	34	22	75	54
BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)	0.01	0.01	0.03	0.03

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

Six-month period ended 30 June 2010 (Unaudited)

All figures in US\$ million

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
PROFIT FOR THE PERIOD	47	33	101	72
Other comprehensive income:				
Net fair value movements during the period after impairment effect	46	31	77	135
Amortisation of fair value shortfall on reclassified securities	2	3	7	15
Unrealised (loss) gain on exchange translation in foreign subsidiaries	(21)	88	(54)	86
Total other comprehensive income for the period	27	122	30	236
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	74	155	131	308
Comprehensive income attributable to non-controlling interests	(6)	(51)	(11)	(58)
COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	68	104	120	250

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Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Six-month period ended 30 June 2010 (Unaudited)

All figures in US\$ million

	2010	2009
OPERATING ACTIVITIES		
Profit attributable to shareholders of the parent	75	54
Items not involving cash flow:		
Impairment provisions - net	34	65
Depreciation	7	6
Gain on repurchase of term notes, bonds and other term financing (note 8)	(2)	(25)
Changes in operating assets and liabilities:		
Trading securities	(15)	8
Placements with banks and other financial institutions	(1,039)	555
Loans and advances	(428)	1,441
Interest receivable and other assets	63	188
Deposits from customers	(465)	(1,161)
Deposits from banks and other financial institutions	468	(566)
Securities sold under repurchase agreements	(566)	(930)
Interest payable and other liabilities	(37)	(222)
Other non-cash movements	216	78
Net cash used in operating activities	<u>(1,689)</u>	<u>(509)</u>
INVESTING ACTIVITIES		
Purchase of non-trading securities	(659)	(646)
Sale and redemption of non-trading securities	1,597	1,217
Purchase of premises and equipment	(5)	(9)
Sale of premises and equipment	1	1
Net cash from investing activities	<u>934</u>	<u>563</u>
FINANCING ACTIVITIES		
Increase in share capital - rights issue (note 7)	1,110	-
Underwriting fees (note 7)	(110)	-
Issue (redemption) of certificates of deposit - net	1	(2)
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)	(43)	(123)
Net cash from (used in) financing activities	<u>1,247</u>	<u>(125)</u>
INCREASE (DECREASE) IN LIQUID FUNDS	492	(71)
Effect of exchange rate changes on liquid funds	(23)	3
Liquid funds at beginning of the period	646	823
LIQUID FUNDS AT END OF THE PERIOD	<u>1,115</u>	<u>755</u>

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Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six-month period ended 30 June 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			
						Total				
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 (loss) 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 (note 7)	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
Balance at 31 December 2008	2,000	110	309	150	(261)	(81)	(434)	1,793	295	2,088
Profit for the period	-	-	-	-	54	-	-	54	18	72
Other comprehensive income for the period	-	-	-	-	-	46	150	196	51	247
Total comprehensive income for the period	-	-	-	-	54	46	150	250	69	319
Other equity movements in subsidiaries	-	-	-	-	-	-	-	-	(11)	(11)
Balance at 30 June 2009	2,000	110	309	150	(207)	(35)	(284)	2,043	353	2,396

* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 422 million (31 December 2009: US\$ 418 million).

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