



المؤسسة العربية المصرفية (ش.م.ب)  
ARAB BANKING CORPORATION [B.S.C.]

HALF YEARLY  
FINANCIAL RESULTS  
30 JUNE 2011

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011 (Unaudited)

All figures in US\$ million

	Unaudited 30 June 2011	Audited 31 December 2010
<b>ASSETS</b>		
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
<b>TOTAL ASSETS</b>	<b>27,957</b>	<b>28,105</b>
<b>LIABILITIES</b>		
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	575
TERM NOTES, BONDS AND OTHER TERM FINANCING	1,897	2,183
<b>Total liabilities</b>	<b>23,893</b>	<b>24,245</b>
<b>EQUITY</b>		
Share capital	3,110	3,110
Reserves	489	318
<b>EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>	<b>3,599</b>	<b>3,428</b>
Non-controlling interests	465	432
<b>Total equity</b>	<b>4,064</b>	<b>3,860</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>27,957</b>	<b>28,105</b>

INTERIM CONSOLIDATED STATEMENT OF INCOME

Six-month period ended 30 June 2011 (Unaudited)

All figures in US\$ million

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

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
<b>OPERATING ACTIVITIES</b>		
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
<b>Net cash from (used in) operating activities</b>	<b>1,041</b>	<b>(1,689)</b>
<b>INVESTING ACTIVITIES</b>		
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)	-
<b>Net cash from investing activities</b>	<b>868</b>	<b>934</b>
<b>FINANCING ACTIVITIES</b>		
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)
<b>Net cash (used in) from financing activities</b>	<b>(301)</b>	<b>1,247</b>
<b>Net change in liquid funds</b>	<b>1,608</b>	<b>492</b>
Effect of exchange rate changes on liquid funds	(1)	(23)
Liquid funds at beginning of the period	485	646
<b>LIQUID FUNDS AT END OF THE PERIOD</b>	<b>2,092</b>	<b>1,115</b>

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 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	-	-	-	-	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)
<b>Balance at 30 June 2011</b>	<b>3,110</b>	<b>-</b>	<b>335</b>	<b>150</b>	<b>88</b>	<b>17</b>	<b>(101)</b>	<b>3,599</b>	<b>465</b>	<b>4,064</b>
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).

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six-month period ended 30 June 2011 (Unaudited)

All figures in US\$ million

	Three months ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
<b>PROFIT FOR THE PERIOD</b>	<b>84</b>	<b>47</b>	<b>148</b>	<b>101</b>
<b>Other comprehensive income:</b>				
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)
<b>Total other comprehensive income for the period</b>	<b>62</b>	<b>27</b>	<b>86</b>	<b>30</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>146</b>	<b>74</b>	<b>234</b>	<b>131</b>
Total comprehensive income attributable to non-controlling interests	(33)	(6)	(57)	(11)
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>	<b>113</b>	<b>68</b>	<b>177</b>	<b>120</b>

The above interim consolidated statement of financial position, interim consolidated statement of income, interim consolidated statement of cash flows, interim consolidated statement of comprehensive income and the interim consolidated statement of changes in equity have been extracted from the interim consolidated financial statements of Arab Banking Corporation (B.S.C) for the period ended 30 June 2011, reviewed by Ernst & Young, Kingdom of Bahrain.