



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

YEAR END 2010
FINANCIAL RESULTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2010

All figures in US\$ million

	2010	2009
ASSETS		
Liquid funds	485	646
Trading securities	65	135
Placements with banks and other financial institutions	6,573	3,949
Non-trading securities	8,057	9,552
Loans and advances	12,186	10,949
Interest receivable	243	181
Other assets	374	430
Premises and equipment	122	123
TOTAL ASSETS	28,105	25,965
LIABILITIES		
Deposits from customers	11,175	9,909
Deposits from banks and other financial institutions	6,283	6,224
Certificates of deposit	41	34
Securities sold under repurchase agreements	3,719	4,079
Interest payable	182	139
Taxation	87	116
Other liabilities	575	539
TERM NOTES, BONDS AND OTHER TERM FINANCING	2,183	2,344
Total liabilities	24,245	23,384
EQUITY		
Share capital	3,110	2,000
Reserves	318	191
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	3,428	2,191
Non-controlling interests	432	390
Total equity	3,860	2,581
TOTAL LIABILITIES AND EQUITY	28,105	25,965

CONSOLIDATED STATEMENT OF INCOME

Year ended 31 December 2010

All figures in US\$ million

	2010	2009
OPERATING INCOME		
Interest and similar income	976	1,105
Interest and similar expense	(536)	(714)
Net interest income	440	391
Other operating income	279	250
Total operating income	719	641
Impairment provisions - net	(77)	(115)
NET OPERATING INCOME AFTER PROVISIONS	642	526
OPERATING EXPENSES		
Staff	248	216
Premises and equipment	32	31
Other	79	79
Total operating expenses	359	326
PROFIT BEFORE TAXATION	283	200
Taxation on foreign operations	(84)	(46)
PROFIT FOR THE YEAR	199	154
Income attributable to non-controlling interests	(56)	(32)
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	143	122
BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)	0.05	0.06

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2010

All figures in US\$ million

	2010	2009
OPERATING ACTIVITIES		
Profit attributable to the shareholders of the parent	143	122
Items not involving cash flow:		
Impairment provisions - net	77	115
Depreciation and amortisation	13	17
Amortisation of fair value shortfall on reclassified securities	20	30
Changes in operating assets and liabilities:		
Trading securities	72	21
Placements with banks and other financial institutions	(2,663)	285
Loans and advances	(1,192)	1,768
Interest receivable and other assets	(1)	351
Deposits from customers	1,225	(1,214)
Deposits from banks and other financial institutions	57	(646)
Securities sold under repurchase agreements	(360)	(1,735)
Interest payable and other liabilities	70	(386)
Other non-cash movements	47	(13)
Net cash used in operating activities	(2,492)	(1,285)
INVESTING ACTIVITIES		
Purchase of non-trading securities	(1,073)	(1,005)
Sale and redemption of non-trading securities	2,587	2,309
Purchase of premises and equipment	(16)	(38)
Sale of premises and equipment	4	1
Additional investment in an associate	-	(16)
Net cash from investing activities	1,502	1,251
FINANCING ACTIVITIES		
Increase in share capital - rights issue	1,110	-
Underwriting fees	(110)	-
Sale (purchase) of certificates of deposit - net	8	(3)
Issue of term notes, bonds and other term financing - net	284	-
Repurchase of subordinated debt	(45)	(88)
Repayment of other term notes, bonds and other term financing - net	(400)	(72)
Net cash from (used in) financing activities	847	(163)
Net change in liquid funds	(143)	(197)
Effect of exchange rate changes on liquid funds	(18)	20
Liquid funds at beginning of the year	646	823
LIQUID FUNDS AT THE END OF THE YEAR	485	646

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2010

All figures in US\$ Million

	Equity attributable to the 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			
At 31 December 2008	2,000	110	309	150	(261)	(81)	(434)	1,793	295	2,088
Profit for the year	-	-	-	-	122	-	-	122	32	154
Other comprehensive income for the year	-	-	-	-	-	65	211	276	63	339
Total comprehensive income for the year	-	-	-	-	122	65	211	398	95	493
Transfers during the year	-	-	12	-	(12)	-	-	-	-	-
At 31 December 2009	2,000	110	321	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	1,110	(110)	-	-	-	-	-	1,000	-	1,000
Other equity movements in subsidiaries	-	-	-	-	-	-	-	-	(26)	(26)
At 31 December 2010	3,110	-	335	150	(22)	(20)	(125)	3,428	432	3,860

* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$373 million (2009: US\$356 million).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

All figures in US\$ Million

	2010	2009
PROFIT FOR THE YEAR	199	154
Other comprehensive income		
Net fair value movements during the year after impairment effect	78	181
Amortisation of fair value shortfall on reclassified securities	20	30
Unrealised gain on exchange translation in foreign subsidiaries	8	128
Total other comprehensive income for the year	106	339
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	305	493
Comprehensive income attributable to non-controlling interests	(68)	(95)
Comprehensive income attributable to shareholders of the parent	237	398

The above consolidated statement of financial position, consolidated statement of income, consolidated statement of cash flows, consolidated statement of changes in equity and the consolidated statement of comprehensive income have been extracted from the Consolidated Financial Statements of Arab Banking Corporation (B.S.C) for the year ended 31 December 2010, audited by Ernst & Young, Kingdom of Bahrain.