



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

FIRST QUARTER
FINANCIAL RESULTS
31 March 2011

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011 (Unaudited)

All figures in US\$ million

	Unaudited 31 March 2011	Audited 31 December 2010
ASSETS		
Liquid funds	3,397	485
Trading securities	76	65
Placements with banks and other financial institutions	3,872	6,573
Non-trading securities	7,844	8,057
Loans and advances	12,256	12,186
Interest receivable	276	243
Other assets	490	374
Premises and equipment	124	122
TOTAL ASSETS	28,335	28,105
LIABILITIES		
Deposits from customers	11,482	11,175
Deposits from banks and other financial institutions	5,524	6,283
Certificates of deposit	32	41
Securities sold under repurchase agreements	4,441	3,719
Interest payable	190	182
Taxation	97	87
Other liabilities	664	575
TERM NOTES, BONDS AND OTHER TERM FINANCING	1,979	2,183
Total liabilities	24,409	24,245
EQUITY		
Share capital	3,110	3,110
Reserves	376	318
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	3,486	3,428
Non-controlling interests	440	432
Total equity	3,926	3,860
TOTAL LIABILITIES AND EQUITY	28,335	28,105

INTERIM CONSOLIDATED STATEMENT OF INCOME

Three-month period ended 31 March 2011 (Unaudited)

All figures in US\$ million

	Three months ended 31 March	
	2011	2010
OPERATING INCOME		
Interest and similar income	279	236
Interest and similar expense	(155)	(134)
Net interest income	124	102
Other operating income	73	68
Total operating income	197	170
Impairment provisions - net	(7)	(12)
NET OPERATING INCOME AFTER PROVISIONS	190	158
OPERATING EXPENSES		
Staff	70	62
Premises and equipment	9	8
Other	20	18
Total operating expenses	99	88
PROFIT BEFORE TAXATION	91	70
Taxation on foreign operations	(27)	(16)
PROFIT FOR THE PERIOD	64	54
Income attributable to non-controlling interests	(16)	(13)
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	48	41
BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)	0.02	0.02

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Three-month period ended 31 March 2011 (Unaudited)

All figures in US\$ million

	Three months ended 31 March	
	2011	2010
OPERATING ACTIVITIES		
Profit attributable to shareholders of the parent	48	41
Items not involving cash flow:		
Impairment provisions - net	7	12
Depreciation	3	3
Changes in operating assets and liabilities:		
Trading securities	(10)	(36)
Placements with banks and other financial institutions	2,789	856
Loans and advances	78	(162)
Interest receivable and other assets	(137)	50
Deposits from customers	201	(1,072)
Deposits from banks and other financial institutions	(877)	256
Securities sold under repurchase agreements	722	(404)
Interest payable and other liabilities	96	(67)
Other non-cash movements	(73)	117
Net cash from (used in) operating activities	2,847	(406)
INVESTING ACTIVITIES		
Purchase of non-trading securities	(225)	(381)
Sale and redemption of non-trading securities	524	909
Purchase of premises and equipment	(4)	(23)
Sale of premises and equipment	1	1
Additional investment in a subsidiary	(16)	-
Net cash from investing activities	280	506
FINANCING ACTIVITIES		
Increase in share capital - rights issue	-	1,110
Underwriting fees	-	(110)
(Redemption) issue of certificates of deposit - net	(11)	1
Repayment of other term notes, bonds and other term financing - net	(204)	-
Net cash (used in) from financing activities	(215)	1,001
Net change in liquid funds	2,912	1,101
Effect of exchange rate changes on liquid funds	-	(9)
Liquid funds at beginning of the period	485	646
LIQUID FUNDS AT END OF THE PERIOD	3,397	1,738

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three-month period ended 31 March 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	-	-	-	-	48	-	-	48	16	64
Other comprehensive income for the period	-	-	-	-	-	11	5	16	8	24
Total comprehensive income for the period	-	-	-	-	48	11	5	64	24	88
Other equity movements in subsidiaries	-	-	-	-	(6)	-	-	(6)	(16)	(22)
Balance at 31 March 2011	3,110	-	335	150	20	(9)	(120)	3,486	440	3,926
Balance at 31 December 2009	2,000	110	321	150	(151)	(16)	(223)	2,191	390	2,581
Profit for the period	-	-	-	-	41	-	-	41	13	54
Other comprehensive income for the period	-	-	-	-	-	(25)	36	11	(8)	3
Total comprehensive income for the period	-	-	-	-	41	(25)	36	52	5	57
Issue of share capital	1,110	(110)	-	-	-	-	-	1,000	-	1,000
Other equity movements in subsidiaries	-	-	-	-	-	-	-	-	(11)	(11)
Balance at 31 March 2010	3,110	-	321	150	(110)	(41)	(187)	3,243	384	3,627

* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 375 million (31 December 2010: US\$ 373 million).

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Three-month period ended 31 March 2011 (Unaudited)

All figures in US\$ million

	Three months ended 31 March	
	2011	2010
PROFIT FOR THE PERIOD	64	54
Other comprehensive income:		
Net fair value movements during the period after impairment effect	(1)	31
Amortisation of fair value shortfall on reclassified securities	6	5
Unrealised gain (loss) on exchange translation in foreign subsidiaries	19	(33)
Total other comprehensive income for the period	24	3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	88	57
Total comprehensive income attributable to non-controlling interests	(24)	(5)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	64	52

The above interim consolidated statement of financial position, interim consolidated statement of income, interim consolidated statement of cash flows, interim consolidated statement of changes in equity and interim consolidated statement of comprehensive income have been extracted from the Interim Consolidated Financial Statements of Arab Banking Corporation (B.S.C) for the period ended March 31 2011, reviewed by Ernst & Young, Kingdom of Bahrain.