



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

FIRST QUARTER  
FINANCIAL RESULTS  
31 March 2012

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012 (Unaudited)

All figures in US\$ million

|  | Unaudited<br>31 March<br>2012 | Audited<br>31 December<br>2011 |
|--|-------------------------------|--------------------------------|
| <b>ASSETS</b>  |                               |                                |
| Liquid funds   | 1,160                         | 1,399                          |
| Trading securities   | 99                            | 64                             |
| Placements with banks and other financial institutions       | 6,172                         | 4,520                          |
| Non-trading securities                                       | 4,877                         | 6,050                          |
| Loans and advances   | 12,567                        | 11,985                         |
| Interest receivable  | 382                           | 349                            |
| Other assets   | 480                           | 527                            |
| Premises and equipment                                       | 121                           | 121                            |
| <b>TOTAL ASSETS</b>  | <b>25,858</b>                 | <b>25,015</b>                  |
| <b>LIABILITIES</b>   |                               |                                |
| Deposits from customers                                      | 12,516                        | 11,526                         |
| Deposits from banks and other financial institutions         | 5,730                         | 4,273                          |
| Certificates of deposit                                      | 35                            | 30                             |
| Securities sold under repurchase agreements                  | 1,212                         | 2,907                          |
| Interest payable   | 242                           | 225                            |
| Taxation   | 99                            | 126                            |
| Other liabilities  | 453                           | 461                            |
| TERM NOTES, BONDS AND OTHER TERM FINANCING                   | 1,453                         | 1,448                          |
| <b>Total liabilities</b>                                     | <b>21,740</b>                 | <b>20,996</b>                  |
| <b>EQUITY</b>  |                               |                                |
| Share capital  | 3,110                         | 3,110                          |
| Reserves   | 564                           | 488                            |
| <b>EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b> |                               |                                |
|  | <b>3,674</b>                  | <b>3,598</b>                   |
| Non-controlling interests                                    | 444                           | 421                            |
| <b>Total equity</b>  | <b>4,118</b>                  | <b>4,019</b>                   |
| <b>TOTAL LIABILITIES AND EQUITY</b>                          | <b>25,858</b>                 | <b>25,015</b>                  |

INTERIM CONSOLIDATED STATEMENT OF INCOME

Three-month period ended 31 March 2012 (Unaudited)

All figures in US\$ million

|   | Three months ended<br>31 March |             |
|---|--------------------------------|-------------|
|   | 2012                           | 2011        |
| <b>OPERATING INCOME</b>   |                                |             |
| Interest and similar income                                     | 280                            | 279         |
| Interest and similar expense                                    | (144)                          | (155)       |
| <b>Net interest income</b>                                      | <b>136</b>                     | <b>124</b>  |
| Other operating income  | 78                             | 73          |
| <b>Total operating income</b>                                   | <b>214</b>                     | <b>197</b>  |
| Impairment provisions - net                                     | (15)                           | (7)         |
| <b>NET OPERATING INCOME AFTER PROVISIONS</b>                    | <b>199</b>                     | <b>190</b>  |
| <b>OPERATING EXPENSES</b>                                       |                                |             |
| Staff   | 68                             | 70          |
| Premises and equipment  | 9                              | 9           |
| Other   | 22                             | 20          |
| <b>Total operating expenses</b>                                 | <b>99</b>                      | <b>99</b>   |
| <b>PROFIT BEFORE TAXATION</b>                                   | <b>100</b>                     | <b>91</b>   |
| Taxation on foreign operations                                  | (30)                           | (27)        |
| <b>PROFIT FOR THE PERIOD</b>                                    | <b>70</b>                      | <b>64</b>   |
| Income attributable to non-controlling interests                | (16)                           | (16)        |
| <b>PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>    | <b>54</b>                      | <b>48</b>   |
| <b>BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)</b> |                                |             |
|   | <b>0.02</b>                    | <b>0.02</b> |

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Three-month period ended 31 March 2012 (Unaudited)

All figures in US\$ million

|   | Three months ended<br>31 March |              |
|---|--------------------------------|--------------|
|   | 2012                           | 2011         |
| <b>OPERATING ACTIVITIES</b>   |                                |              |
| Profit for the period   | 70                             | 64           |
| Items not involving cash flow:                                      |                                |              |
| Impairment provisions - net   | 15                             | 7            |
| Depreciation and amortisation                                       | 3                              | 3            |
| Amortisation of fair value shortfall on reclassified securities     | 7                              | 6            |
| Changes in operating assets and liabilities:                        |                                |              |
| Trading securities  | (33)                           | (10)         |
| Placements with banks and other financial institutions              | (1,588)                        | 2,789        |
| Loans and advances  | (393)                          | 78           |
| Interest receivable and other assets                                | 33                             | (137)        |
| Deposits from customers   | 848                            | 201          |
| Deposits from banks and other financial institutions                | 1,351                          | (877)        |
| Securities sold under repurchase agreements                         | (1,694)                        | 722          |
| Interest payable and other liabilities                              | (32)                           | 84           |
| Other non-cash movements  | (80)                           | (79)         |
| Net cash (used in) from operating activities                        | (1,493)                        | 2,851        |
| <b>INVESTING ACTIVITIES</b>   |                                |              |
| Purchase of non-trading securities                                  | (293)                          | (225)        |
| Sale and redemption of non-trading securities                       | 1,533                          | 524          |
| Purchase of premises and equipment                                  | (3)                            | (4)          |
| Sale of premises and equipment                                      | 1                              | 1            |
| Additional investment in a subsidiary                               | -                              | (16)         |
| Net cash from investing activities                                  | 1,238                          | 280          |
| <b>FINANCING ACTIVITIES</b>   |                                |              |
| Issue (Redemption) of certificates of deposit - net                 | 5                              | (11)         |
| Repayment of other term notes, bonds and other term financing - net | (5)                            | (204)        |
| Dividend paid to non-controlling interests                          | (4)                            | (4)          |
| Net cash used in financing activities                               | (4)                            | (219)        |
| Net change in liquid funds  | (259)                          | 2,912        |
| Effect of exchange rate changes on liquid funds                     | 20                             | -            |
| Liquid funds at beginning of the period                             | 1,399                          | 485          |
| <b>LIQUID FUNDS AT END OF THE PERIOD</b>                            | <b>1,160</b>                   | <b>3,397</b> |

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three-month period ended 31 March 2012 (Unaudited)

All figures in US\$ million

|   | Attributable to shareholders of the parent |                      |                    |                       |   |  | Total        | Non-controlling<br>interests | Total<br>equity |
|---|--|----------------------|--------------------|-----------------------|---|--|--------------|------------------------------|-----------------|
|   | Share<br>capital                           | Statutory<br>reserve | General<br>reserve | Retained<br>earnings* | Foreign<br>exchange<br>translation<br>adjustments | Cumulative<br>changes in<br>fair value |              |                              |                 |
|   |  |                      |                    |                       |   |  |              |                              |                 |
| Balance at 31 December 2011               | 3,110                                      | 355                  | 150                | 156                   | (77)  | (96)                                   | 3,598        | 421                          | 4,019           |
| Profit for the period                     | -  | -                    | -                  | 54                    | -   | -                                      | 54           | 16                           | 70              |
| Other comprehensive income for the period | -  | -                    | -                  | -                     | 12  | 10                                     | 22           | 11                           | 33              |
| Total comprehensive income for the period | -  | -                    | -                  | 54                    | 12  | 10                                     | 76           | 27                           | 103             |
| Other equity movements in subsidiaries    | -  | -                    | -                  | -                     | -   | -                                      | -            | (4)                          | (4)             |
| <b>Balance at 31 March 2012</b>           | <b>3,110</b>                               | <b>355</b>           | <b>150</b>         | <b>210</b>            | <b>(65)</b>                                       | <b>(86)</b>                            | <b>3,674</b> | <b>444</b>                   | <b>4,118</b>    |
| 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           |

\* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 404 million (31 December 2011: US\$ 402 million).

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Three-month period ended 31 March 2012 (Unaudited)

All figures in US\$ million

|  | Three months ended<br>31 March |           |
|--|--------------------------------|-----------|
|  | 2012                           | 2011      |
| <b>PROFIT FOR THE PERIOD</b>   | <b>70</b>                      | <b>64</b> |
| <b>Other comprehensive income:</b>   |                                |           |
| Net fair value movements during the period after impairment effect           | 3                              | (1)       |
| Amortisation of fair value shortfall on reclassified securities              | 7                              | 6         |
| Unrealised gain on exchange translation in foreign subsidiaries              | 23                             | 19        |
| <b>Total other comprehensive income for the period</b>                       | <b>33</b>                      | <b>24</b> |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                             | <b>103</b>                     | <b>88</b> |
| Total comprehensive income attributable to non-controlling interests         | (27)                           | (24)      |
| <b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b> | <b>76</b>                      | <b>64</b> |

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 31 March 2012, reviewed by Ernst & Young, Kingdom of Bahrain.