



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

THIRD QUARTER  
FINANCIAL RESULTS  
30 SEPTEMBER 2012

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012 (Unaudited)

All figures in US\$ million

	Unaudited 30 September 2012	Audited 31 December 2011
<b>ASSETS</b>		
Liquid funds	869	1,399
Trading securities	65	64
Placements with banks and other financial institutions	4,643	4,305
Securities bought under repurchase agreements	763	215
Non-trading securities	3,982	6,050
Loans and advances	13,034	11,985
Interest receivable	378	349
Other assets	636	527
Premises and equipment	117	121
<b>TOTAL ASSETS</b>	<b>24,487</b>	<b>25,015</b>
<b>LIABILITIES</b>		
Deposits from customers	11,465	11,526
Deposits from banks and other financial institutions	5,658	4,273
Certificates of deposit	35	30
Securities sold under repurchase agreements	588	2,907
Interest payable	250	225
Taxation	110	126
Other liabilities	534	461
TERM NOTES, BONDS AND OTHER TERM FINANCING	1,689	1,448
<b>Total liabilities</b>	<b>20,329</b>	<b>20,996</b>
<b>EQUITY</b>		
Share capital	3,110	3,110
Reserves	632	488
<b>EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>	<b>3,742</b>	<b>3,598</b>
Non-controlling interests	416	421
<b>Total equity</b>	<b>4,158</b>	<b>4,019</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>24,487</b>	<b>25,015</b>

INTERIM CONSOLIDATED STATEMENT OF INCOME

Nine-month period ended 30 September 2012 (Unaudited)

All figures in US\$ million

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
<b>OPERATING INCOME</b>				
Interest and similar income	260	284	808	838
Interest and similar expense	(132)	(159)	(411)	(466)
<b>Net interest income</b>	<b>128</b>	<b>125</b>	<b>397</b>	<b>372</b>
Other operating income	72	75	210	232
<b>Total operating income</b>	<b>200</b>	<b>200</b>	<b>607</b>	<b>604</b>
Impairment provisions - net	(13)	(20)	(41)	(19)
<b>NET OPERATING INCOME AFTER PROVISIONS</b>	<b>187</b>	<b>180</b>	<b>566</b>	<b>585</b>
<b>OPERATING EXPENSES</b>				
Staff	68	67	208	209
Premises and equipment	9	9	26	27
Other	21	21	66	62
<b>Total operating expenses</b>	<b>98</b>	<b>97</b>	<b>300</b>	<b>298</b>
<b>PROFIT BEFORE TAXATION</b>	<b>89</b>	<b>83</b>	<b>266</b>	<b>287</b>
Taxation on foreign operations	(24)	(24)	(66)	(80)
<b>PROFIT FOR THE PERIOD</b>	<b>65</b>	<b>59</b>	<b>200</b>	<b>207</b>
Income attributable to non-controlling interests	(12)	(18)	(42)	(50)
<b>PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>	<b>53</b>	<b>41</b>	<b>158</b>	<b>157</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)</b>				
	<b>0.02</b>	<b>0.01</b>	<b>0.05</b>	<b>0.05</b>

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Nine-month period ended 30 September 2012 (Unaudited)

All figures in US\$ million

	Nine months ended 30 September	
	2012	2011
<b>OPERATING ACTIVITIES</b>		
Profit for the period	200	207
Adjustments for:		
Impairment provisions - net	41	19
Depreciation and amortisation	10	10
Gain on repurchase of term notes, bonds and other term financing	-	(13)
Amortisation of fair value shortfall on reclassified securities	12	21
Changes in operating assets and liabilities:		
Trading securities	(4)	(22)
Placements with banks and other financial institutions	(311)	1,624
Securities bought under repurchase agreements	(597)	31
Loans and advances	(1,308)	305
Interest receivable and other assets	(174)	(368)
Deposits from customers	40	564
Deposits from banks and other financial institutions	1,508	(1,532)
Securities sold under repurchase agreements	(2,319)	(449)
Interest payable and other liabilities	110	111
Other non-cash movements	(82)	38
Net cash (used in) from operating activities	(2,874)	546
<b>INVESTING ACTIVITIES</b>		
Purchase of non-trading securities	(642)	(496)
Sale and redemption of non-trading securities	2,782	1,744
Purchase of premises and equipment	(9)	(9)
Sale of premises and equipment	1	1
Additional investment in a subsidiary	(1)	(16)
Net cash from investing activities	2,131	1,224
<b>FINANCING ACTIVITIES</b>		
Issue (redemption) of certificates of deposit - net	6	(12)
Issue of term notes, bonds and other term financing	1,000	-
Repayment of other term notes, bonds and other term financing - net	(781)	(517)
Repurchase of term notes, bonds and other term financing	(6)	(89)
Dividend paid to non-controlling interests	(16)	(15)
Net cash from (used in) financing activities	203	(633)
Net change in liquid funds	(540)	1,137
Effect of exchange rate changes on liquid funds	10	(24)
Liquid funds at beginning of the period	1,399	485
<b>LIQUID FUNDS AT END OF THE PERIOD</b>	<b>869</b>	<b>1,598</b>

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine-month period ended 30 September 2012 (Unaudited)

All figures in US\$ million

	Attributable to shareholders of the parent						Non-controlling interests	Total equity	
	Share capital	Statutory reserve	General reserve	Retained earnings*	Foreign exchange translation adjustments	Cumulative changes in fair value			
Balance at 31 December 2011	3,110	355	150	156	(77)	(96)	3,598	421	4,019
Profit for the period	-	-	-	158	-	-	158	42	200
Other comprehensive (loss) income for the period	-	-	-	-	(48)	34	(14)	(31)	(45)
Total comprehensive income (loss) for the period	-	-	-	158	(48)	34	144	11	155
Other equity movements in subsidiaries	-	-	-	-	-	-	-	(16)	(16)
<b>Balance at 30 September 2012</b>	<b>3,110</b>	<b>355</b>	<b>150</b>	<b>314</b>	<b>(125)</b>	<b>(62)</b>	<b>3,742</b>	<b>416</b>	<b>4,158</b>
Balance at 31 December 2010	3,110	335	150	(22)	(20)	(125)	3,428	432	3,860
Profit for the period	-	-	-	157	-	-	157	50	207
Other comprehensive (loss) income for the period	-	-	-	-	(40)	25	(15)	(43)	(58)
Total comprehensive income (loss) for the period	-	-	-	157	(40)	25	142	7	149
Other equity movements in subsidiaries	-	-	-	(6)	-	-	(6)	(26)	(32)
Balance at 30 September 2011	3,110	335	150	129	(60)	(100)	3,564	413	3,977

\* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 406 million (31 December 2011: US\$ 402 million).

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Nine-month period ended 30 September 2012 (Unaudited)

All figures in US\$ million

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
<b>PROFIT FOR THE PERIOD</b>	<b>65</b>	<b>59</b>	<b>200</b>	<b>207</b>
<b>Other comprehensive income:</b>				
Net fair value movements during the period after impairment effect	12	(3)	22	4
Amortisation of fair value shortfall on reclassified securities	3	4	12	21
Unrealised loss on exchange translation in foreign subsidiaries	(7)	(145)	(79)	(83)
<b>Total other comprehensive income (loss) for the period</b>	<b>8</b>	<b>(144)</b>	<b>(45)</b>	<b>(58)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>73</b>	<b>(85)</b>	<b>155</b>	<b>149</b>
Total comprehensive (loss) income attributable to non-controlling interests	(3)	50	(11)	(7)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>	<b>70</b>	<b>(35)</b>	<b>144</b>	<b>142</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 the interim consolidated statement of comprehensive income have been extracted from the Consolidated Financial Statements of Arab Banking Corporation (B.S.C.) for the period ended 30 September 2012, reviewed by Ernst & Young, Kingdom of Bahrain.