



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

YEAR END 2012
FINANCIAL RESULTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

All figures in US\$ Million

	2012	2011
ASSETS		
Liquid funds	1,532	1,399
Trading securities	64	64
Placements with banks and other financial institutions	4,334	4,305
Securities bought under repurchase agreements	578	215
Non-trading securities	4,005	6,050
Loans and advances	12,860	11,985
Interest receivable	364	349
Other assets	674	527
Premises and equipment	116	121
TOTAL ASSETS	24,527	25,015
LIABILITIES		
Deposits from customers	12,029	11,526
Deposits from banks and other financial institutions	5,142	4,273
Certificates of deposit	35	30
Securities sold under repurchase agreements	419	2,907
Interest payable	245	225
Taxation	119	126
Other liabilities	534	461
TERM NOTES, BONDS AND OTHER TERM FINANCING	1,782	1,448
Total liabilities	20,305	20,996
EQUITY		
Share capital	3,110	3,110
Reserves	686	488
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	3,796	3,598
Non-controlling interests	426	421
Total equity	4,222	4,019
TOTAL LIABILITIES AND EQUITY	24,527	25,015

CONSOLIDATED STATEMENT OF INCOME

Year ended 31 December 2012

All figures in US\$ Million

	2012	2011
OPERATING INCOME		
Interest and similar income	1,061	1,118
Interest and similar expense	(540)	(610)
Net interest income	521	508
Other operating income	295	310
Total operating income	816	818
Impairment provisions - net	(62)	(28)
NET OPERATING INCOME AFTER PROVISIONS	754	790
OPERATING EXPENSES		
Staff	279	291
Premises and equipment	37	36
Other	87	87
Total operating expenses	403	414
PROFIT BEFORE TAXATION	351	376
Taxation on foreign operations	(88)	(106)
PROFIT FOR THE YEAR	263	270
Income attributable to non-controlling interests	(58)	(66)
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	205	204
BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)	0.07	0.07

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2012

All figures in US\$ Million

	2012	2011
OPERATING ACTIVITIES		
Profit for the year	263	270
Adjustments for:		
Impairment provisions - net	62	28
Depreciation and amortisation	13	14
Amortisation of fair value shortfall on reclassified securities	15	22
Gain on disposal of non-trading securities - net	(6)	(11)
Gain on repurchase of term notes, bonds and other term financing	-	(15)
Changes in operating assets and liabilities:		
Treasury bills and other eligible bills	145	(332)
Trading securities	(4)	(6)
Placements with banks and other financial institutions	(20)	1,971
Securities bought under repurchase agreements	(397)	31
Loans and advances	(1,179)	(395)
Interest receivable and other assets	(199)	(317)
Deposits from customers	630	679
Deposits from banks and other financial institutions	988	(1,795)
Securities sold under repurchase agreements	(2,488)	(812)
Interest payable and other liabilities	115	12
Other non-cash movements	(124)	103
Net cash used in operating activities	(2,186)	(553)
INVESTING ACTIVITIES		
Purchase of non-trading securities	(887)	(650)
Sale and redemption of non-trading securities	3,066	2,607
Purchase of premises and equipment	(11)	(14)
Sale of premises and equipment	1	2
Additional investment in a subsidiary	-	(16)
Net cash from investing activities	2,169	1,929
FINANCING ACTIVITIES		
Issue (redemption) of certificates of deposit - net	6	(10)
Issue of term notes, bonds and other term financing	1,084	-
Repayment of term notes, bonds and other term financing	(781)	(525)
Repurchase of term notes, bonds and other term financing	(6)	(208)
Dividend paid to non-controlling interests	(21)	(19)
Net cash from (used in) financing activities	282	(762)
Net change in liquid funds	265	614
Effect of exchange rate changes on liquid funds	13	(32)
Cash and cash equivalents at beginning of the year	965	383
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	1,243	965

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2012

All figures in US\$ Million

	Equity attributable to the shareholders of the parent						Total	Non-controlling interests	Total equity
	Share capital	Statutory reserve	General reserve	Retained earnings*	Foreign exchange translation adjustments	Cumulative changes in fair value			
At 31 December 2010	3,110	335	150	(22)	(20)	(125)	3,428	432	3,860
Profit for the year	-	-	-	204	-	-	204	66	270
Other comprehensive income for the year	-	-	-	-	(57)	29	(28)	(47)	(75)
Total comprehensive income for the year	-	-	-	204	(57)	29	176	19	195
Transfers during the year	-	20	-	(20)	-	-	-	-	-
Other equity movements in subsidiaries	-	-	-	(6)	-	-	(6)	(30)	(36)
At 31 December 2011	3,110	355	150	156	(77)	(96)	3,598	421	4,019
Profit for the year	-	-	-	205	-	-	205	58	263
Other comprehensive income for the year	-	-	-	-	(55)	48	(7)	(32)	(39)
Total comprehensive income for the year	-	-	-	205	(55)	48	198	26	224
Transfers during the year	-	21	-	(21)	-	-	-	-	-
Other equity movements in subsidiaries	-	-	-	-	-	-	-	(21)	(21)
At 31 December 2012	3,110	376	150	340	(132)	(48)	3,796	426	4,222

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

All figures in US\$ Million

	2012	2011
PROFIT FOR THE YEAR	263	270
Other comprehensive income		
Net fair value movements during the year after impairment effect	33	7
Amortisation of fair value shortfall on reclassified securities	15	22
Unrealised loss on exchange translation in foreign subsidiaries	(87)	(104)
Total other comprehensive loss for the year	(39)	(75)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	224	195
Comprehensive income attributable to non-controlling interests	(26)	(19)
Comprehensive income attributable to shareholders of the parent	198	176

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 2012, audited by Ernst & Young, Kingdom of Bahrain.