



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

YEAR END 2011
FINANCIAL RESULTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2011

All figures in US\$ Million

	2011	2010
ASSETS		
Liquid funds	1,399	485
Trading securities	64	65
Placements with banks and other financial institutions	4,520	6,573
Non-trading securities	6,050	8,057
Loans and advances	11,985	12,186
Interest receivable	349	243
Other assets	527	374
Premises and equipment	121	122
TOTAL ASSETS	25,015	28,105
LIABILITIES		
Deposits from customers	11,526	11,175
Deposits from banks and other financial institutions	4,273	6,283
Certificates of deposit	30	41
Securities sold under repurchase agreements	2,907	3,719
Interest payable	225	182
Taxation	126	87
Other liabilities	461	575
TERM NOTES, BONDS AND OTHER TERM FINANCING	1,448	2,183
Total liabilities	20,996	24,245
EQUITY		
Share capital	3,110	3,110
Reserves	488	318
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	3,598	3,428
Non-controlling interests	421	432
Total equity	4,019	3,860
TOTAL LIABILITIES AND EQUITY	25,015	28,105

CONSOLIDATED STATEMENT OF INCOME

Year ended 31 December 2011

All figures in US\$ Million

	2011	2010
OPERATING INCOME		
Interest and similar income	1,118	976
Interest and similar expense	(610)	(536)
Net interest income	508	440
Other operating income	310	279
Total operating income	818	719
Impairment provisions - net	(28)	(77)
NET OPERATING INCOME AFTER PROVISIONS	790	642
OPERATING EXPENSES		
Staff	291	248
Premises and equipment	36	32
Other	87	79
Total operating expenses	414	359
PROFIT BEFORE TAXATION	376	283
Taxation on foreign operations	(106)	(84)
PROFIT FOR THE YEAR	270	199
Income attributable to non-controlling interests	(66)	(56)
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	204	143
BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)	0.07	0.05

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2011

All figures in US\$ Million

	2011	2010
OPERATING ACTIVITIES		
Profit for the year	270	199
Items not involving cash flow:		
Impairment provisions - net	28	77
Depreciation and amortisation	14	13
Amortisation of fair value shortfall on reclassified securities	22	20
Items considered separately:		
Gains on non-trading securities - net	(11)	(1)
Gain on repurchase of term notes, bonds and other term financing	(15)	(2)
Changes in operating assets and liabilities:		
Trading securities	(6)	72
Placements with banks and other financial institutions	2,002	(2,663)
Loans and advances	(395)	(1,192)
Interest receivable and other assets	(317)	(1)
Deposits from customers	679	1,225
Deposits from banks and other financial institutions	(1,795)	57
Securities sold under repurchase agreements	(812)	(360)
Interest payable and other liabilities	12	43
Other non-cash movements	103	40
Net cash used in operating activities	(221)	(2,473)
INVESTING ACTIVITIES		
Purchase of non-trading securities	(650)	(1,073)
Sales and redemptions of non-trading securities	2,607	2,587
Purchase of premises and equipment	(14)	(16)
Sale of premises and equipment	2	4
Additional investment in a subsidiary	(16)	-
Net cash from investing activities	1,929	1,502
FINANCING ACTIVITIES		
Increase in share capital - rights issue	-	1,110
Underwriting fees	-	(110)
(Purchase) sale of certificates of deposit - net	(10)	8
Issue of term notes, bonds and other term financing	-	284
Repurchase of term notes, bonds and other term financing	(208)	(45)
Dividend paid to non-controlling interests	(19)	(19)
Repayment of other term notes, bonds and other term financing	(525)	(400)
Net cash (used in) from financing activities	(762)	828
Net change in liquid funds	946	(143)
Effect of exchange rate changes on liquid funds	(32)	(18)
Liquid funds at beginning of the year	485	646
LIQUID FUNDS AT THE END OF THE YEAR	1,399	485

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

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 values			
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
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

* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 402 million (2010: US\$ 373 million).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

All figures in US\$ Million

	2011	2010
PROFIT FOR THE YEAR	270	199
Other comprehensive income		
Net fair value movements during the year after impairment effect	7	78
Amortisation of fair value shortfall on reclassified securities	22	20
Unrealised (loss) gain on exchange translation in foreign subsidiaries	(104)	8
Total other comprehensive income for the year	(75)	106
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	195	305
Comprehensive income attributable to non-controlling interests	(19)	(68)
Comprehensive income attributable to shareholders of the parent	176	237

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 2011, audited by Ernst & Young, Kingdom of Bahrain.