



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

THIRD QUARTER
FINANCIAL RESULTS
30 SEPTEMBER 2011

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011 (Unaudited)

All figures in US\$ million

	Unaudited 30 September 2011	Audited 31 December 2010
ASSETS		
Liquid funds	1,598	485
Trading securities	79	65
Placements with banks and other financial institutions	4,863	6,573
Non-trading securities	6,805	8,057
Loans and advances	11,367	12,186
Interest receivable	338	243
Other assets	591	374
Premises and equipment	120	122
TOTAL ASSETS	25,761	28,105
LIABILITIES		
Deposits from customers	11,463	11,175
Deposits from banks and other financial institutions	4,560	6,283
Certificates of deposit	29	41
Securities sold under repurchase agreements	3,261	3,719
Interest payable	214	182
Taxation	116	87
Other liabilities	567	575
TERM NOTES, BONDS AND OTHER TERM FINANCING	1,574	2,183
Total liabilities	21,784	24,245
EQUITY		
Share capital	3,110	3,110
Reserves	454	318
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	3,564	3,428
Non-controlling interests	413	432
Total equity	3,977	3,860
TOTAL LIABILITIES AND EQUITY	25,761	28,105

INTERIM CONSOLIDATED STATEMENT OF INCOME

Nine-month period ended 30 September 2011 (Unaudited)

All figures in US\$ million

	Three months ended 30 September		Nine months ended 30 September	
	2011	2010	2011	2010
OPERATING INCOME				
Interest and similar income	284	250	838	718
Interest and similar expense	(159)	(136)	(466)	(394)
Net interest income	125	114	372	324
Other operating income	75	67	232	204
Total operating income	200	181	604	528
Impairment (provisions) writeback - net	(20)	(20)	(19)	(54)
NET OPERATING INCOME AFTER PROVISIONS	180	161	585	474
OPERATING EXPENSES				
Staff	67	61	209	184
Premises and equipment	9	8	27	24
Other	21	19	62	58
Total operating expenses	97	88	298	266
PROFIT BEFORE TAXATION	83	73	287	208
Taxation on foreign operations	(24)	(22)	(80)	(56)
PROFIT FOR THE PERIOD	59	51	207	152
Income attributable to non-controlling interests	(18)	(14)	(50)	(40)
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	41	37	157	112
BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)				
	0.01	0.02	0.05	0.05

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Nine-month period ended 30 September 2011 (Unaudited)

All figures in US\$ million

	Nine months ended 30 September	
	2011	2010
OPERATING ACTIVITIES		
Profit attributable to shareholders of the parent	157	112
Items not involving cash flow:		
Impairment provisions - net	19	54
Depreciation	10	11
Gain on repurchase of term notes, bonds and other term financing	(13)	(2)
Changes in operating assets and liabilities:		
Trading securities	(22)	(85)
Placements with banks and other financial institutions	1,655	(766)
Loans and advances	305	(544)
Interest receivable and other assets	(368)	(15)
Deposits from customers	564	(1,019)
Deposits from banks and other financial institutions	(1,532)	697
Securities sold under repurchase agreements	(449)	(312)
Interest payable and other liabilities	111	20
Other non-cash movements	94	41
Net cash from (used in) operating activities	531	(1,808)
INVESTING ACTIVITIES		
Purchase of non-trading securities	(496)	(756)
Sale and redemption of non-trading securities	1,744	2,029
Purchase of premises and equipment	(9)	(7)
Sale of premises and equipment	1	1
Additional investment in a subsidiary	(16)	-
Net cash from investing activities	1,224	1,267
FINANCING ACTIVITIES		
Increase in share capital - rights issue	-	1,110
Underwriting fees	-	(110)
Redemption of certificates of deposit - net	(12)	-
(Repayment) issue of term notes, bonds and other term financing - net	(517)	289
Repurchase of term notes, bonds and other term financing	(89)	(45)
Net cash (used in) from financing activities	(618)	1,244
Net change in liquid funds	1,137	703
Effect of exchange rate changes on liquid funds	(24)	(15)
Liquid funds at beginning of the period	485	646
LIQUID FUNDS AT END OF THE PERIOD	1,598	1,334

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine-month period ended 30 September 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	-	-	-	-	157	-	-	157	50	207
Other comprehensive income for the period	-	-	-	-	-	(40)	25	(15)	(43)	(58)
Total comprehensive income 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
Balance at 31 December 2009	2,000	110	321	150	(151)	(16)	(223)	2,191	390	2,581
Profit for the period	-	-	-	-	112	-	-	112	40	152
Other comprehensive income for the period	-	-	-	-	-	(12)	101	89	7	96
Total comprehensive income for the period	-	-	-	-	112	(12)	101	201	47	248
Issue of share capital - rights issue	1,110	(110)	-	-	-	-	-	1,000	-	1,000
Other equity movements in subsidiaries	-	-	-	-	-	-	-	-	(24)	(24)
Balance at 30 September 2010	3,110	-	321	150	(39)	(28)	(122)	3,392	413	3,805

* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 401 million (31 December 2010: US\$ 373 million).

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Nine-month period ended 30 September 2011 (Unaudited)

All figures in US\$ million

	Three months ended 30 September		Nine months ended 30 September	
	2011	2010	2011	2010
PROFIT FOR THE PERIOD	59	51	207	152
Other comprehensive income:				
Net fair value movements during the period after impairment effect	(3)	7	4	84
Amortisation of fair value shortfall on reclassified securities	4	10	21	17
Unrealised (loss) gain on exchange translation in foreign subsidiaries	(145)	49	(83)	(5)
Total other comprehensive income for the period	(144)	66	(58)	96
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(85)	117	149	248
Total comprehensive income attributable to non-controlling interests	50	(36)	(7)	(47)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	(35)	81	142	201

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 condensed consolidated financial statements of Arab Banking Corporation (B.S.C.) for the period ended 30 September 2011, reviewed by Ernst & Young, Kingdom of Bahrain.