ABC BRASIL
ARAB BANKING CORPORATION

2Q08 Earnings Presentation

August 12, 2008

Speakers:

Anis Chacur Neto – *Deputy CEO*

Sergio Lulia Jacob - *Executive VP & IR Officer*

Alexandre Yoshiaki Sinzato – *IR Manager*

2Q08 Highlights

- **Net Income** of R$43.4 million in 2Q08, growing by 14.2% from R$38.0 million in 1Q08 and by 68.2% year over year. In 2008, Interest on Equity began to be paid on a quarterly basis, with the payment to shareholders in 2Q08 of gross IOE of R$16.3 million.

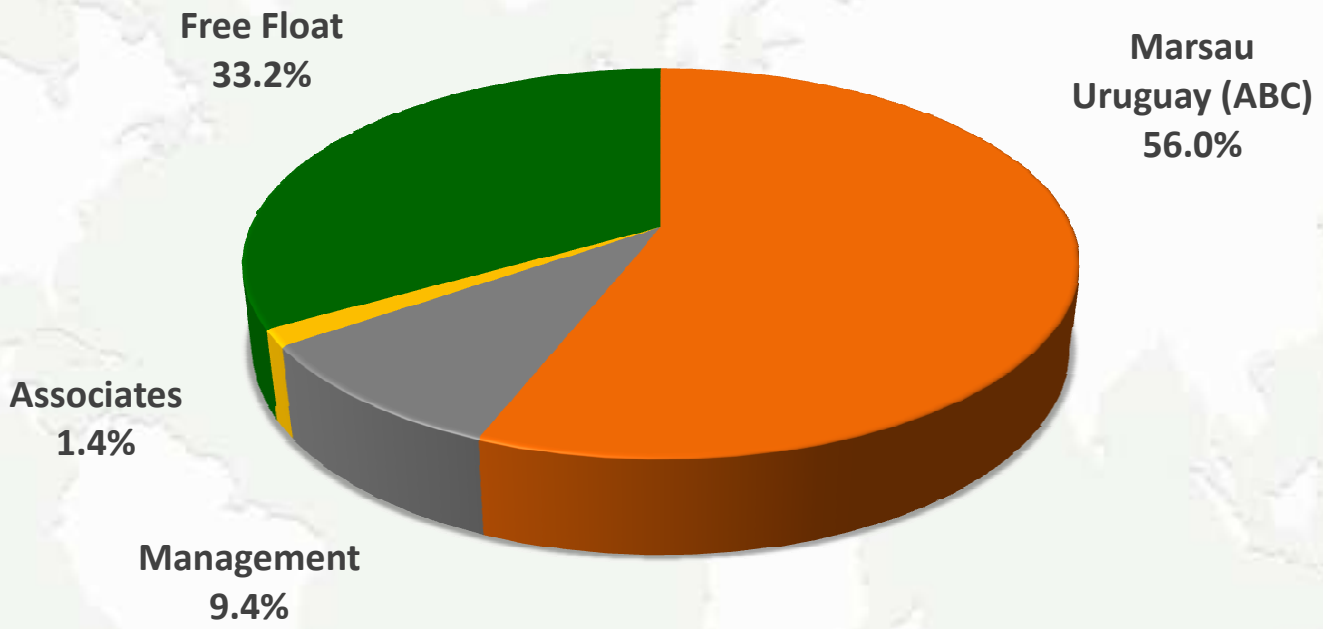
- The **Operating Efficiency Ratio** fell to 35.1% in 2Q08, from 38.8% in 1Q08 and 43.8% in 2Q07, one of the best efficiency ratios presented by bank market.

- The **Credit Portfolio**, including guarantees, reached R$6,498.7 million, growing 12.4% in relation to 1Q08 and 82.7% year over year.

- Portfolio quality remained high, with **99.3% of loan operations rated from AA to C** (Central Bank Resolution 2,682), compared with 99.4% in 1Q08 and 99.3% in 2Q07.

- In 2Q08 **two new platforms** were opened in the Middle Market segment, in Curitiba and in Porto Alegre, following the strategy of geographic expansion in the segment. We now have 9 platforms in six states of the country, for the Middle Market segment.

Ownership Structure



MARKET CAP*

R$ 1.3 billion

**Note: Market Cap based on share price of R$ 9.35 on June 30, 2008*

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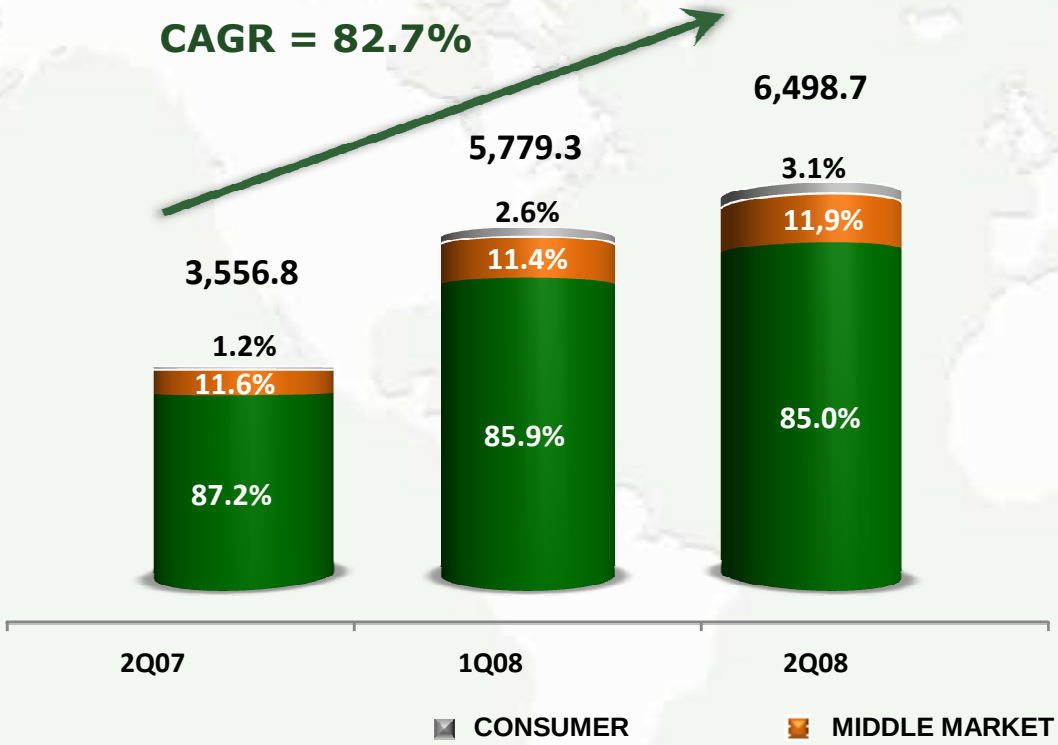
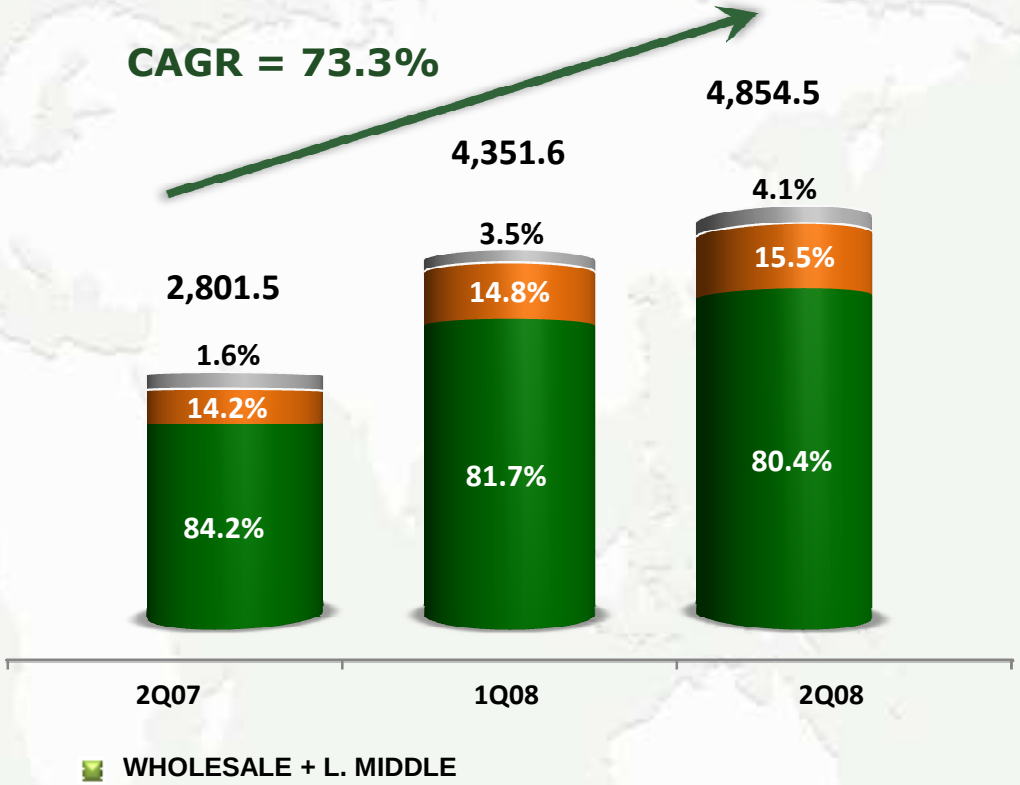
Credit Portfolio

CREDIT PORFOLIO - including guarantees issued



LOANS



Loans per Ticket (R$)	2Q08	1Q08	Chg.(%)	2Q07	Ghg(%)
0 - 500 k	241.2	202.4	19.2	285.0	(15.4)
500 k - 2 mi	242.7	200.4	21.1	216.0	12.4
2 mi - 5 mi	540.2	416.4	29.7	395.9	36.4
5 mi - 10 mi	730.5	829.9	(12.0)	581.3	25.7
> 10 mi	3,100.0	2,702.5	14.7	1,323.2	134.3
Total	**4,854.5**	**4,351.6**	**11.3**	**2,801.5**	**73.0**

**excluding guarantees issued*

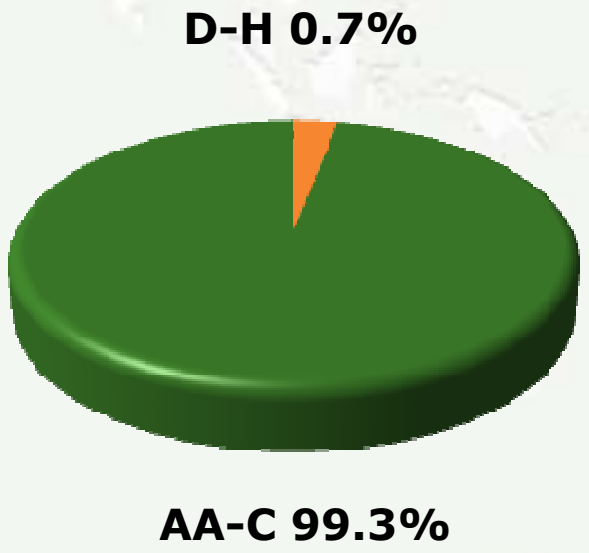
High-quality Credit Portfolio

Segment	2Q08 Loan Portfolio (*) R$ Mi	2Q08 Write Off R$ Mi	2Q08 Write Off % Portfolio	2Q08 PLL R$ Mi	2Q08 PLL % Portfolio	Past Due (>90 days) R$ Mi	Past Due (>90 days) % Portfolio
Wholesale+L.Middle	3,902.0	0.2	0.0	26.7	0.7	5.7	0.1
Middle Market	754.7	1.5	0.2	17.6	2.3	7.2	1.0
Consumer	197.8	0.2	0.1	3.3	1.7	0.8	0.4
Total	**4,854.5**	**1.9**	**0.0**	**47.6**	**1.0**	**13.7**	**0.3**

**excluding guarantees issued*

Rating*	2Q08	% Portfolio	1Q08	% Portfolio	2Q07	% Portfolio
AA	792.4	16.3	866.7	19.9	383.3	13.7
A	2,249.2	46.3	1,814.1	41.7	1,178. 2	42.1
B	1,523.5	31.4	1,356.2	31.2	943.6	33.7
C	257.2	5.3	288.8	6.6	274.4	9.8
D	15.8	0.3	10.8	0.2	9.2	0.3
E	3.2	0.1	2.3	0.1	1.2	0.0
F	4.3	0.1	4.5	0.1	1.1	0.0
G	0.7	0.0	1.7	0.0	0.7	0.0
H	8.2	0.2	6.5	01	9.8	0.3
Total	**4,854.5**	**100.0**	**4,351.6**	**100.0**	**2,801.5**	**100.0**

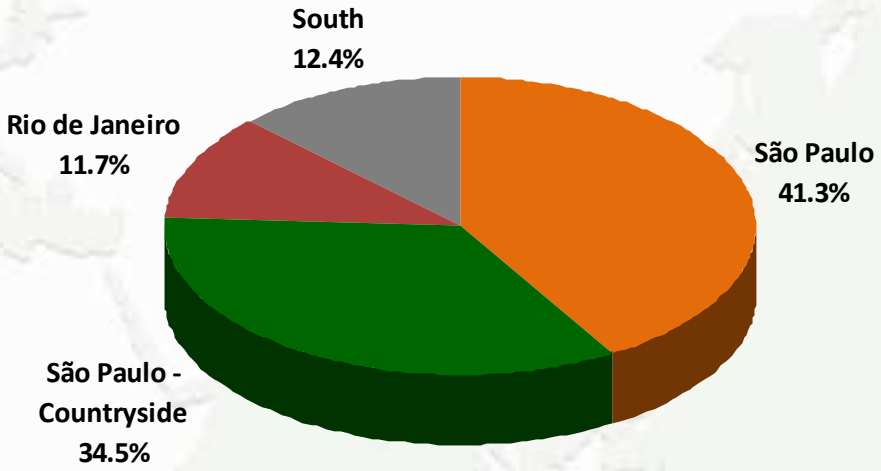
**excluding guarantees issued*



Credit Portfolio

WHOLESALE AND *LARGE MIDDLE*





L. Middle + Wholesale	2Q07	1Q08	2Q08
Average Ticket	7.4	10.5	11.0
Duration *	367	340	314
Clientes	421	475	504

**excluding BNDES operations*

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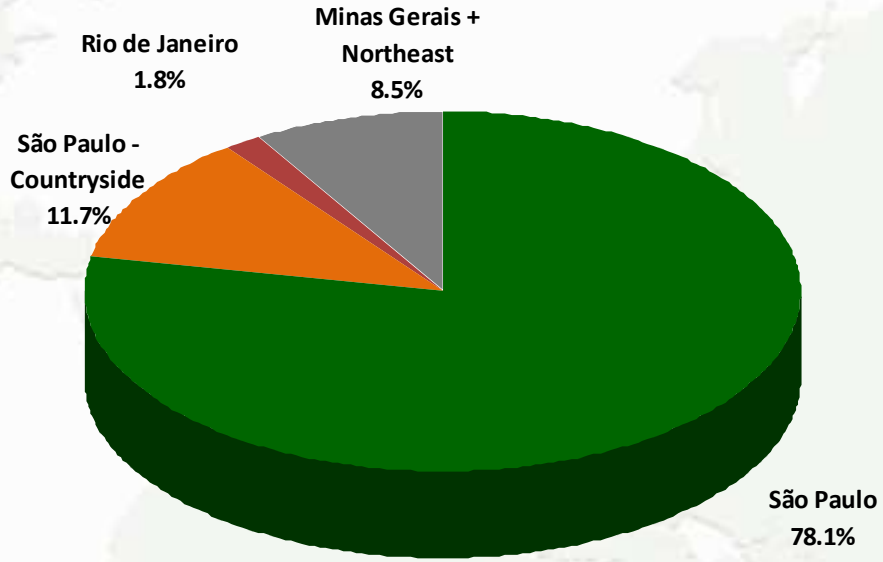
Credit Portfolio

MIDDLE MARKET





Middle Market	2Q07	1Q08	2Q08
Average Ticket	1.5	2.1	2.0
Duration *	139	185	197
Clientes	274	317	389

** excluding BNDES operations*

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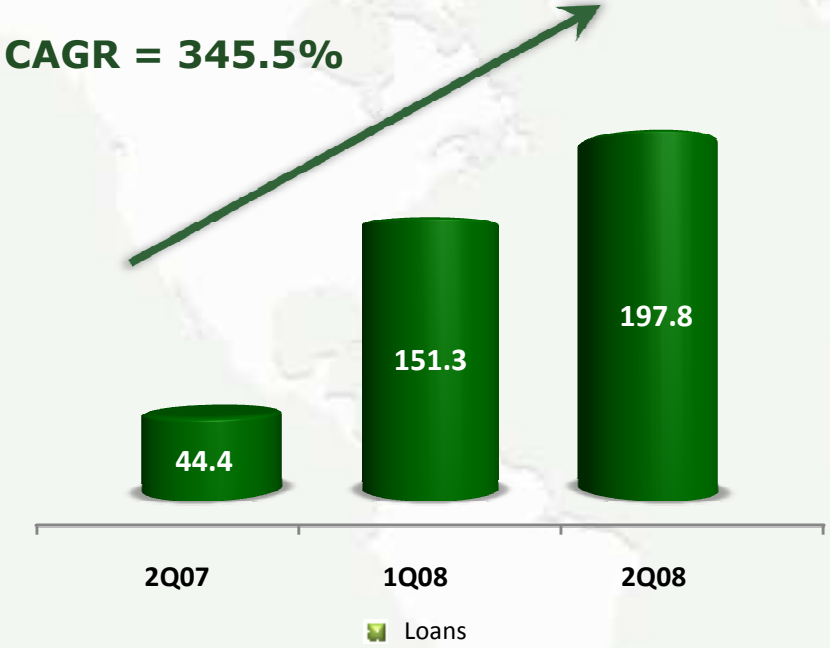
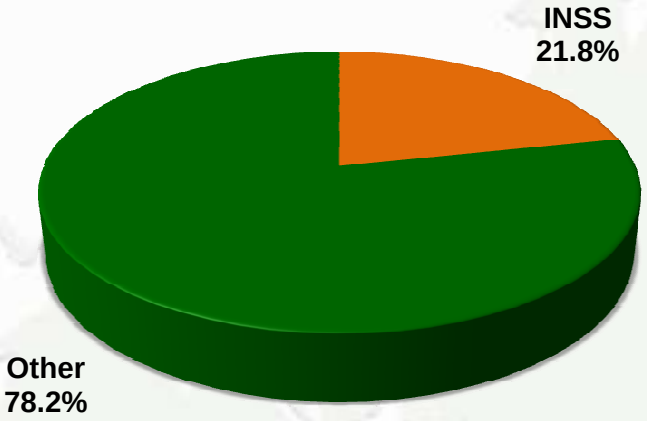
Credit Portfolio

PAYROLL-DEDUCTIBLE





Payroll	2Q07	1Q08	2Q08
Average Term	534	731	751.0
Agreements	19	34	37

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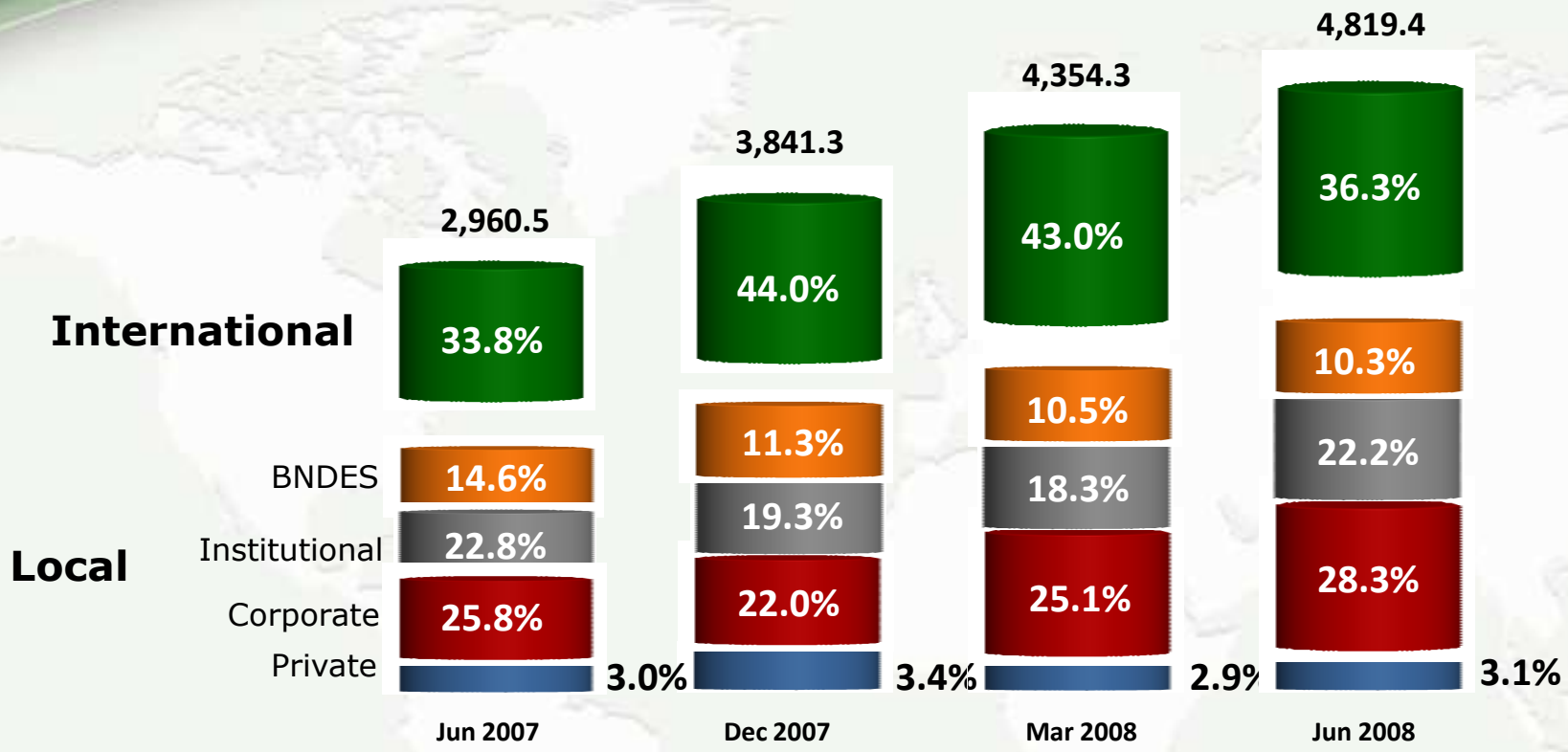
Other Activities

TREASURY AND CAPITAL MARKET

Capital Market	2Q08	1Q08	Chg.(%)	2Q07	Chg(%)
Underwriting Fees and Structured Oper.	1.3	0.0	NA	5.8	(77.6)
Number of trades	5	-	NA	8	(37,5)

Treasury	2Q08	1Q08	Chg.(%)	2Q07	Chg(%)
Income(R$ MM)	9.8	14.0	(30.0)	11.0	(10.9)
Average consolidated VaR (R$ MM)	3.4	2.7	25.9	2.2	54.5

Funding



Open Market Deposits and Funding (R$ MM)	2Q08	1Q08	Chg.(%)	2Q07	Chg.(%)
3 Months	788.3	868.7	(9.3)	656.4	20.1
3 to 12 Months	1,343.3	809.6	65.9	493.1	172.4
1 to 3 years	614.0	676.7	(9.3)	571.3	7.5
Above 3 years	36.5	46.3	(21.2)	31.8	14.8
Total	**2,782.1**	**2,401.3**	**15.9**	**1,752.6**	**58.7**

Borrowing and Onlending Obligations	2Q08	1Q08	Chg.(%)	2Q07	Chg.(%)
3 Months	487.3	451.1	8.0	247.2	97.1
3 to 12 Months	1,111.0	1,031.1	7.7	494.7	124.6
1 to 3 years	360.8	397.1	(9.1)	369.8	(2.4)
Above 3 years	78.3	73.7	6.2	96.1	(18.5)
Total	**2,037.4**	**1,953.0**	**4.3**	**1,207.8**	**68.7**

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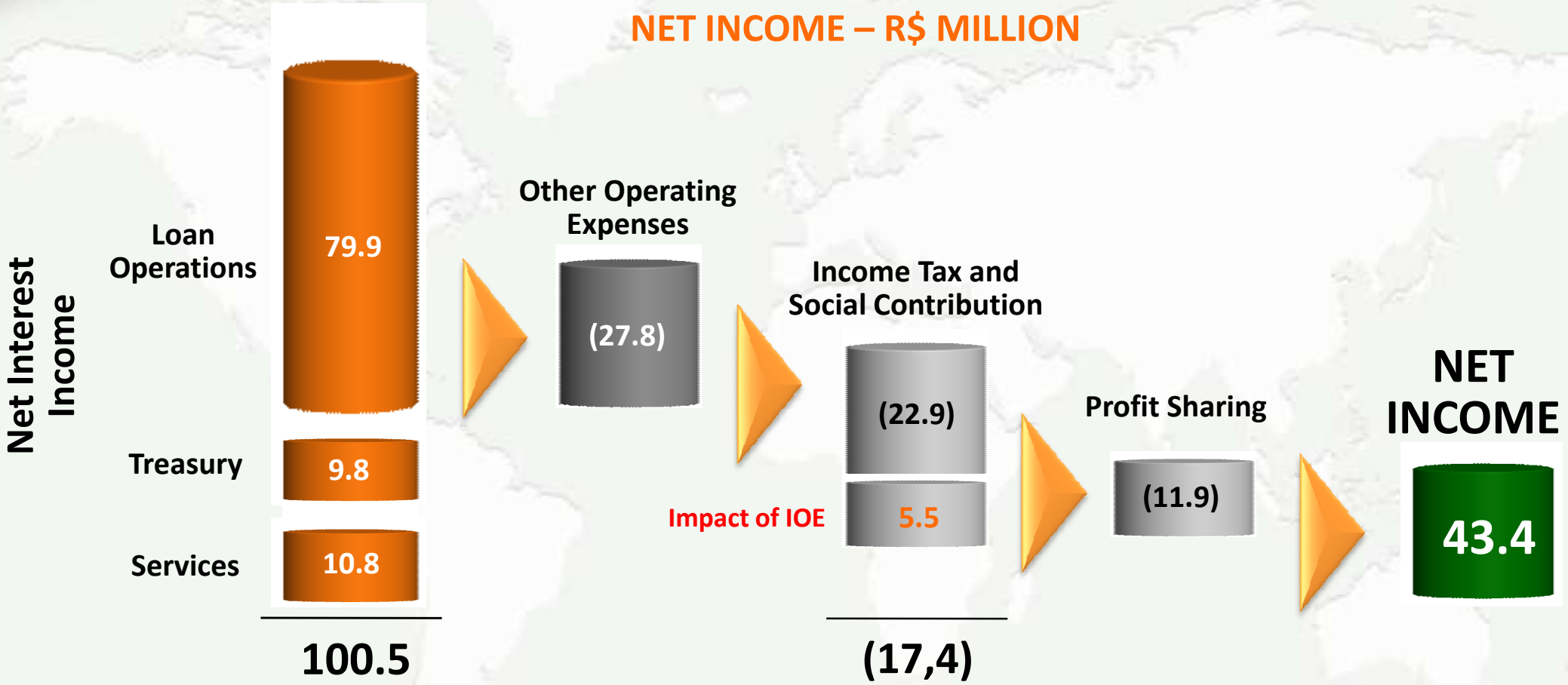
Profitability

NET INCOME – R$ MILLION



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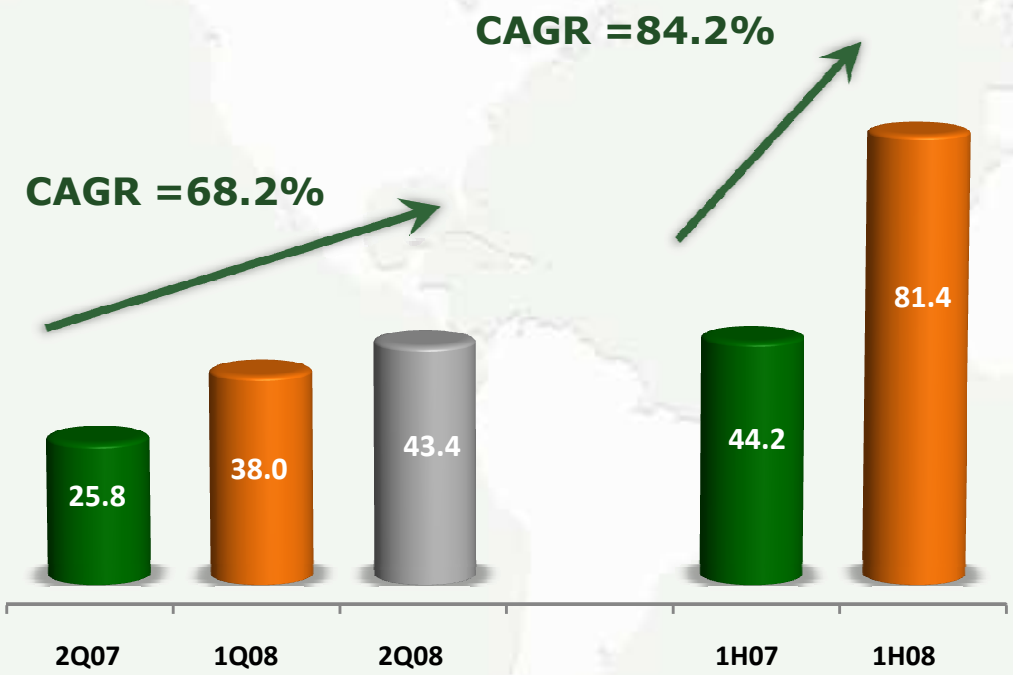
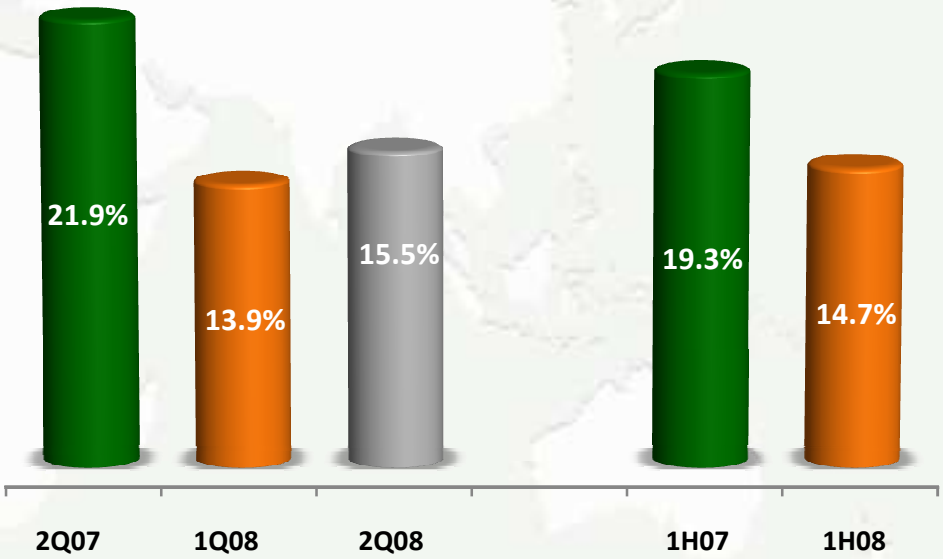


ROAE – p.a.



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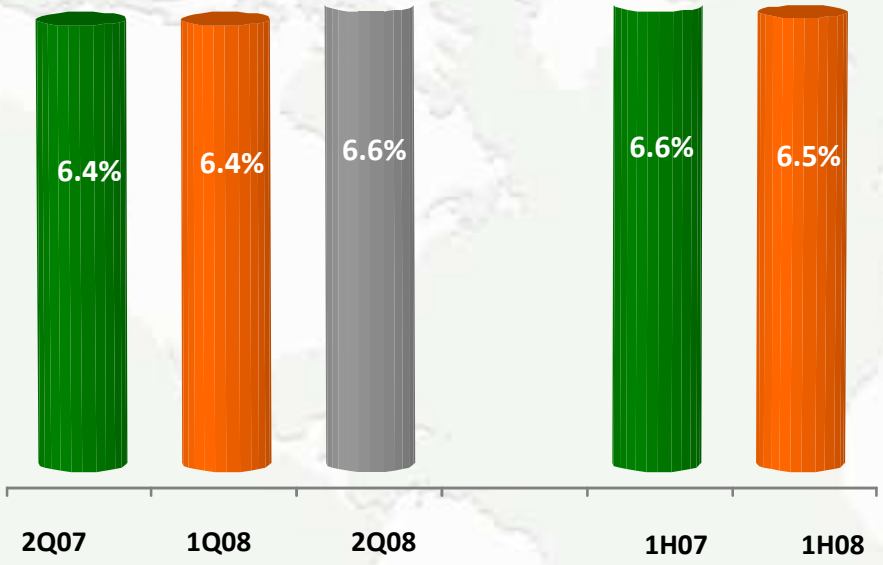
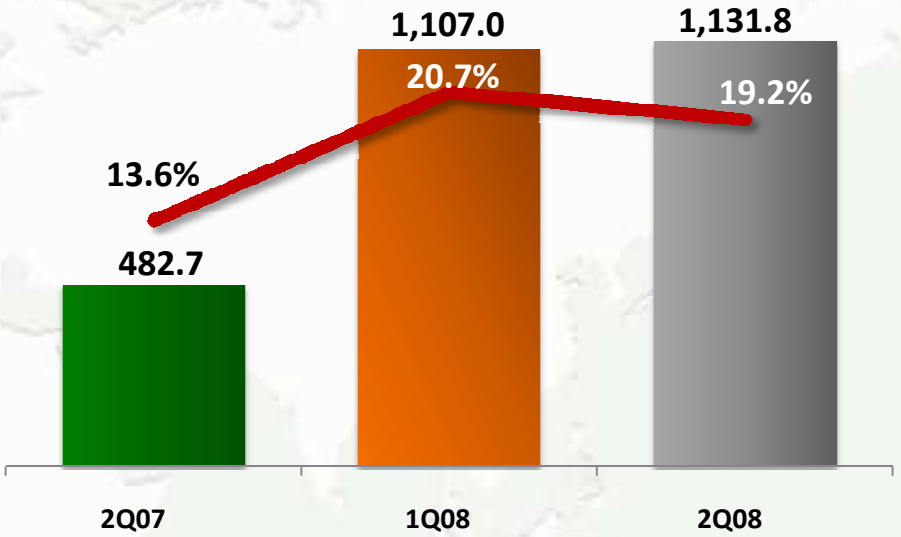
Ratios

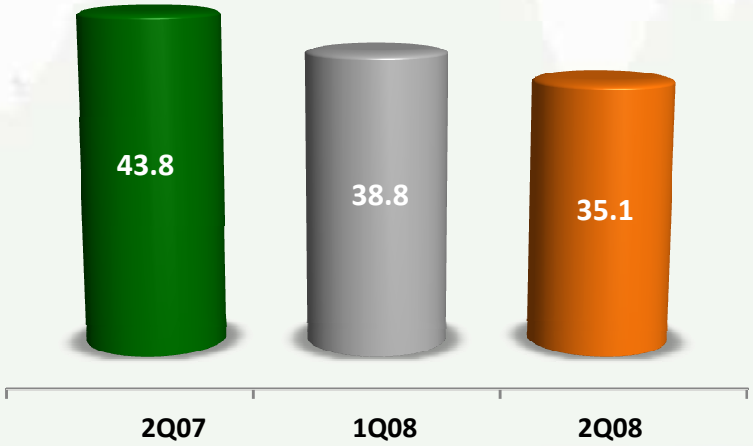
NIM



STOCKHOLDERS' EQUITY (R$ MM) AND BASEL INDEX (%)



EFFICIENCY RATIO (%) – including profit sharing



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Ratings

Agency	Ratings		Update
	LOCAL	GLOBAL	
* Moody's Investors Service	Aaa.Br	Baa2	04/04/2008
FitchRatings KNOW YOUR RISK	AA-	BB+	05/16/2008

**Deposits in local currency*

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Guidance 2008

CREDIT PORTFOLIO *(including guarantees issued)*	% Growth	
	CURRENT	PREVIOUS
LARGE MIDDLE & WHOLESALE	40% - 50%	40% - 50%
MIDDLE MARKET	60% - 80%	110% - 130%
PAYROLL DEDUCTIBLE	220% - 250%	250% - 280%
TOTAL CREDIT PORTFOLIO	47% - 57%	50% - 60%
PERSONNEL AND ADMINISTRATIVE EXPENSES *(excluding profit sharing and payroll deductible comissions)*	12% - 18%	12% - 18%

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