ABC BRASIL
ARAB BANKING CORPORATION

2Q10 Earnings Presentation

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Highlights

- **Net Income** in 2Q10 reached R$ 50.2 million, an increase of 6.9% in comparison to 1Q10 and of 41.8% when compared to 2Q09.

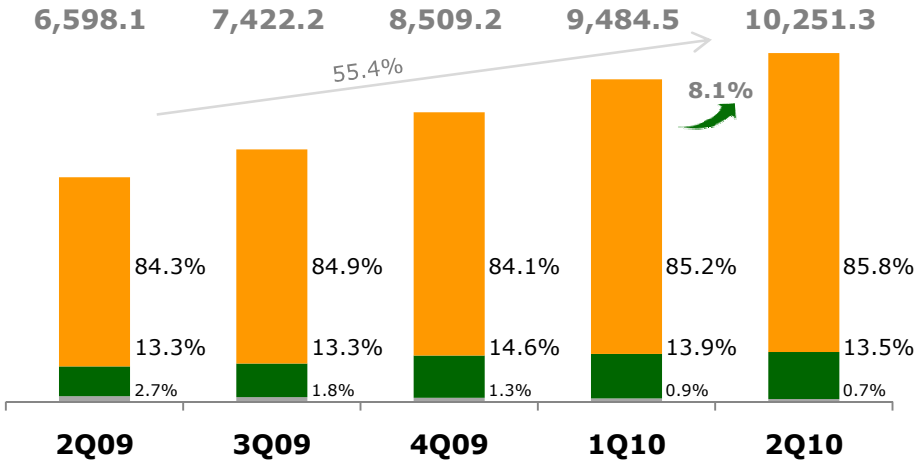
- Annualized **Return on Average Equity** was 15.9%, an increase of 0.7 p.p. over 1Q10 (15.2%) and of 3.9 p.p. when compared to 2Q09 (12.0%).

- **Credit Portfolio** including guarantees issued reached BRL 10,251.3 million, an increase of 8.1% over 1Q10 and 55.4% when compared to 2Q09.

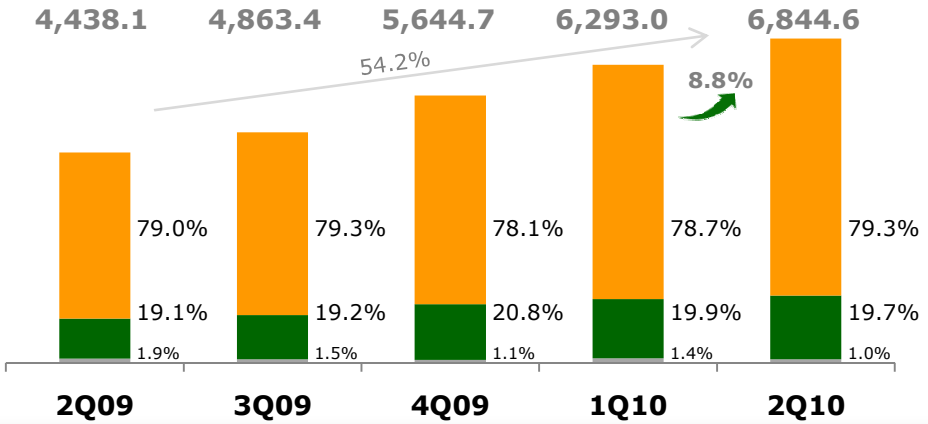
- Credit Portfolio quality remains high with 97.0% of **operations rated between AA-C.**

Credit Portfolio

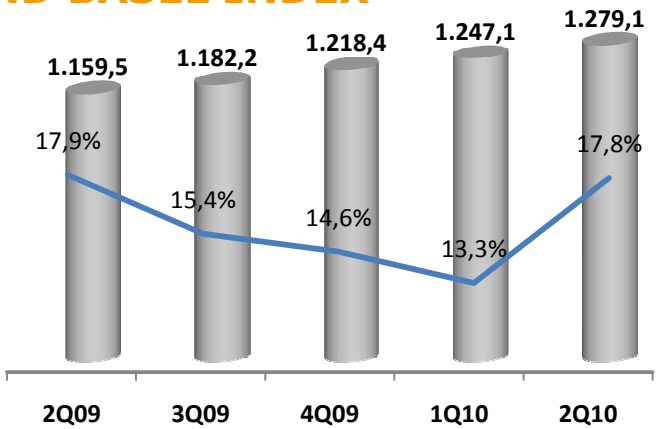
CREDIT PORTFOLIO (BRL million)
Including guarantees issued



LOANS (BRL million)



SHAREHOLDERS' EQUITY (BRL million) AND BASEL INDEX

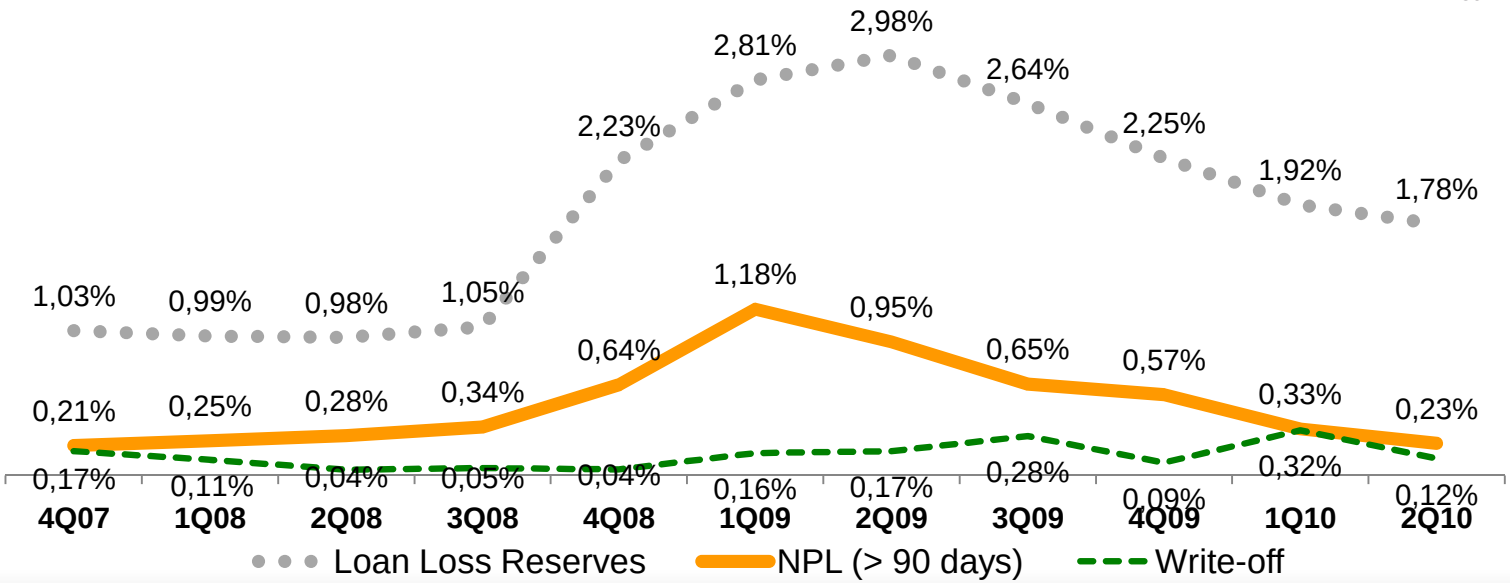


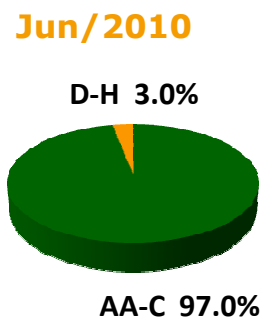
- Corporate
- Middle Market
- Other

Credit Portfolio Quality

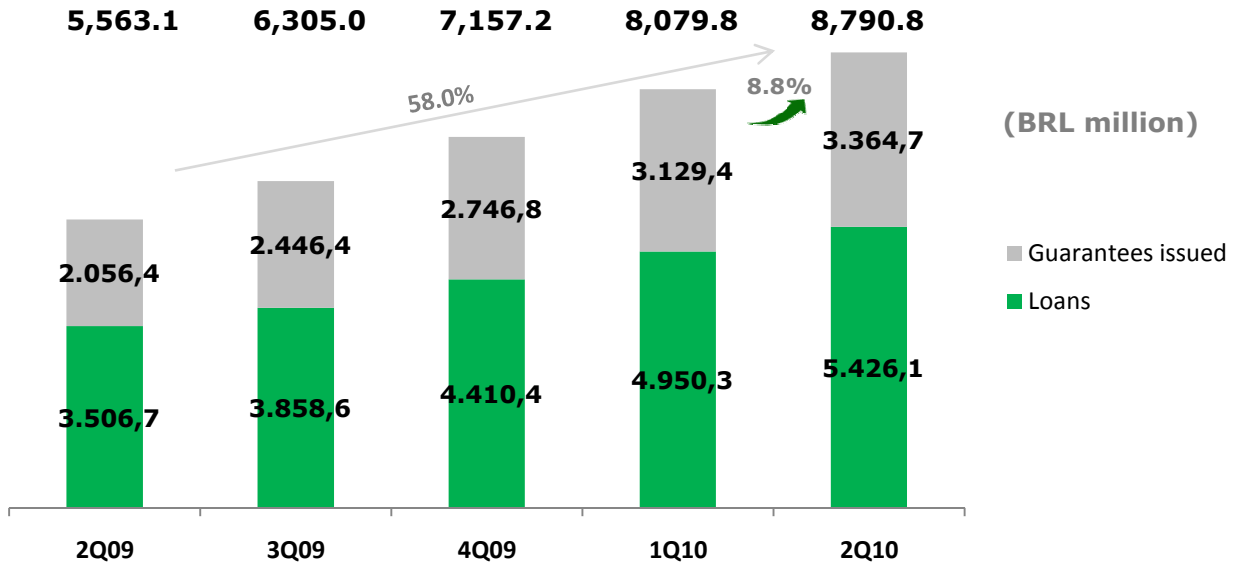
Segments	Loan Portfolio * (BRL million)	Write Off (BRL million)	Write Off / Loan Portfolio	LLR ** (BRL million)	LLR ** / Loan Portfolio	Past Due > 90 days (BRL million)	Past Due > 90 days / Loan Portfolio
Corporate	5,426.1	0.0	0.00%	70.0	1.29%	6.2	0.12%
Middle Market	1,346.1	6.7	0.50%	49.0	3.64%	8.1	0.60%
Other	72.5	1.3	1.84%	3.2	4.43%	1.2	1.59%
Total - 2Q10	**6,844.6**	**8.0**	**0.12%**	**122.1**	**1.78%**	**15.5**	**0.23%**
1Q10	6,293.0	20.0	0.32%	120.9	1.92%	21.0	0.33%
4Q09	5,644.7	5.1	0.09%	127.2	2.25%	32.4	0.57%
3Q09	4,863.4	13.4	0.28%	128.4	2.64%	31.5	0.65%
2Q09	4,438.1	7.7	0.17%	132.4	2.98%	42.1	0.95%

**Excluding guarantees issued.*
** *Loan Loss Reserves*

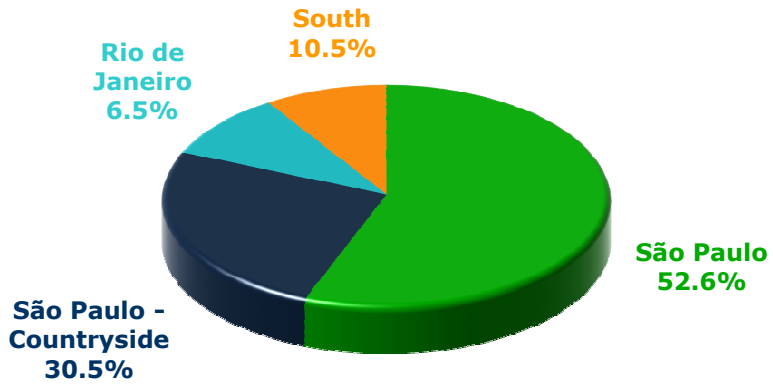




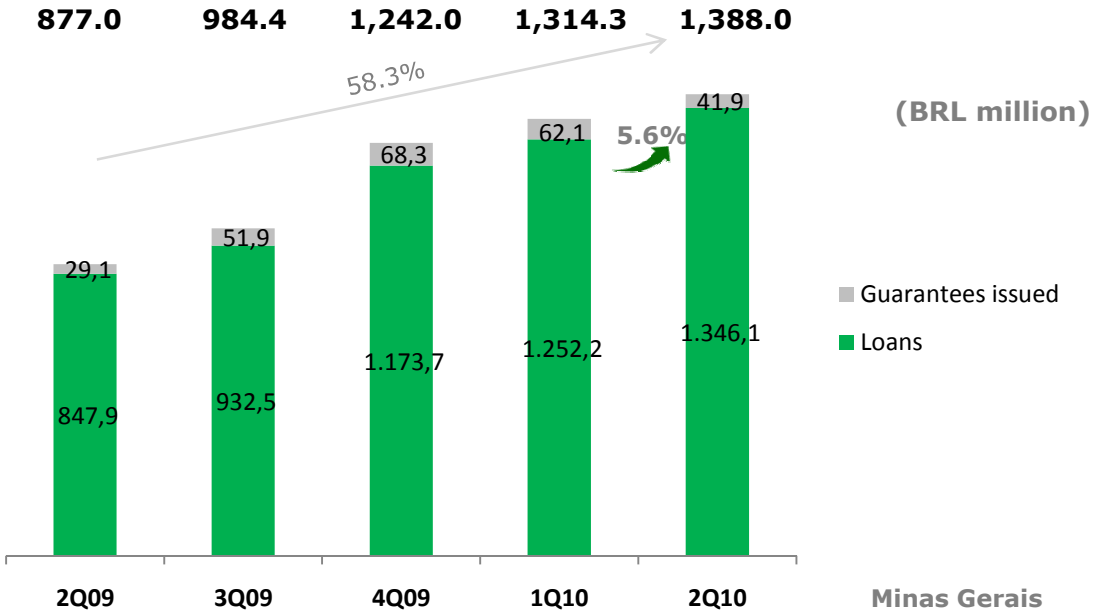
Corporate



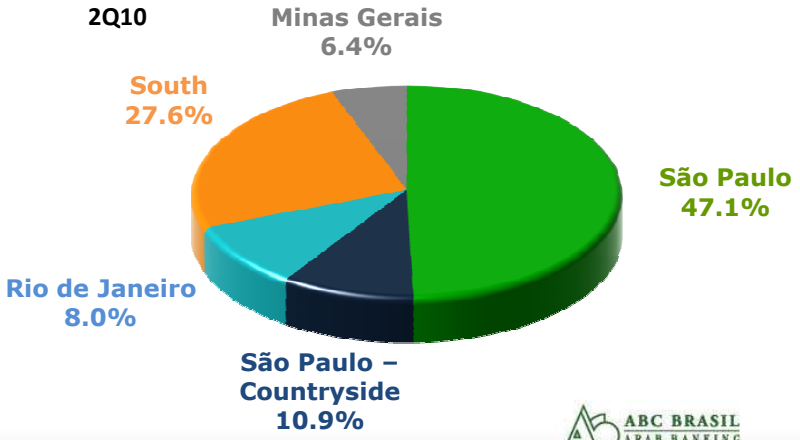
	2Q09	1Q10	2Q10
Portfolio / number of grupos (BRL million)	10.9	12.8	13.0
Duration (days)	316	346	360
Number of active clients	509	675	679



Middle Market



	2Q09	1Q10	2Q10
Portfolio / number of grupos (BRL million)	1.8	2.0	2.0
Duration (days)	206	256	261
Number of active clients	493	652	695



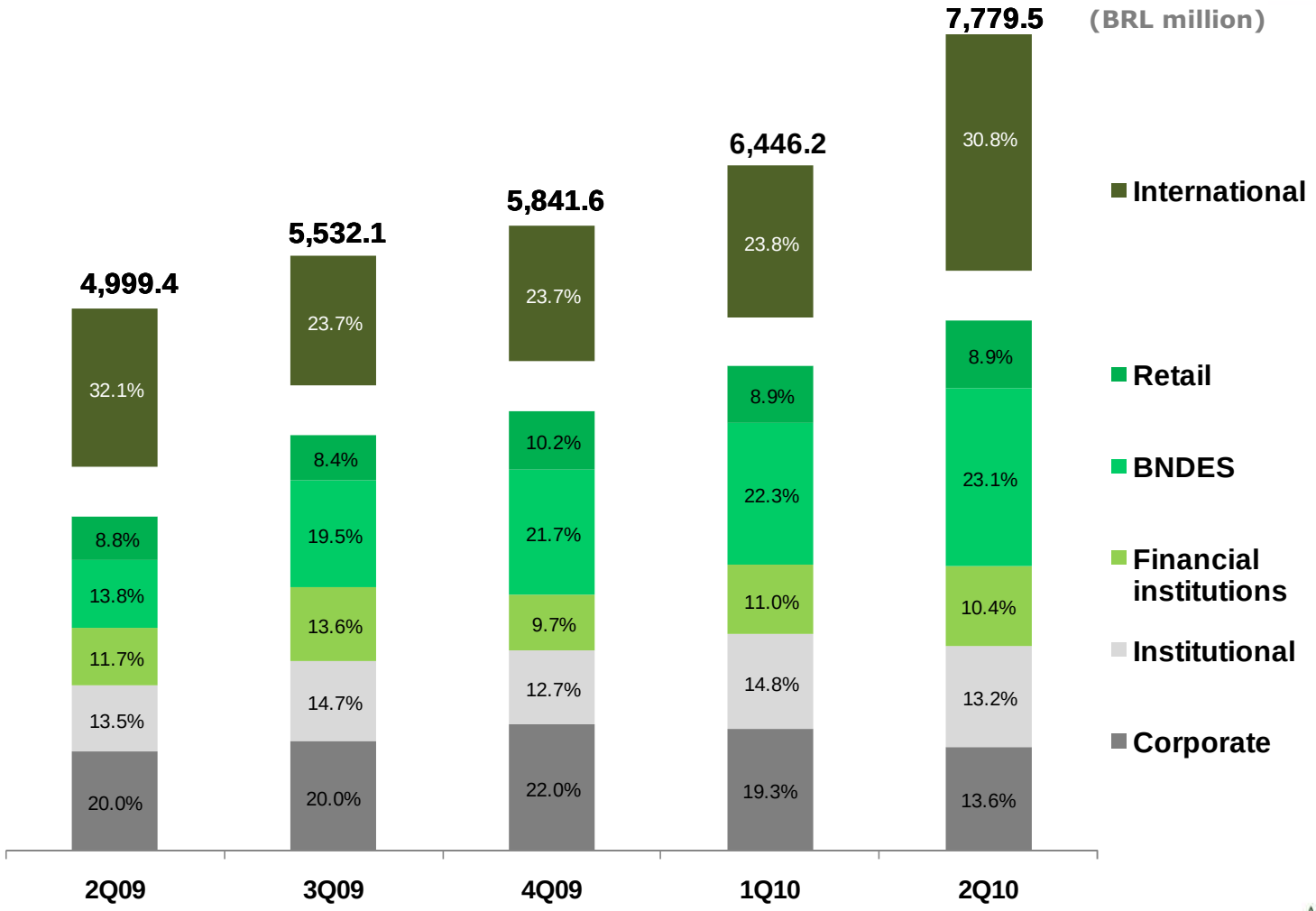
Other Activities

TREASURY AND CAPITAL MARKETS

Treasury (BRL Mi)	2Q10	1Q10	2Q09	6M10	6M09
Revenues	8.6	14.7	8.9	23.3	9.1
Consolidated Average VaR	5.6	1.7	4.1	3.6	3.1

Capital Markets (BRL Mi)	2Q10	1Q10	2Q09	6M10	6M09
Underwriting Fees and M&A	1.6	2.4	0.5	4.0	0.8
Numbers of deals	5	8	2	13	4

Funding


7,779.5
(BRL million)
6,446.2
5,841.6
5,532.1
4,999.4
30.8%
23.8%
23.7%
23.7%
32.1%
8.9%
8.9%
10.2%
8.4%
8.8%
23.1%
22.3%
21.7%
19.5%
13.8%
10.4%
11.0%
9.7%
13.6%
11.7%
13.2%
14.8%
12.7%
14.7%
13.5%
13.6%
19.3%
22.0%
20.0%
20.0%
International
Retail
BNDES
Financial institutions
Institutional
Corporate
2Q09
3Q09
4Q09
1Q10
2Q10

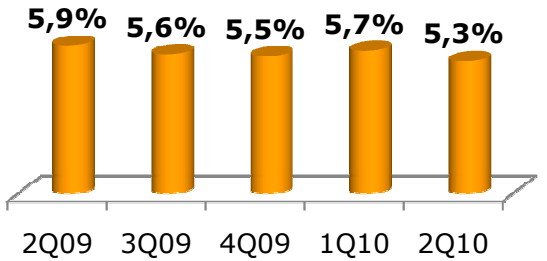
Managerial Income Statement
Revenue

MANAGERIAL NET INTEREST INCOME

NII (BRL million)	2Q10	1Q10	Chg.(%)	2Q09	Chg.(%)	6M10	6M09	Chg.(%)
Credit Operations	104.7	93.8	11.6	85.7	22.2	198.5	174.4	13.8
Treasury*	8.6	14.7	-	8.9	-	23.3	9.0	-
Net Interest Income before Loan-Loss Provisions (LLP)	113.3	108.5	4.4	94.5	19.9	221.8	183.4	20.9
LLP	(9.0)	(13.8)	(34.9)	(14.9)	(39.5)	(22.8)	(40.5)	(43.7)
LLP (Brazilian Central Bank resolution nº 2,682)	(11.6)	(13.8)	(15.8)	(10.3)	12.5	(25.4)	(35.4)	(28.3)
Additional LLP	2.6	-	-	(4.5)	-	2.6	(5.1)	-
Total	**104.3**	**94.7**	**10.1**	**79.7**	**30.9**	**199.0**	**143.0**	**39.2**

** Treasury result with managerial adjustments*

NIM (p.a.)



INCOME FROM SERVICES RENDERED

Income from services rendered (BRL million)	2Q10	1Q10	Chg.(%)	2Q09	Chg.(%)	6M10	6M09	Chg.(%)
Guarantees issued	16,5	14,9	10,7	9,9	66,9	31,4	17,3	81,5
Underwriting Fees and M&A	1,6	2,4		0,5		4,0	0,8	
Banking Fees	8,1	7,1	14,1	3,1	163,9	15,2	5,7	168,7
Total	**26,2**	**24,4**	**7,2**	**13,4**	**94,9**	**50,6**	**23,7**	**113,3**

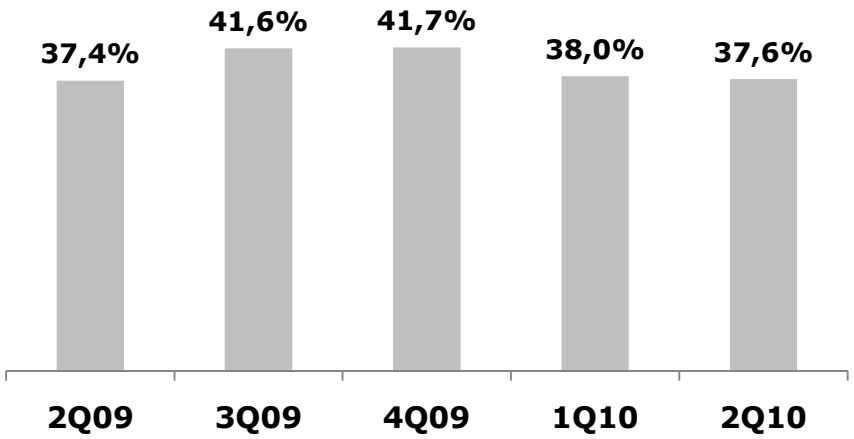
Managerial Income Statement
Expenses

PERSONNEL, ADMINISTRATIVE AND PROFIT-SHARING EXPENSES

Expenses (BRL million)	2Q10	1Q10	Chg.(%)	2Q09	Chg.(%)	6M10	6M09	Chg.(%)
Personnel	(22,4)	(20,9)	6,8	(17,5)	28,0	(43,3)	(38,1)	13,6
Other administrative expenses *	(13,5)	(14,3)	(5,6)	(13,2)	2,8	(27,9)	(25,5)	9,3
Profit Sharing	(15,4)	(15,4)		(9,2)	67,1	(30,9)	(16,7)	84,5
Taxes	(8,3)	(8,3)		(0,5)		(16,6)	(1,1)	
Total	**(59,6)**	**(59,0)**	**1,0**	**(40,4)**	**47,5**	**(118,7)**	**(81,5)**	**45,7**

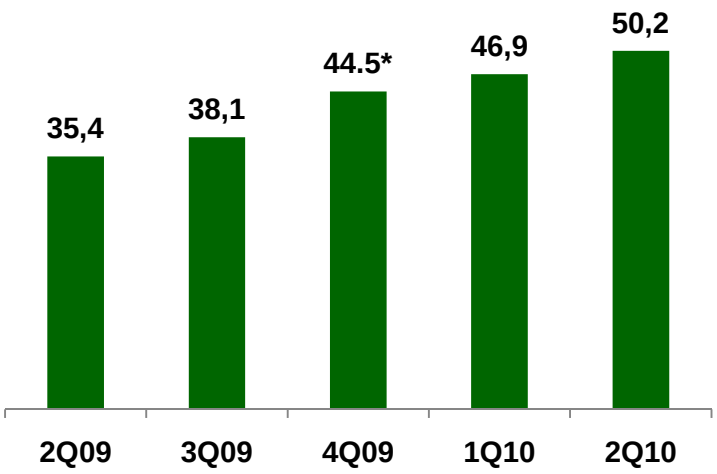
** Deductible donation.*

EFFICIENCY RATIO
(including profit sharing)

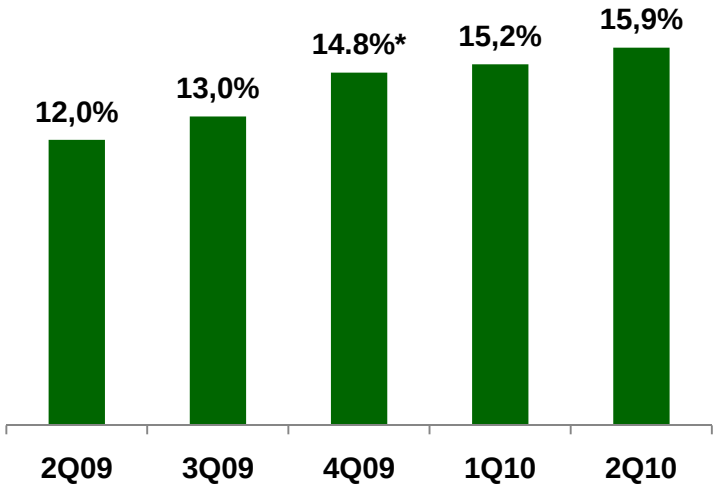


Profitability

ADJUSTED NET INCOME
BRL million



ADJUSTED ROAE
(p.a.)



**Excluding extraordinary effects of divestment of CETIP and joint to program for settlement of tax debits published by the Federal Government*

Guidance 2010

	Estimates	Outlook
Credit Portfolio	25% - 30%	↗
Corporate	22% - 25%	↗
Middle Market	30% - 40%	→
Personnel and other adm expenses	5% - 10%	↗

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