

Arab Banking Corporation (B.S.C.)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 JUNE 2024 (REVIEWED)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF ARAB BANKING CORPORATION (B.S.C.)

Introduction

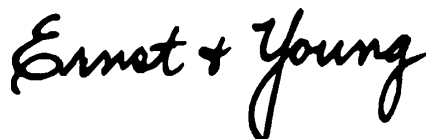
We have reviewed the accompanying interim condensed consolidated financial statements of Arab Banking Corporation (B.S.C.) [the "Bank"] and its subsidiaries [together the "Group"] as at 30 June 2024, comprising of the interim consolidated statement of financial position as at 30 June 2024 and the related interim consolidated statements of profit or loss and comprehensive income for the three-month period and six-month period then ended, and interim consolidated statement of cash flows and changes in equity for the six-month period then ended, and explanatory notes. The Bank's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



11 August 2024
Manama, Kingdom of Bahrain

Arab Banking Corporation (B.S.C.)

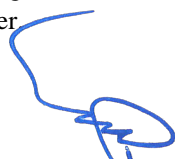
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024 (Reviewed)


All figures in US\$ Million

	Notes	Reviewed 30 June 2024	Audited 31 December 2023
ASSETS			
Liquid funds		2,644	4,466
Trading securities		1,143	1,070
Placements with banks and other financial institutions		2,004	2,231
Securities bought under repurchase agreements		1,316	2,191
Non-trading investments	4	14,089	11,368
Loans and advances	5	18,742	19,096
Other assets		4,092	3,210
Premises and equipment		232	260
TOTAL ASSETS		44,262	43,892
LIABILITIES			
Deposits from customers		22,179	23,705
Deposits from banks		4,702	4,135
Certificates of deposit		238	142
Securities sold under repurchase agreements		7,458	6,933
Taxation		170	146
Other liabilities		3,497	2,724
Borrowings		1,374	1,303
Total liabilities		39,618	39,088
EQUITY			
Share capital		3,110	3,110
Treasury shares		(6)	(6)
Statutory reserve		569	569
Retained earnings		1,362	1,283
Other reserves		(1,252)	(1,046)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		3,783	3,910
Additional / perpetual tier-1 capital		390	390
Equity attributable to the shareholders of the parent and perpetual instrument holders		4,173	4,300
Non-controlling interests		471	504
Total equity		4,644	4,804
TOTAL LIABILITIES AND EQUITY		44,262	43,892


These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 11 August 2024 and signed on their behalf by the Chairman, Deputy Chairman and the Group Chief Executive Officer



 Saddek El Kaber
 Chairman



 Mohammad Abdulredha Saleem
 Deputy Chairman



 Sael Al Waary
 Group Chief Executive Officer

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

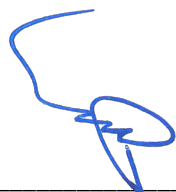
Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six-month period ended 30 June 2024 (Reviewed)

All figures in US\$ Million

	Notes	<i>Reviewed</i>		<i>Reviewed</i>	
		<i>Three months ended</i>		<i>Six months ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		2024	2023	2024	2023
OPERATING INCOME					
Interest and similar income		797	722	1,624	1,383
Interest and similar expense		(564)	(501)	(1,158)	(939)
Net interest income		233	221	466	444
Other operating income	6	98	91	208	167
Total operating income		331	312	674	611
OPERATING EXPENSES					
Staff		115	115	237	223
Premises and equipment		14	12	28	25
Other		51	63	113	116
Total operating expenses		180	190	378	364
NET OPERATING PROFIT BEFORE CREDIT LOSS EXPENSE AND TAXATION					
		151	122	296	247
Credit loss expense	7	(38)	(30)	(74)	(73)
PROFIT BEFORE TAXATION		113	92	222	174
Taxation charge on foreign operations		(19)	(17)	(37)	(28)
PROFIT FOR THE PERIOD		94	75	185	146
Profit attributable to non-controlling interests		(19)	(14)	(35)	(25)
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		75	61	150	121
BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)					
		0.024	0.020	0.046	0.036



Saddek El Kaber
Chairman



Mohammad Abdulredha Saleem
Deputy Chairman



Sael Al Waary
Group Chief Executive Officer

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six-month period ended 30 June 2024 (Reviewed)

All figures in US\$ Million

	<i>Reviewed</i>		<i>Reviewed</i>	
	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2024	2023	2024	2023
PROFIT FOR THE PERIOD	94	75	185	146
Other comprehensive income (loss):				
<i>Other comprehensive income (loss) that will be reclassified (or recycled) to profit or loss in subsequent periods:</i>				
<u>Foreign currency translation:</u>				
Unrealised (loss) gain on exchange translation in foreign subsidiaries	(127)	50	(282)	23
<u>Debt instruments at FVOCI:</u>				
Net change in fair value during the period	(25)	20	14	(8)
	(152)	70	(268)	15
<i>Other comprehensive income (loss) that will not be reclassified (or recycled) to profit or loss in subsequent periods:</i>				
Net change in fair value of FVOCI equity securities during the period	1	1	(1)	5
	1	1	(1)	5
Other comprehensive (loss) income for the period	(151)	71	(269)	20
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(57)	146	(84)	166
Attributable to:				
Shareholders of the parent	(28)	110	(56)	109
Non-controlling interests	(29)	36	(28)	57
	(57)	146	(84)	166

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Six-month period ended 30 June 2024 (Reviewed)

All figures in US\$ million

	Reviewed	
	<i>Six months ended</i>	
	<i>30 June</i>	
	2024	2023
OPERATING ACTIVITIES		
Profit for the period	185	146
Adjustments for:		
Credit loss expense	74	73
Depreciation and amortisation	33	29
Gain on disposal of non-trading debt investments - net	(18)	(11)
Changes in operating assets and liabilities:		
Treasury bills and other eligible bills	-	38
Trading securities	(229)	(322)
Placements with banks and other financial institutions	(71)	(809)
Securities bought under repurchase agreements	765	126
Loans and advances	(900)	411
Other assets	(1,131)	(383)
Deposits from customers	122	218
Deposits from banks	760	648
Securities sold under repurchase agreements	582	2,506
Other liabilities	1,044	488
Other non-cash movements	(275)	394
Net cash from operating activities	941	3,552
INVESTING ACTIVITIES		
Purchase of non-trading investments	(14,674)	(7,312)
Sale and redemption of non-trading investments	11,869	4,250
Purchase of premises and equipment	(7)	(35)
Sale of premises and equipment	5	6
Investment in subsidiaries - net	(2)	2
Net cash used in investing activities	(2,809)	(3,089)
FINANCING ACTIVITIES		
Issue of certificates of deposit - net	97	5
Repayment of borrowings	-	(48)
Proceeds from borrowings	92	42
Interest paid on additional / perpetual tier-1 capital	(9)	(9)
Dividend paid to the Bank's shareholders	(70)	(46)
Dividend paid to non-controlling interests	(14)	(15)
Net cash from (used in) financing activities	96	(71)
Net change in cash and cash equivalents	(1,772)	392
Effect of exchange rate changes on cash and cash equivalents	(50)	(9)
Cash and cash equivalents at beginning of the period	4,466	2,848
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	2,644	3,231

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six-month period ended 30 June 2024 (Reviewed)

All figures in US\$ Million

	Equity attributable to the shareholders of the parent								Additional /	Non-	Total	
									perpetual	controlling	equity	
	Share capital	Treasury shares	Statutory reserve	Retained earnings*	General reserve	Foreign exchange translation adjustments	Cumulative changes in fair value	Pension fund reserve	capital	interests		
At 31 December 2023	3,110	(6)	569	1,283	100	(1,126)	13	(33)	3,910	390	504	4,804
Profit for the period	-	-	-	150	-	-	-	-	150	-	35	185
Other comprehensive (loss) income for the period	-	-	-	-	-	(219)	13	-	(206)	-	(63)	(269)
Total comprehensive income (loss) for the period	-	-	-	150	-	(219)	13	-	(56)	-	(28)	(84)
Dividend**	-	-	-	(70)	-	-	-	-	(70)	-	(14)	(84)
Interest paid on additional / perpetual tier-1 capital	-	-	-	(9)	-	-	-	-	(9)	-	-	(9)
Other equity movements in subsidiaries	-	-	-	8	-	-	-	-	8	-	9	17
At 30 June 2024 (reviewed)	3,110	(6)	569	1,362	100	(1,345)	26	(33)	3,783	390	471	4,644

* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 560 million (31 December 2023: US\$ 555 million).

** A dividend of US\$ 0.0225 per share (2022: US\$ 0.015 per share) for the year 2023 was approved for payment at the Annual General Meeting held on 24 March 2024 and paid during the period.

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six-month period ended 30 June 2024 (Reviewed)

All figures in US\$ Million

	Equity attributable to the shareholders of the parent								Additional / perpetual tier-1 capital	Non- controlling interests	Total equity	
	Other reserves											
	Share capital	Treasury shares	Statutory reserve	Retained earnings*	General reserve	Foreign		Pension fund reserve				Total
						exchange translation adjustments	Cumulative changes in fair value					
At 31 December 2022	3,110	(6)	545	1,125	100	(1,114)	(22)	(33)	3,705	390	426	4,521
Profit for the period	-	-	-	121	-	-	-	-	121	-	25	146
Other comprehensive (loss) income for the period	-	-	-	-	-	(9)	(3)	-	(12)	-	32	20
Total comprehensive income (loss) for the period	-	-	-	121	-	(9)	(3)	-	109	-	57	166
Dividend**	-	-	-	(46)	-	-	-	-	(46)	-	(15)	(61)
Interest paid on additional / perpetual tier-1 capital	-	-	-	(9)	-	-	-	-	(9)	-	-	(9)
Other equity movements in subsidiaries	-	-	-	4	-	-	-	-	4	-	1	5
At 30 June 2023 (reviewed)	3,110	(6)	545	1,195	100	(1,123)	(25)	(33)	3,763	390	469	4,622

* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 520 million (31 December 2022: US\$ 517 million).

** A dividend of US\$ 0.015 per share (2021: US\$ 0.010 per share) for the year 2022 was approved for payment at the Annual General Meeting held on 19 March 2023 and paid during the period.

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024 (Reviewed)

All figures in US\$ million

1 INCORPORATION AND ACTIVITIES

Arab Banking Corporation (B.S.C.) [the "Bank"] is incorporated in the Kingdom of Bahrain by an Amiri decree and operates under a wholesale banking licence issued by the Central Bank of Bahrain (the "CBB"). The Bank is a Bahraini Shareholding Company with limited liability and is listed on the Bahrain Bourse. The Central Bank of Libya is the ultimate parent of the Bank and its subsidiaries (together the "Group").

The Bank's registered office is at ABC Tower, Diplomatic Area, P.O. Box 5698, Manama, Kingdom of Bahrain. The Bank is registered under commercial registration number 10299 issued by the Ministry of Industry and Commerce, Kingdom of Bahrain.

The Group offers a range of international wholesale banking services including Corporate Banking & Financial Institutions, Project & Structured Finance, Syndications, Treasury, Trade Finance, Islamic Banking and the digital, mobile-only banking space named "ila Bank" within retail consumer banking services. Retail banking services are only provided in the MENA region.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six-month period ended 30 June 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting (IAS 34).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023. In addition, results for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

2.2 New and amended standards and interpretations adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of following new and amended standards and interpretations that have become applicable effective from 1 January 2024. The Group has not early adopted any new and amended standard or interpretation that has been issued but is not yet effective.

- *Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7*
- *Amendments to IFRS 16: Lease Liability in a Sale and Leaseback*
- *Amendments to IAS 1: Classification of Liabilities as Current or Non-current*

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023 except for adoption of new standards and amendments effective from 1 January 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024 (Reviewed)

All figures in US\$ million

4 NON-TRADING INVESTMENTS

	<i>Reviewed</i> 30 June 2024	<i>Audited</i> 31 December 2023
Debt securities		
At amortised cost	7,787	5,977
At FVOCI	6,371	5,458
	14,158	11,435
ECL allowance	(88)	(88)
Debt securities - net	14,070	11,347
Equity securities		
At FVOCI	19	21
	19	21
	14,089	11,368

Following are the stage wise break-up of debt securities as of 30 June 2024 and 31 December 2023:

	<i>30 June 2024 (Reviewed)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Debt securities, gross	14,084	-	74	14,158
ECL allowance	(14)	-	(74)	(88)
	14,070	-	-	14,070
	<i>31 December 2023 (Audited)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Debt securities, gross	11,361	-	74	11,435
ECL allowance	(14)	-	(74)	(88)
	11,347	-	-	11,347

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024 (Reviewed)

All figures in US\$ million

5 LOANS AND ADVANCES

	<i>30 June 2024 (Reviewed)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Loans and advances, gross	17,796	884	713	19,393
ECL allowance	(142)	(74)	(435)	(651)
	17,654	810	278	18,742
	<i>31 December 2023 (Audited)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Loans and advances, gross	18,219	815	710	19,744
ECL allowance	(139)	(74)	(435)	(648)
	18,080	741	275	19,096

An analysis of movement in the ECL allowance during the period ended 30 June 2024 and 30 June 2023 are as follows:

<u>Reviewed</u>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
As at 1 January 2024	139	74	435	648
Net transfers between stages	-	(7)	7	-
Amounts written-off	-	-	(25)	(25)
Charge for the period - net	5	12	52	69
Exchange adjustments and other movements	(2)	(5)	(34)	(41)
As at 30 June 2024	142	74	435	651
<u>Reviewed</u>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
As at 1 January 2023	139	71	463	673
Net transfers between stages	-	(12)	12	-
Amounts written-off	-	-	(170)	(170)
Charge for the period - net	9	7	52	68
Exchange adjustments and other movements	3	10	-	13
As at 30 June 2023	151	76	357	584

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024 (Reviewed)

All figures in US\$ million

6 OTHER OPERATING INCOME

	<i>Reviewed</i>	
	<i>30 June 2024</i>	<i>30 June 2023</i>
Fee and commission income - net*	108	95
Bureau processing income	28	18
Net gain from trading book (including foreign currencies transaction)	28	14
Gain on disposal of non-trading debt investments - net	18	11
Merchant acquiring income	8	6
Brokerage income - net	4	6
Others - net	14	17
	208	167

*Included in the fee and commission income is US\$ 7 million (30 June 2023: US\$ 7 million) of fee income relating to funds under management.

7 CREDIT LOSS EXPENSE

	<i>Reviewed</i>	
	<i>30 June 2024</i>	<i>30 June 2023</i>
Non-trading debt investments	2	3
Loans and advances	69	68
Credit commitments and contingent items	3	2
	74	73

8 OPERATING SEGMENTS

For management purposes, the Group is organised into five operating segments which are based on business units and their activities. The Group has accordingly been structured to place its activities under the distinct divisions which are as follows:

- **MENA subsidiaries** cover retail, corporate and treasury activities of subsidiaries in North Africa and Levant;
- **International wholesale banking** encompasses corporate and structured finance, trade finance, Islamic banking services and syndications;
- **Group treasury** comprises treasury business of Bahrain, New York and London;
- **ABC Brasil** primarily reflects the commercial banking and treasury activities of the Brazilian subsidiary Banco ABC Brasil S.A., focusing on the corporate and middle market segments in Brazil; and
- **Others** includes activities of the Head Office, Arab Financial Services Company B.S.C. (c) and ila Bank.

Arab Banking Corporation (B.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024 (Reviewed)

All figures in US\$ million

8 OPERATING SEGMENTS (continued)

Six-month period ended	<i>International</i>					<i>Total</i>
	<i>MENA subsidiaries</i>	<i>wholesale banking</i>	<i>Group treasury</i>	<i>ABC Brasil</i>	<i>Others</i>	
30 June 2024 (Reviewed)						
Net interest income	107	101	23	161	74	466
Other operating income	24	52	30	72	30	208
Total operating income	131	153	53	233	104	674
Operating expenses	(66)	(74)	(16)	(103)	(53)	(312)
Profit before taxation, credit loss and unallocated operating expenses	65	79	37	130	51	362
Credit loss expense	(7)	(37)	-	(28)	(2)	(74)
Taxation charge on foreign operations	(19)	(8)	(1)	(9)	-	(37)
Unallocated operating expenses						(66)
Profit for the period						185
Operating assets as at 30 June 2024	4,726	11,464	16,253	10,960	859	44,262
Operating liabilities as at 30 June 2024	4,148	-	24,801	9,789	880	39,618
	<i>International</i>					
Six-month period ended	<i>MENA subsidiaries</i>	<i>wholesale banking</i>	<i>Group treasury</i>	<i>ABC Brasil</i>	<i>Others</i>	<i>Total</i>
30 June 2023 (Reviewed)						
Net interest income	108	98	22	151	65	444
Other operating income	24	39	29	45	30	167
Total operating income	132	137	51	196	95	611
Operating expenses	(65)	(64)	(15)	(92)	(47)	(283)
Profit before taxation, credit loss and unallocated operating expenses	67	73	36	104	48	328
Credit loss expense	(13)	(14)	-	(46)	-	(73)
Taxation charge on foreign operations	(26)	(6)	-	4	-	(28)
Unallocated operating expenses						(81)
Profit for the period						146
Operating assets as at 31 December 2023 (Audited)	5,343	8,698	18,034	11,364	453	43,892
Operating liabilities as at 31 December 2023 (Audited)	4,641	-	23,629	10,113	705	39,088

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024 (Reviewed)

All figures in US\$ million

9 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables provide the fair value measurement hierarchy of the Group's financial assets and financial liabilities measured at fair value in these financial statements.

Quantitative disclosure of fair value measurement hierarchy for assets as at 30 June 2024 (Reviewed):

Financial assets measured at fair value:

	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Trading securities	740	403	1,143
Non-trading investments	5,486	904	6,390
Loans and advances	-	839	839
Derivatives held for trading	470	385	855
Derivatives held as hedges	-	147	147

Quantitative disclosure of fair value measurement hierarchy for liabilities as at 30 June 2024 (Reviewed):

Financial liabilities measured at fair value:

	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Derivatives held for trading	330	300	630
Derivatives held as hedges	-	32	32

Quantitative disclosure of fair value measurement hierarchy for assets as as at 31 December 2023 (Audited):

Financial assets measured at fair value:

	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Trading securities	924	146	1,070
Non-trading investments	4,702	777	5,479
Loans and advances	-	793	793
Derivatives held for trading	458	395	853
Derivatives held as hedges	-	99	99

Quantitative disclosure of fair value measurement hierarchy for assets as at 31 December 2023 (Audited):

Financial liabilities measured at fair value:

	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Derivatives held for trading	361	405	766
Derivatives held as hedges	-	13	13

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024 (Reviewed)

All figures in US\$ million

9 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair values of financial instruments not carried at fair value

Except for the following, the fair value of financial instruments which are not carried at fair value are not materially different from their carrying value.

	<i>Reviewed</i>		<i>Audited</i>	
	<i>30 June 2024</i>		<i>31 December 2023</i>	
	<i>Carrying value</i>	<i>Fair value</i>	<i>Carrying value</i>	<i>Fair value</i>
Financial assets				
Non-trading debt investments				
at amortised cost - gross (level 1 and 2)	7,787	7,778	5,977	5,982
Financial liabilities				
Borrowings - perpetual (level 1)	176	190	98	104

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 during the current and prior period.

10 CREDIT COMMITMENTS AND CONTINGENT ITEMS

a) Exposure (after applying credit conversion factor) and ECL by stage

	<i>30 June 2024 (Reviewed)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Credit commitments and contingencies	4,245	87	24	4,356
ECL allowance	8	12	11	31

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024 (Reviewed)

All figures in US\$ million

10 CREDIT COMMITMENTS AND CONTINGENT ITEMS (continued)

a) Exposure (after applying credit conversion factor) and ECL by stage (continued)

	<i>31 December 2023 (Audited)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Credit commitments and contingencies	4,212	100	20	4,332
ECL allowance	8	13	11	32

An analysis of movement in the ECL allowance during the period are as follows:

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
As at 1 January 2024	8	13	11	32
ECL movements for the period - net	-	(1)	-	(1)
As at 30 June 2024 (reviewed)	8	12	11	31
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
As at 1 January 2023	7	9	28	44
ECL movements for the period - net	4	2	(1)	5
As at 30 June 2023 (reviewed)	11	11	27	49

b) Credit commitments and contingencies

	<i>Reviewed 30 June 2024</i>	<i>Audited 31 December 2023</i>
Short-term self-liquidating trade and transaction-related contingent items	4,772	4,536
Direct credit substitutes, guarantees	2,916	3,102
Undrawn loans and other commitments	2,703	2,738
	10,391	10,376
Credit exposure after applying credit conversion factor	4,356	4,332
Risk weighted equivalents	3,456	3,696

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30 June 2024 (Reviewed)

All figures in US\$ million

10 CREDIT COMMITMENTS AND CONTINGENT ITEMS (continued)

c) Derivatives

The outstanding notional amounts at the reporting date were as follows:

	<i>Reviewed</i>	<i>Audited</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
Interest rate swaps	17,129	11,524
Currency swaps	931	1,113
Forward foreign exchange contracts	9,143	9,539
Options*	23,644	12,991
Futures	5,674	5,386
	56,521	40,553
Risk weighted equivalents (credit and market risk)	1,750	1,328

* This includes options for which the Group has a back-to-back cover available.

11 RISK MANAGEMENT**Liquidity risk**

The Group is required to comply with the liquidity requirements as stipulated by its regulator, the CBB. These requirements relate to maintaining a minimum of 100% for liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). LCR is calculated as a ratio of its stock of high quality liquid assets (HQLA) and net outflows over the next 30 calendar days. NSFR is calculated as a ratio of 'available stable funding' to 'required stable funding'. As at 30 June 2024, the Group's LCR and NSFR were at 233 % (31 December 2023: 278%) and 123% (31 December 2023: 128%) respectively.

	30 June 2024					31 December 2023				
	Unweighted Values (i.e. before applying relevant factors)					Unweighted Values (i.e. before applying relevant factors)				
	No specified maturity	Less than 6 months	Over 6 months and less than one year	Over one year	Total weighted value	No specified maturity	Less than 6 months	Over 6 months and less than one year	Over one year	Total weighted value
Available Stable Funding (ASF):										
Capital:										
Regulatory Capital	4,122	-	-	-	4,122	4,249	-	-	-	4,249
Other Capital Instruments	497	-	-	346	843	464	-	-	325	789
Retail deposits and deposits from small business customers:										
Stable deposits	-	-	-	-	-	-	-	63	-	60
Less stable deposits	-	1,891	335	364	2,368	-	2,072	362	580	2,772
Wholesale funding:										
Operational deposits										
Other wholesale funding	-	21,689	5,049	7,426	13,701	-	21,391	4,080	8,206	14,270
Other liabilities:										
NSFR derivative liabilities	-	-	-	-	-	-	-	-	-	-
All other liabilities not included in the above categories	-	1,113	-	-	-	-	1,318	-	-	-
Total ASF (A)					21,034					22,140

11 RISK MANAGEMENT (continued)

	30 June 2024					31 December 2023				
	Unweighted Values (i.e. before applying relevant factors)					Unweighted Values (i.e. before applying relevant factors)				
	No specified maturity	Less than 6 months	Over 6 months and less than one year	Over one year	Total weighted value	No specified maturity	Less than 6 months	Over 6 months and less than one year	Over one year	Total weighted value
Required Stable Funding (RSF):										
Total NSFR high-quality liquid assets (HQLA)	14,109	370	-	-	1,042	11,336	368	-	-	718
Deposits held at other financial institutions for operational purposes	-	-	-	-	-	-	-	-	-	-
Performing loans and securities:										
Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	-	3,433	1,426	674	1,866	-	4,464	927	789	1,854
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	7,581	2,150	5,867	9,853	-	7,393	2,512	5,907	9,973
With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	326	212	-	-	-	344	223
Performing residential mortgages, of which:										
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	-	-	-	-	-	-	-
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	527	194	1,499	1,634	-	209	208	986	1,047
Other assets:										
Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-	-	-	-	-	-
NSFR derivative assets	-	126	-	-	126	-	116	-	-	116
NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-	-	-	-	-	-
All other assets not included in the above categories	2,186	392	479	1,331	1,816	4,210	350	3	2,649	2,865
OBS items	-	10,396	-	-	520	-	10,293	-	-	515
Total RSF (B)					17,069					17,311
NSFR (A/B)					123%					128%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024 (Reviewed)

All figures in US\$ million

12 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties represent the ultimate parent, major shareholders, associates, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

The period-end and year-end balances in respect of related parties included in the interim consolidated statement of financial position are as follows:

	<i>Ultimate parent</i>	<i>Major share- holder</i>	<i>Directors</i>	<i>30 June 2024 (Reviewed)</i>
Deposits from customers	2,959	-	36	2,995
Borrowings	1,115	-	-	1,115
Additional / perpetual tier-1 capital*	390	-	-	390
Short-term self-liquidating trade and transaction-related contingent items	893	-	-	893
	<i>Ultimate parent</i>	<i>Major share- holder</i>	<i>Directors</i>	<i>31 December 2023 (Audited)</i>
Deposits from customers	2,949	-	37	2,986
Borrowings	1,115	-	-	1,115
Additional / perpetual tier-1 capital*	390	-	-	390
Short-term self-liquidating trade and transaction-related contingent items	966	-	-	966

* During the period, the Group has paid interest on additional / perpetual tier-1 capital amounting to US\$ 9 million (30 June 2023: US\$ 9 million) which has been charged to the interim consolidated statement of changes in equity.

The income and expenses in respect of transactions with related parties included in the interim consolidated statement of profit or loss are as follows:

	<i>30 June 2024 Reviewed</i>	<i>30 June 2023</i>
Commission income	11	8
Interest expense	127	124