

**Arab Banking Corporation (B.S.C.)**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**30 SEPTEMBER 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 September 2024, comprising of the interim consolidated statement of financial position as at 30 September 2024 and the related interim consolidated statements of profit or loss and comprehensive income for the three-month period and nine-month period then ended, and interim consolidated statement of cash flows and changes in equity for the nine-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 November 2024  
Manama, Kingdom of Bahrain

# Arab Banking Corporation (B.S.C.)

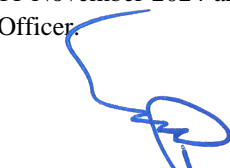
## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2024 (Reviewed)

All figures in US\$ Million

	Notes	<i>Reviewed</i> 30 September 2024	<i>Audited</i> 31 December 2023
<b>ASSETS</b>			
Liquid funds		1,992	4,466
Trading securities		1,131	1,070
Placements with banks and other financial institutions		2,477	2,231
Securities bought under repurchase agreements		1,333	2,191
Non-trading investments	4	15,487	11,368
Loans and advances	5	19,721	19,096
Other assets		3,601	3,210
Premises and equipment		234	260
<b>TOTAL ASSETS</b>		<b>45,976</b>	<b>43,892</b>
<b>LIABILITIES</b>			
Deposits from customers		23,091	23,705
Deposits from banks		4,554	4,135
Certificates of deposit		238	142
Securities sold under repurchase agreements		8,721	6,933
Taxation		66	146
Other liabilities		3,187	2,724
Borrowings		1,380	1,303
<b>Total liabilities</b>		<b>41,237</b>	<b>39,088</b>
<b>EQUITY</b>			
Share capital		3,110	3,110
Treasury shares		(6)	(6)
Statutory reserve		569	569
Retained earnings		1,412	1,283
Other reserves		(1,225)	(1,046)
<b>EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>		<b>3,860</b>	<b>3,910</b>
Additional / perpetual tier-1 capital		390	390
Equity attributable to the shareholders of the parent and perpetual instrument holders		4,250	4,300
Non-controlling interests		489	504
<b>Total equity</b>		<b>4,739</b>	<b>4,804</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>45,976</b>	<b>43,892</b>

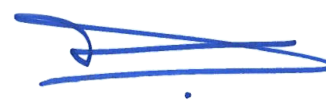
These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 11 November 2024 and signed on their behalf by the Chairman, Deputy Chairman and the Group Chief Executive Officer.



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

Nine-month period ended 30 September 2024 (Reviewed)

All figures in US\$ Million

	Notes	<i>Reviewed</i>		<i>Reviewed</i>	
		<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		<b>2024</b>	2023	<b>2024</b>	2023
<b>OPERATING INCOME</b>					
Interest and similar income		<b>787</b>	822	<b>2,411</b>	2,205
Interest and similar expense		<b>(561)</b>	(581)	<b>(1,719)</b>	(1,520)
<b>Net interest income</b>		<b>226</b>	241	<b>692</b>	685
Other operating income	6	<b>102</b>	91	<b>310</b>	258
<b>Total operating income</b>		<b>328</b>	332	<b>1,002</b>	943
<b>OPERATING EXPENSES</b>					
Staff		<b>118</b>	116	<b>355</b>	339
Premises and equipment		<b>15</b>	15	<b>43</b>	40
Other		<b>57</b>	59	<b>170</b>	175
Total operating expenses		<b>190</b>	190	<b>568</b>	554
<b>NET OPERATING PROFIT BEFORE CREDIT LOSS EXPENSE AND TAXATION</b>					
		<b>138</b>	142	<b>434</b>	389
Credit loss expense	7	<b>(31)</b>	(35)	<b>(105)</b>	(108)
<b>PROFIT BEFORE TAXATION</b>		<b>107</b>	107	<b>329</b>	281
Taxation charge on foreign operations		<b>(25)</b>	(27)	<b>(62)</b>	(55)
<b>PROFIT FOR THE PERIOD</b>		<b>82</b>	80	<b>267</b>	226
Profit attributable to non-controlling interests		<b>(17)</b>	(18)	<b>(52)</b>	(43)
<b>PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>		<b>65</b>	62	<b>215</b>	183
<b>BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)</b>					
		<b>0.018</b>	0.017	<b>0.064</b>	0.053

  
 \_\_\_\_\_  
 Saddek El Kaber  
 Chairman

  
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 Mohammad Abdulredha Saleem  
 Deputy Chairman

  
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 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

Nine-month period ended 30 September 2024 (Reviewed)

All figures in US\$ Million

	<i>Reviewed</i>		<i>Reviewed</i>	
	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
<b>PROFIT FOR THE PERIOD</b>	<b>82</b>	80	<b>267</b>	226
<b>Other comprehensive income (loss):</b>				
<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 gain (loss) on exchange translation in foreign subsidiaries	34	(39)	(248)	(16)
<u>Debt instruments at FVOCI:</u>				
Net change in fair value during the period	(2)	27	12	19
	32	(12)	(236)	3
<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	5	(1)	4	4
	5	(1)	4	4
<b>Other comprehensive income (loss) for the period</b>	<b>37</b>	(13)	<b>(232)</b>	7
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>119</b>	67	<b>35</b>	233
<b>Attributable to:</b>				
Shareholders of the parent	92	65	36	174
Non-controlling interests	27	2	(1)	59
	119	67	35	233

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

Nine-month period ended 30 September 2024 (Reviewed)

*All figures in US\$ million*

	<b>Reviewed</b>	
	<i>Nine months ended</i>	
	<i>30 September</i>	
	<b>2024</b>	2023
<b>OPERATING ACTIVITIES</b>		
Profit for the period	<b>267</b>	226
Adjustments for:		
Credit loss expense	<b>105</b>	108
Depreciation and amortisation	<b>49</b>	46
Gain on disposal of non-trading debt investments - net	<b>(23)</b>	(16)
Changes in operating assets and liabilities:		
Treasury bills and other eligible bills	-	38
Trading securities	<b>(186)</b>	(580)
Placements with banks and other financial institutions	<b>(515)</b>	(704)
Securities bought under repurchase agreements	<b>761</b>	(298)
Loans and advances	<b>(1,618)</b>	595
Other assets	<b>(588)</b>	(644)
Deposits from customers	<b>742</b>	(325)
Deposits from banks	<b>541</b>	521
Securities sold under repurchase agreements	<b>1,824</b>	3,874
Other liabilities	<b>587</b>	722
Other non-cash movements	<b>(453)</b>	594
Net cash from operating activities	<b>1,493</b>	4,157
<b>INVESTING ACTIVITIES</b>		
Purchase of non-trading investments	<b>(21,625)</b>	(12,116)
Sale and redemption of non-trading investments	<b>17,570</b>	8,136
Purchase of premises and equipment	<b>(12)</b>	(42)
Sale of premises and equipment	<b>6</b>	8
Investment in subsidiaries - net	<b>(2)</b>	4
Net cash used in investing activities	<b>(4,063)</b>	(4,010)
<b>FINANCING ACTIVITIES</b>		
Issue (repayment) of certificates of deposit - net	<b>97</b>	(236)
Repayment of borrowings	-	(44)
Proceeds from borrowings	<b>112</b>	42
Interest paid on additional / perpetual tier-1 capital	<b>(19)</b>	(19)
Dividend paid to the Bank's shareholders	<b>(70)</b>	(46)
Dividend paid to non-controlling interests	<b>(21)</b>	(21)
Net cash from (used in) financing activities	<b>99</b>	(324)
Net change in cash and cash equivalents	<b>(2,471)</b>	(177)
Effect of exchange rate changes on cash and cash equivalents	<b>(3)</b>	(85)
Cash and cash equivalents at beginning of the period	<b>4,466</b>	2,848
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>1,992</b>	2,586

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

Nine-month period ended 30 September 2024 (Reviewed)

All figures in US\$ Million

	Equity attributable to the shareholders of the parent									Additional /	Non-	Total
										perpetual	controlling	equity
										capital	interests	
	Other reserves											
	Foreign											
	exchange											
	Share	Treasury	Statutory	Retained	General	Cumulative	Pension					
	capital	shares	reserve	earnings*	reserve	changes in	fund					
						fair value	reserve	Total				
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	-	-	-	215	-	-	-	-	215	-	52	267
Other comprehensive (loss) income for the period	-	-	-	-	-	(195)	16	-	(179)	-	(53)	(232)
Total comprehensive income (loss) for the period	-	-	-	215	-	(195)	16	-	36	-	(1)	35
Dividend**	-	-	-	(70)	-	-	-	-	(70)	-	(21)	(91)
Interest paid on additional / perpetual tier-1 capital	-	-	-	(19)	-	-	-	-	(19)	-	-	(19)
Other equity movements in subsidiaries	-	-	-	3	-	-	-	-	3	-	7	10
<b>At 30 September 2024 (reviewed)</b>	<b>3,110</b>	<b>(6)</b>	<b>569</b>	<b>1,412</b>	<b>100</b>	<b>(1,321)</b>	<b>29</b>	<b>(33)</b>	<b>3,860</b>	<b>390</b>	<b>489</b>	<b>4,739</b>

\* 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\$ 0.023 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

Nine-month period ended 30 September 2024 (Reviewed)

All figures in US\$ Million

	Equity attributable to the shareholders of the parent								Additional /	Non-	Total	
									perpetual	controlling	equity	
									tier-1	interests		
									capital			
	Other reserves											
	Foreign											
	exchange											
	Share	Treasury	Statutory	Retained	General	translation	Cumulative	Pension				
	capital	shares	reserve	earnings*	reserve	adjustments	changes in	fund	Total			
							fair value	reserve				
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	-	-	-	183	-	-	-	-	183	-	43	226
Other comprehensive (loss) income for the period	-	-	-	-	-	(32)	23	-	(9)	-	16	7
Total comprehensive income (loss) for the period	-	-	-	183	-	(32)	23	-	174	-	59	233
Dividend**	-	-	-	(46)	-	-	-	-	(46)	-	(21)	(67)
Interest paid on additional / perpetual tier-1 capital	-	-	-	(19)	-	-	-	-	(19)	-	-	(19)
Other equity movements in subsidiaries	-	-	-	7	-	-	-	-	7	-	14	21
At 30 September 2023 (reviewed)	3,110	(6)	545	1,250	100	(1,146)	1	(33)	3,821	390	478	4,689

\* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 555 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.



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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 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 nine-month period ended 30 September 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 nine-month period ended 30 September 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 September 2024 (Reviewed)

All figures in US\$ million

**4 NON-TRADING INVESTMENTS**

	<i>Reviewed</i> <b>30 September</b> <b>2024</b>	<i>Audited</i> <b>31 December</b> <b>2023</b>
<b>Debt securities</b>		
At amortised cost	<b>8,295</b>	5,977
At FVOCI	<b>7,260</b>	5,458
	<b>15,555</b>	11,435
ECL allowance	<b>(87)</b>	(88)
<b>Debt securities - net</b>	<b>15,468</b>	11,347
<b>Equity securities</b>		
At FVOCI	<b>19</b>	21
	<b>19</b>	21
	<b>15,487</b>	11,368

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

	<i>30 September 2024 (Reviewed)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Debt securities, gross	<b>15,481</b>	-	<b>74</b>	<b>15,555</b>
ECL allowance	<b>(13)</b>	-	<b>(74)</b>	<b>(87)</b>
	<b>15,468</b>	-	-	<b>15,468</b>
	<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 September 2024 (Reviewed)

All figures in US\$ million

**5 LOANS AND ADVANCES**

	<i>30 September 2024 (Reviewed)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Loans and advances, gross	<b>18,837</b>	<b>775</b>	<b>730</b>	<b>20,342</b>
ECL allowance	<b>(143)</b>	<b>(67)</b>	<b>(411)</b>	<b>(621)</b>
	<b>18,694</b>	<b>708</b>	<b>319</b>	<b>19,721</b>
	<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 September 2024 and 30 September 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	<b>139</b>	<b>74</b>	<b>435</b>	<b>648</b>
Net transfers between stages	<b>1</b>	<b>(11)</b>	<b>10</b>	<b>-</b>
Amounts written-off	-	-	<b>(95)</b>	<b>(95)</b>
Charge for the period - net	<b>4</b>	<b>6</b>	<b>91</b>	<b>101</b>
Exchange adjustments and other movements	<b>(1)</b>	<b>(2)</b>	<b>(30)</b>	<b>(33)</b>
<b>As at 30 September 2024</b>	<b>143</b>	<b>67</b>	<b>411</b>	<b>621</b>
<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	-	(16)	16	-
Amounts written-off	-	-	(191)	(191)
Charge for the period - net	10	17	79	106
Exchange adjustments and other movements	5	6	1	12
<b>As at 30 September 2023</b>	<b>154</b>	<b>78</b>	<b>368</b>	<b>600</b>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2024 (Reviewed)

All figures in US\$ million

**6 OTHER OPERATING INCOME**

	<i>Reviewed</i>	
	<i>30 September</i> <b>2024</b>	<i>30 September</i> <b>2023</b>
Fee and commission income - net*	<b>162</b>	149
Bureau processing income	<b>32</b>	29
Net gain from trading book (including foreign currencies transaction)	<b>34</b>	20
Gain on disposal of non-trading debt investments - net	<b>32</b>	21
Merchant acquiring income	<b>12</b>	10
Brokerage income - net	<b>7</b>	8
Others - net	<b>31</b>	21
	<b>310</b>	258

\*Included in the fee and commission income is US\$ 11 million (30 September 2023: US\$ 7 million) of fee income relating to funds under management.

**7 CREDIT LOSS EXPENSE**

	<i>Reviewed</i>	
	<i>30 September</i> <b>2024</b>	<i>30 September</i> <b>2023</b>
Non-trading debt investments	-	1
Loans and advances	<b>101</b>	106
Credit commitments and contingent items	<b>3</b>	1
Other financial assets	<b>1</b>	-
	<b>105</b>	108

**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 September 2024 (Reviewed)

All figures in US\$ million

### 8 OPERATING SEGMENTS (continued)

Nine-month period ended 30 September 2024 (Reviewed)	<i>International</i>		<i>Group treasury</i>	<i>ABC Brasil</i>	<i>Others</i>	<i>Total</i>
	<i>MENA subsidiaries</i>	<i>wholesale banking</i>				
Net interest income	158	154	20	236	124	692
Other operating income	35	77	41	112	45	310
Total operating income	193	231	61	348	169	1,002
Operating expenses	(96)	(116)	(18)	(152)	(82)	(464)
Profit before taxation, credit loss and unallocated operating expenses	97	115	43	196	87	538
Credit loss expense	(12)	(49)	-	(43)	(1)	(105)
Taxation charge on foreign operations	(28)	(16)	-	(18)	-	(62)
Unallocated operating expenses						(104)
Profit for the period						267
Operating assets as at 30 September 2024	4,956	11,151	17,431	11,704	734	45,976
Operating liabilities as at 30 September 2024	4,367	-	25,468	10,486	916	41,237
Nine-month period ended 30 September 2023 (Reviewed)	<i>International</i>		<i>Group treasury</i>	<i>ABC Brasil</i>	<i>Others</i>	<i>Total</i>
	<i>MENA subsidiaries</i>	<i>wholesale banking</i>				
Net interest income	165	150	37	230	103	685
Other operating income	35	60	32	90	41	258
Total operating income	200	210	69	320	144	943
Operating expenses	(100)	(96)	(23)	(147)	(72)	(438)
Profit before taxation, credit loss and unallocated operating expenses	100	114	46	173	72	505
Credit loss expense	(21)	(27)	-	(60)	-	(108)
Taxation charge on foreign operations	(41)	(8)	(1)	(5)	-	(55)
Unallocated operating expenses						(116)
Profit for the period						226
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 September 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 September 2024 (Reviewed):**

**Financial assets measured at fair value:**

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Trading securities	749	382	-	1,131
Non-trading investments	6,455	743	81	7,279
Loans and advances	-	1,102	18	1,120
Derivatives held for trading	775	398	-	1,173
Derivatives held as hedges	-	95	-	95

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

**Financial liabilities measured at fair value:**

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Derivatives held for trading	640	299	-	939
Derivatives held as hedges	-	107	-	107

**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>Level 3</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>Level 3</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

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**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 September 2024</i>		<i>31 December 2023</i>	
	<i>Carrying value</i>	<i>Fair value</i>	<i>Carrying value</i>	<i>Fair value</i>
<b>Financial assets</b>				
Non-trading debt investments				
at amortised cost - gross (level 1 and 2)	<b>8,295</b>	<b>8,290</b>	5,977	5,982
<b>Financial liabilities</b>				
Borrowings - perpetual (level 1)	<b>179</b>	<b>192</b>	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.

**Financial instruments in level 3**

The fair value of financial instruments that are neither traded in an active market nor have observable inputs is determined by valuation techniques. These valuation techniques include an internal model which uses observable market yield curves and expected loss methodology for securities. Quotes provided by fund administrators are used for funds valuation.

**Transfers between level 1, level 2 and level 3**

There were no transfers between level 1, level 2 and level 3 during the current and prior period.

Arab Banking Corporation (B.S.C.)

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**10 CREDIT COMMITMENTS AND CONTINGENT ITEMS**

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

	<i>30 September 2024 (Reviewed)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Credit commitments and contingencies	<b>4,364</b>	<b>69</b>	<b>38</b>	<b>4,471</b>
ECL allowance	<b>8</b>	<b>12</b>	<b>12</b>	<b>32</b>
	<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	<b>8</b>	<b>13</b>	<b>11</b>	<b>32</b>
ECL movements for the period - net	-	(1)	1	-
<b>As at 30 September 2024 (reviewed)</b>	<b>8</b>	<b>12</b>	<b>12</b>	<b>32</b>
	<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	1	6	(11)	(4)
As at 30 September 2023 (reviewed)	8	15	17	40

**b) Credit commitments and contingencies**

	<i>Reviewed</i>	<i>Audited</i>
	<i>30 September</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
Short-term self-liquidating trade and transaction-related contingent items	<b>4,527</b>	4,536
Direct credit substitutes, guarantees	<b>3,136</b>	3,102
Undrawn loans and other commitments	<b>2,959</b>	2,738
	<b>10,622</b>	10,376
Credit exposure after applying credit conversion factor	<b>4,471</b>	4,332
Risk weighted equivalents	<b>3,692</b>	3,696



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**10 CREDIT COMMITMENTS AND CONTINGENT ITEMS (continued)**

**c) Derivatives**

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

	<i>Reviewed</i> <i>30 September</i> <i>2024</i>	<i>Audited</i> <i>31 December</i> <i>2023</i>
Interest rate swaps	<b>19,957</b>	11,524
Currency swaps	<b>1,064</b>	1,113
Forward foreign exchange contracts	<b>9,596</b>	9,539
Options*	<b>27,799</b>	12,991
Futures	<b>3,779</b>	5,386
	<b>62,195</b>	40,553
Risk weighted equivalents (credit and market risk)	<b>1,966</b>	1,328

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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All figures in US\$ million

## 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 September 2024, the Group's LCR and NSFR were at 183% (31 December 2023: 278%) and 119% (31 December 2023: 128%) respectively.

	30 September 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
<b>Available Stable Funding (ASF):</b>										
<b>Capital:</b>										
Regulatory Capital	4,211	-	-	-	4,211	4,249	-	-	-	4,249
Other Capital Instruments	489	-	-	345	834	464	-	-	325	789
<b>Retail deposits and deposits from small business customers:</b>										
Stable deposits	-	-	-	-	-	-	-	63	-	60
Less stable deposits	-	1,973	377	259	2,375	-	2,072	362	580	2,772
<b>Wholesale funding:</b>										
Operational deposits										
Other wholesale funding	-	22,869	5,050	7,957	14,422	-	21,391	4,080	8,206	14,270
Other liabilities:										
NSFR derivative liabilities	-	95	-	-	-	-	-	-	-	-
All other liabilities not included in the above categories	-	1,163	-	-	-	-	1,318	-	-	-
<b>Total ASF (A)</b>					<b>21,842</b>					<b>22,140</b>

## 11 RISK MANAGEMENT (continued)

	30 September 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
<b>Required Stable Funding (RSF):</b>										
Total NSFR high-quality liquid assets (HQLA)	14,595	195	-	-	1,225	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	-	3,798	1,516	493	1,780	-	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:	-	7,615	2,720	6,063	10,321	-	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	-	-	-	419	272	-	-	-	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	-	547	189	1,661	1,779	-	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	-	-	-	-	-	-	116	-	-	116
NSFR derivative liabilities before deduction of variation margin posted	-	19	-	-	19	-	-	-	-	-
All other assets not included in the above categories	2,189	347	3	2,244	2,464	4,210	350	3	2,649	2,865
OBS items	-	10,758	-	-	538	-	10,293	-	-	515
<b>Total RSF (B)</b>					<b>18,398</b>					<b>17,311</b>
<b>NSFR (A/B)</b>					<b>119%</b>					<b>128%</b>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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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 September 2024 (Reviewed)</i>
Deposits from customers	3,045	-	37	3,082
Borrowings	1,115	-	-	1,115
Additional / perpetual tier-1 capital*	390	-	-	390
Short-term self-liquidating trade and transaction-related contingent items	1,132	-	-	1,132
	<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\$ 19 million (30 September 2023: US\$ 19 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 September 2024 Reviewed</i>	<i>30 September 2023</i>
Commission income	17	13
Interest expense	183	191