

Q3 / 9M 2023 Results Presentation

Refreshed strategy for accelerated growth and high returns, positioning Bank ABC to be MENA's International Bank of the Future



**Revenues \$943m
+19% YoY**

Strong momentum backed by Core business growth and rising interest rates



**Healthy Balance Sheet
T1 Ratio 15.4%, NSFR 122%**

Capital and Liquidity metrics remain strong with healthy buffers to maintain growth momentum



**Net profit US\$ 183m +61% YoY
RoAE ~ 5.9%, ~ +2% YoY**

Net Operating Income +31% YoY. Cost discipline facilitating investments delivering growth in our digital units



Continuing to achieve major delivery milestones in building our Bank of the Future

Digital strategy delivery performed well, with all key metrics met or exceeded and significant YoY uplift

Become MENA's International Bank of the Future

1 Accelerate our Core Performance

Accelerate
Wholesale &
Treasury

Boost
Group
Retail

Capitalize on
Brazil's
Success

Creating near term value for the Bank

2 Maximize value of our Digital Units



Creating longer-term value for the Bank

3 Strengthen our Operating Model

Improve
Org Effectiveness

Enhance
Steering Ability

Strengthen
Process Efficiency

Develop
Agile Infrastructure

Driving Execution and Future-Proofing the Bank

Bank ABC continues to attain top industry awards for its pathbreaking innovations and landmark transactions, reinforcing its position as MENA's leading international bank



ABC Labs awarded as one of **“the World’s Best Financial Innovation Labs”** by Global Finance



‘Top Innovations in Finance’ award by Global Finance

Bank ABC’s loan for Aluminum Bahrain (ALBA) awarded **the Metal and Mining Award of the Year** by the Bonds, Loans and Sukuks Middle East Awards. In addition, Air Lease Corporation (ALC) Sukuk transaction awarded **‘Aircraft Finance Deal of the Year’** and **‘Global Corporate Sukuk Deal of the Year’**. Bank ABC acted as the Sole Arranger, Structurer and Joint Lead Manager & Bookrunner



Best Trade Finance Provider in the Middle East by Global Finance



Bank ABC Islamic was named **‘Best Islamic Financial Institution in Bahrain** by Global Finance



Best Overall Cash Management Provider in Tunisia in 2023 by Global Finance



Bank ABC Group won the following awards in Q3 2023:

- **Best Corporate Bank in Bahrain – Euromoney Awards for Excellence 2023**

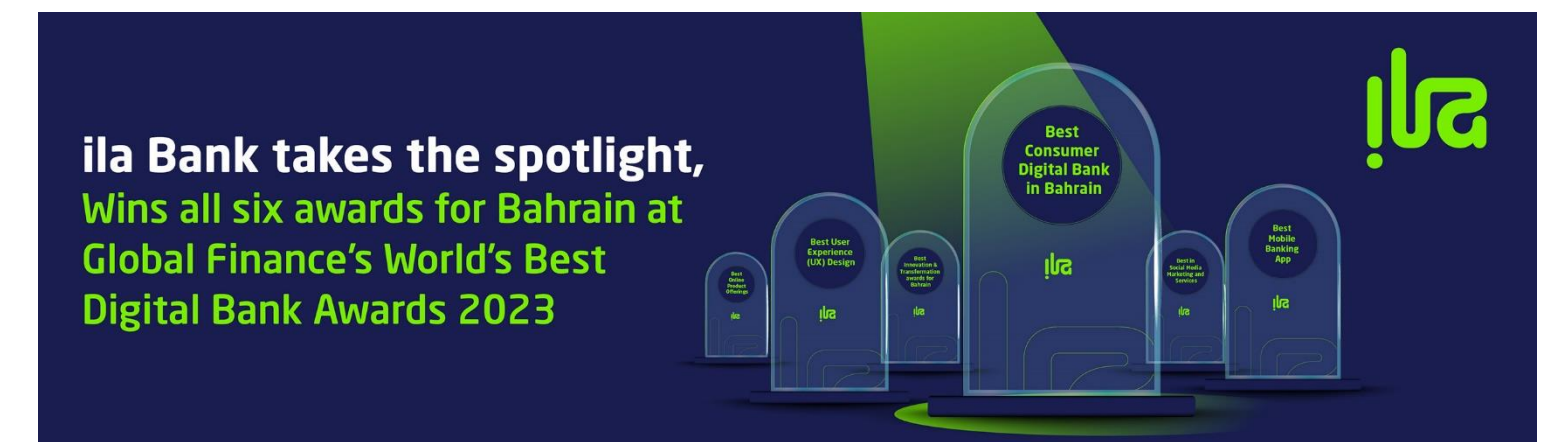
Bank ABC was commended for its cutting-edge digital deployments, including the digitization of our Global Transaction Banking services (GTB) and securing strong regional deals.



- **‘Best Consumer Digital Bank’ among all 6 awards for Bahrain – Global Finance World’s Best Digital Bank Awards 2023**

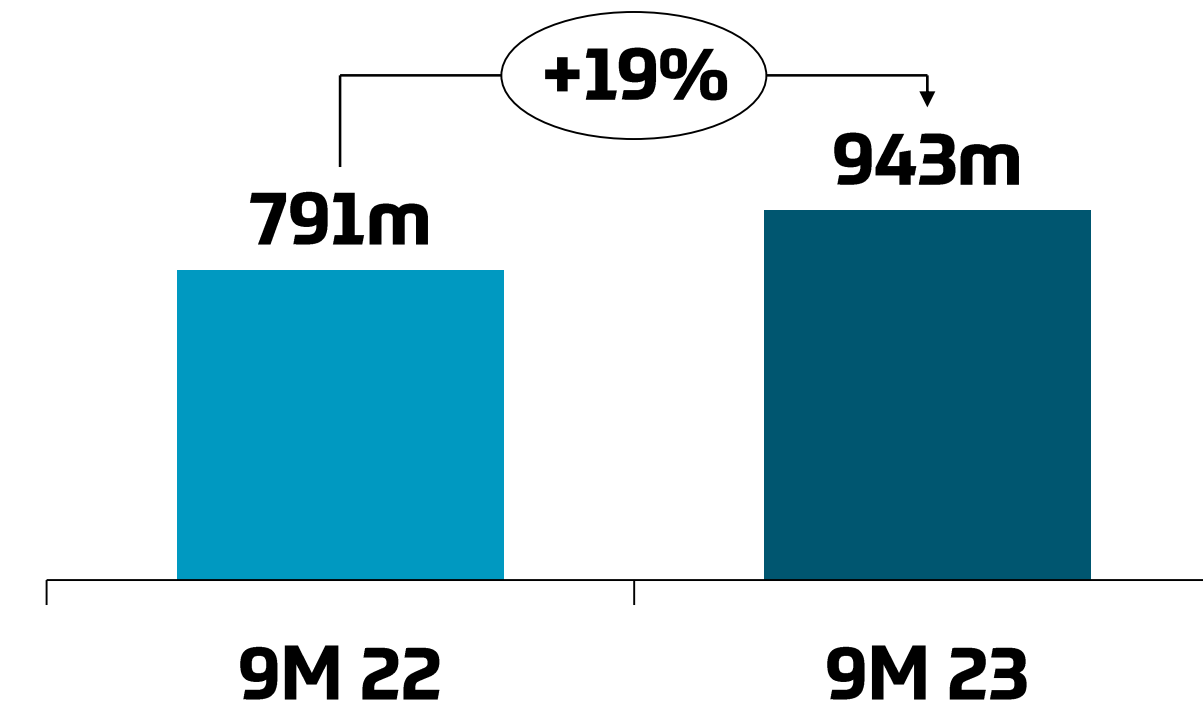
ila Bank won the prestigious ‘Best Consumer Digital Bank’ title for the third consecutive year and all 5 sub-categories for Bahrain, namely:

- Best Online Product Offerings,
- Best User Experience (UX) Design,
- Best Mobile Banking App,
- Best in Social Media Marketing & Services, and
- Best Innovation and Transformation awards for Bahrain.



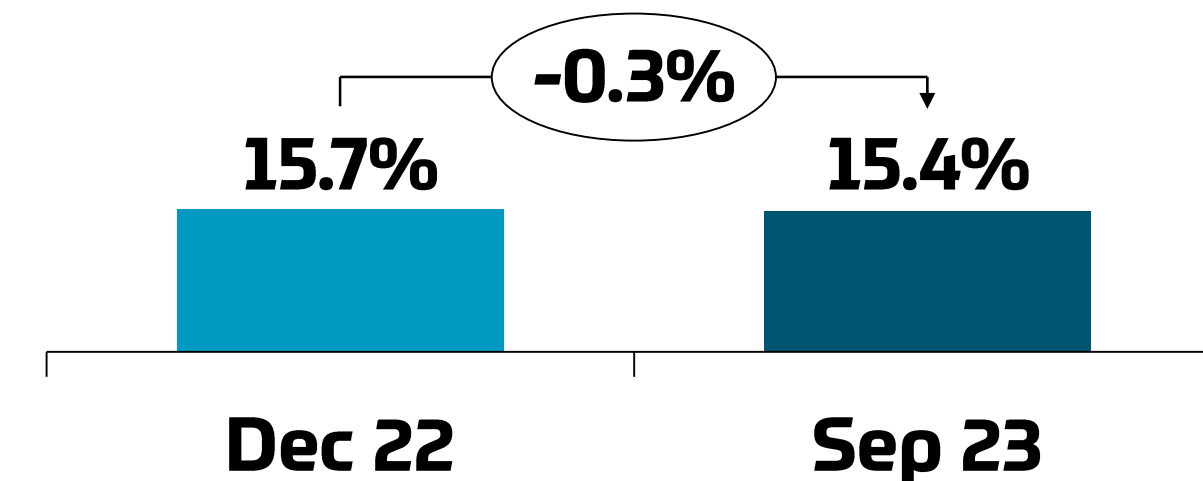
Total Operating Income, \$m

- /\$943m, 19% growth on a YoY basis benefitting from underlying business growth propelled further by higher interest rates.
- /Revenues tracking higher on a YoY basis across almost all our units



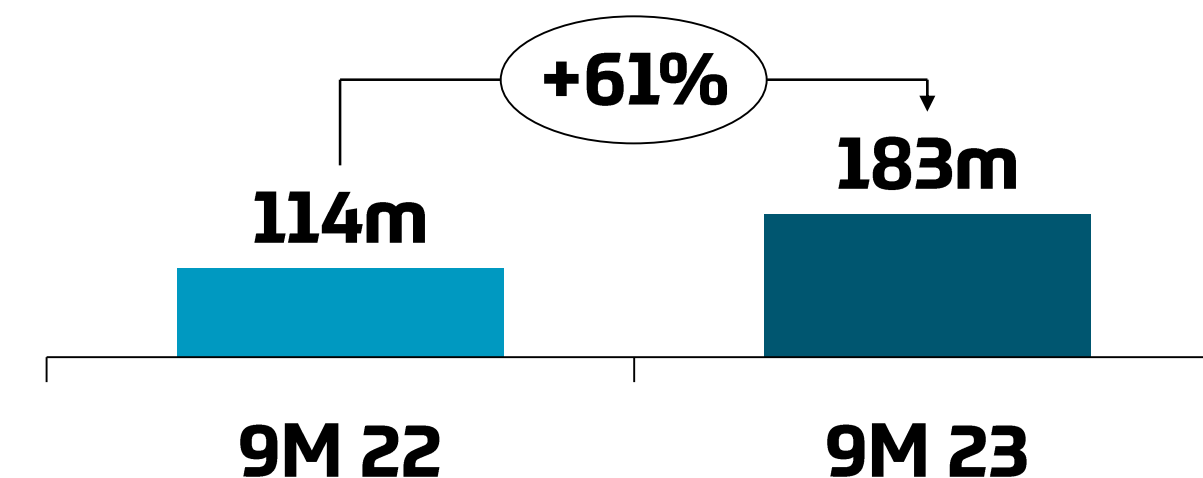
T1 Capital Ratio, %

- /Remains strong and well above the regulatory minimum of 10.5%
- /CET 1 Ratio (13.7%) comprises the majority of Tier 1 Ratio



Net Profit, \$m

- /Net operating profit (before provisions and taxation) grew by +31%
- /Net Profit of \$183m, a strong 61% growth

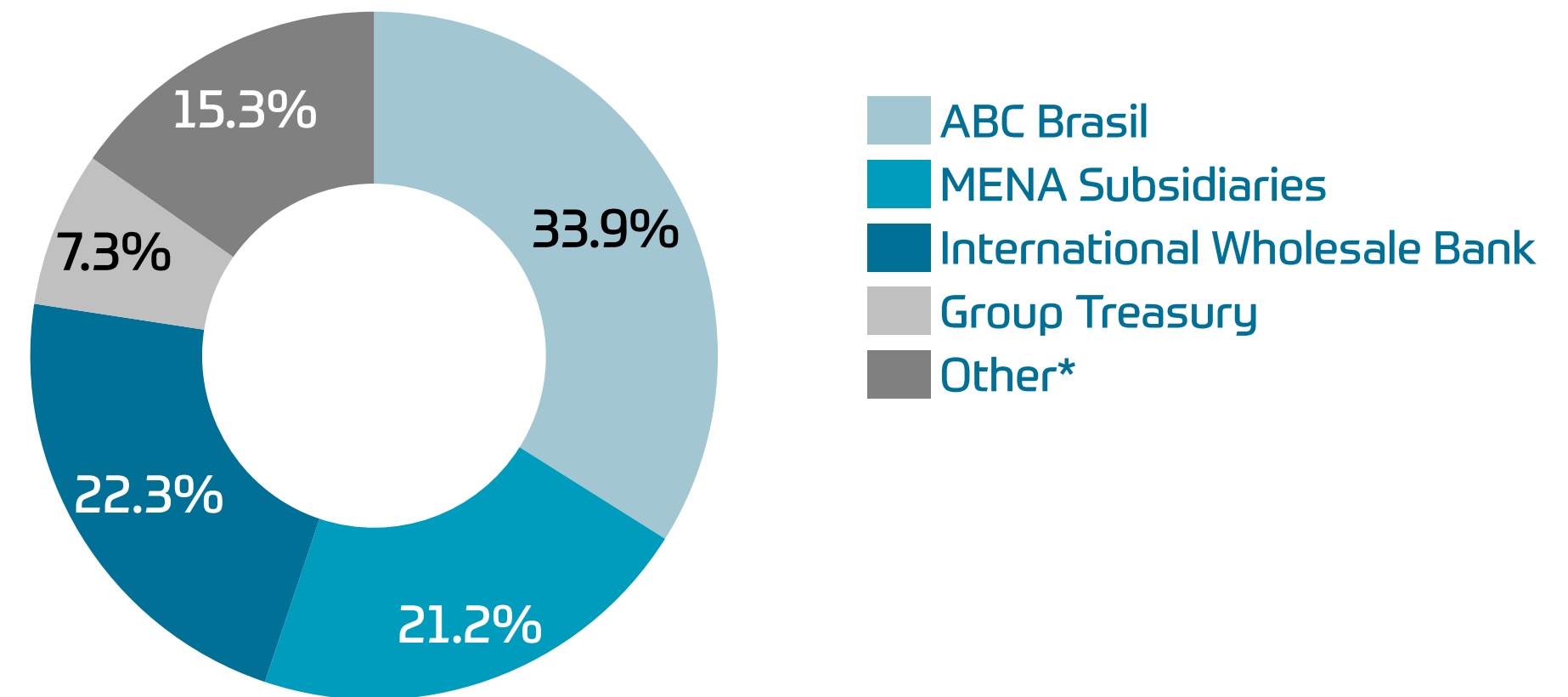


/TOI reached \$943m during the 9M 23 period, 19% higher on a YoY basis, and was well diversified across our markets and business lines

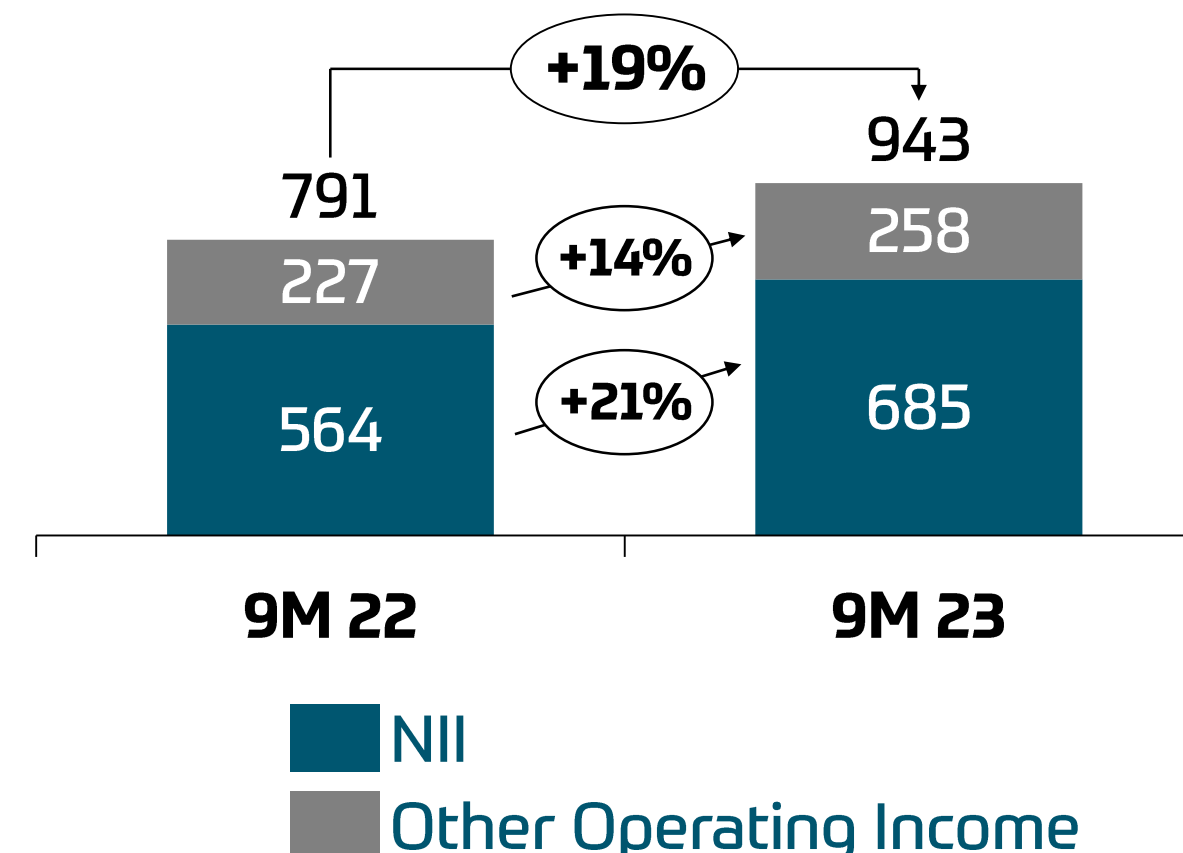
/Net interest income at \$685m +21% year on year supported by strong loan volumes, higher interest rates and improving margins. NIM ~+20bps YoY

/Other operating income also up 14% YoY reflecting good client cross sell and ancillary fee income

TOI by business (9M 23), \$m



NII vs Other income (9M 23), \$m



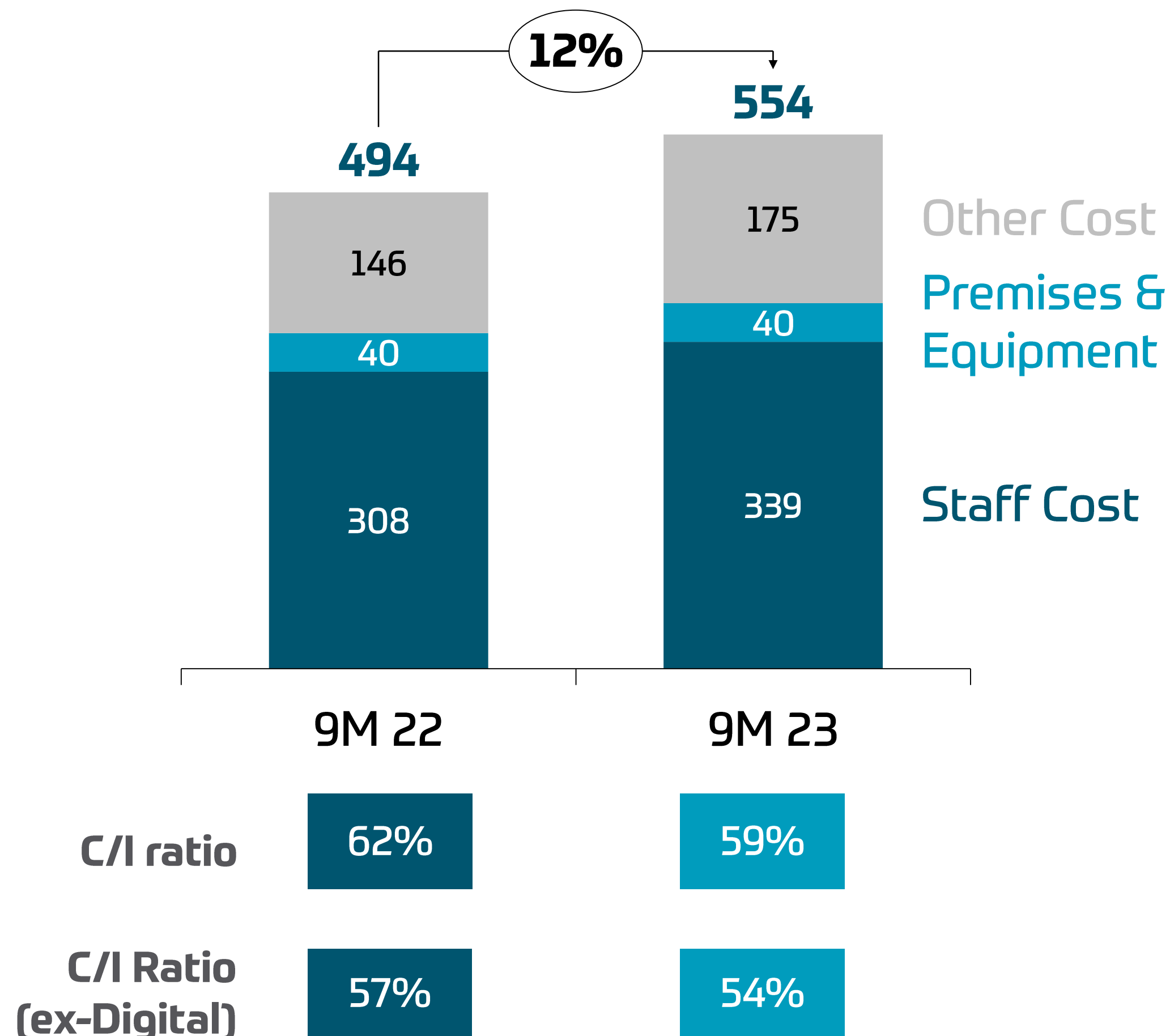
** Other income includes activities of Arab Financial Services, ila and Equity income.

✓ The Group continues to enforce appropriate cost discipline without compromising on investments into the Group’s digital transformation and strategic initiatives to build its “Bank of the Future”.

- ✓ +19% increase in TOI YoY
- ✓ +12% increase in costs YoY
- ✓ +7% “positive jaws”

✓ Cost to income ratio therefore improved 3% to 59% on a headline basis and 3% to 54% when adjusted for ongoing investment in digital initiatives

Operating Expenses and Cost to Income Ratio

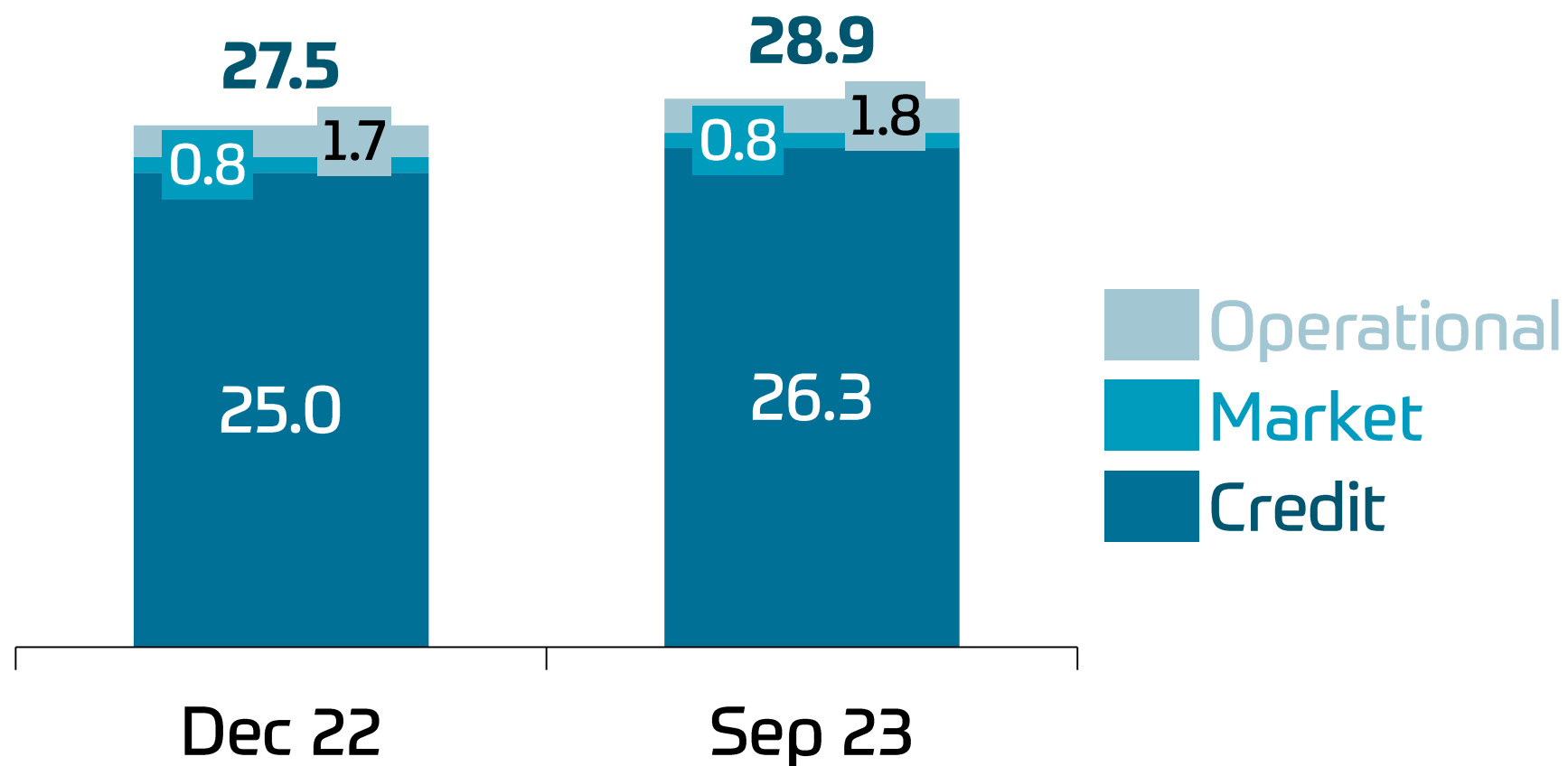


Healthy Capital Ratios, well above Regulatory minimum

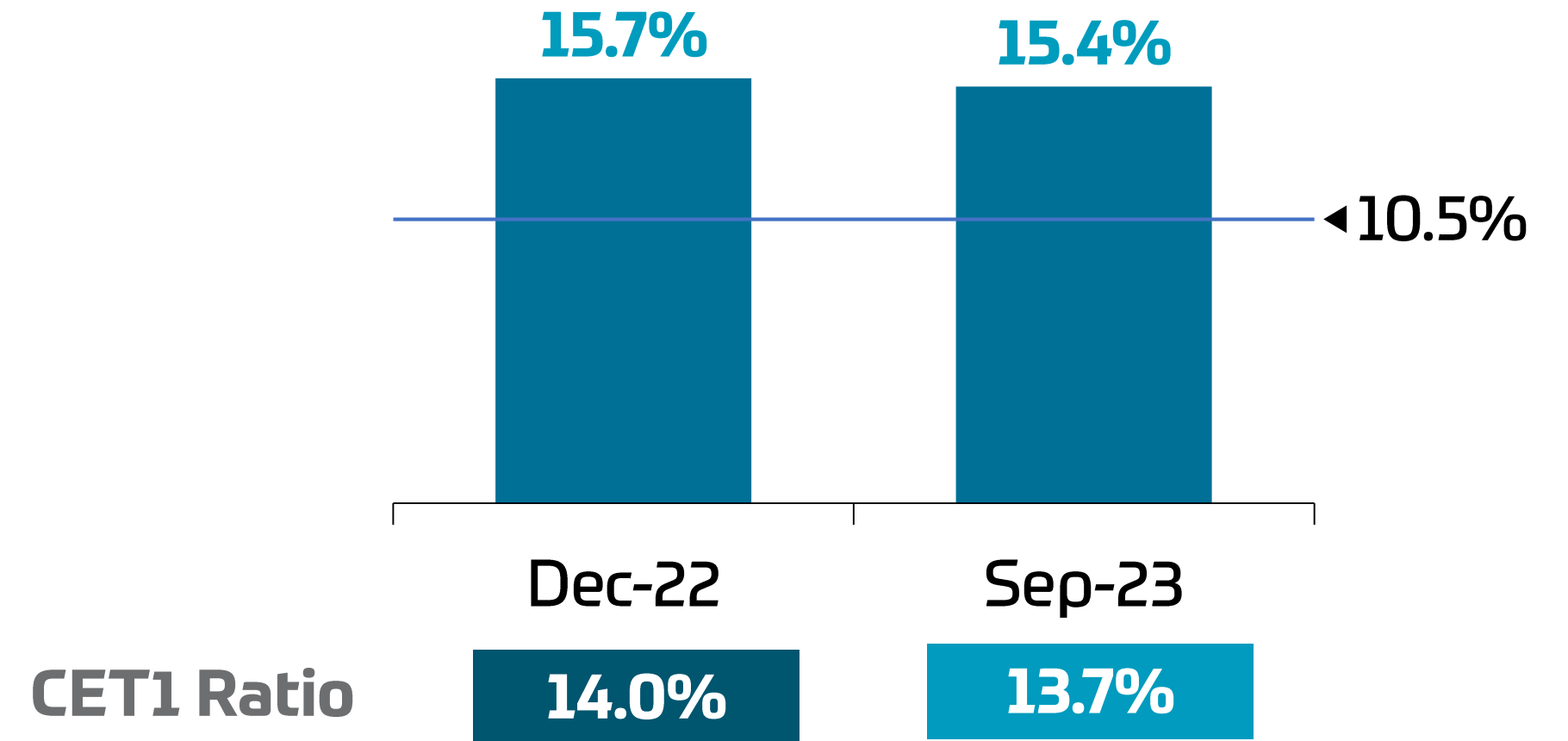
Overview

- /Capital base remains strong
- /CET 1 Ratio (13.7%) comprises the majority of Tier 1 Ratio
- /Total CAR of 16.5% as of Sep 23
- /RWA stood at \$28.9bn as of Sep 23, growing by 5% from YE 2022, also reflecting strengthening BRL to USD

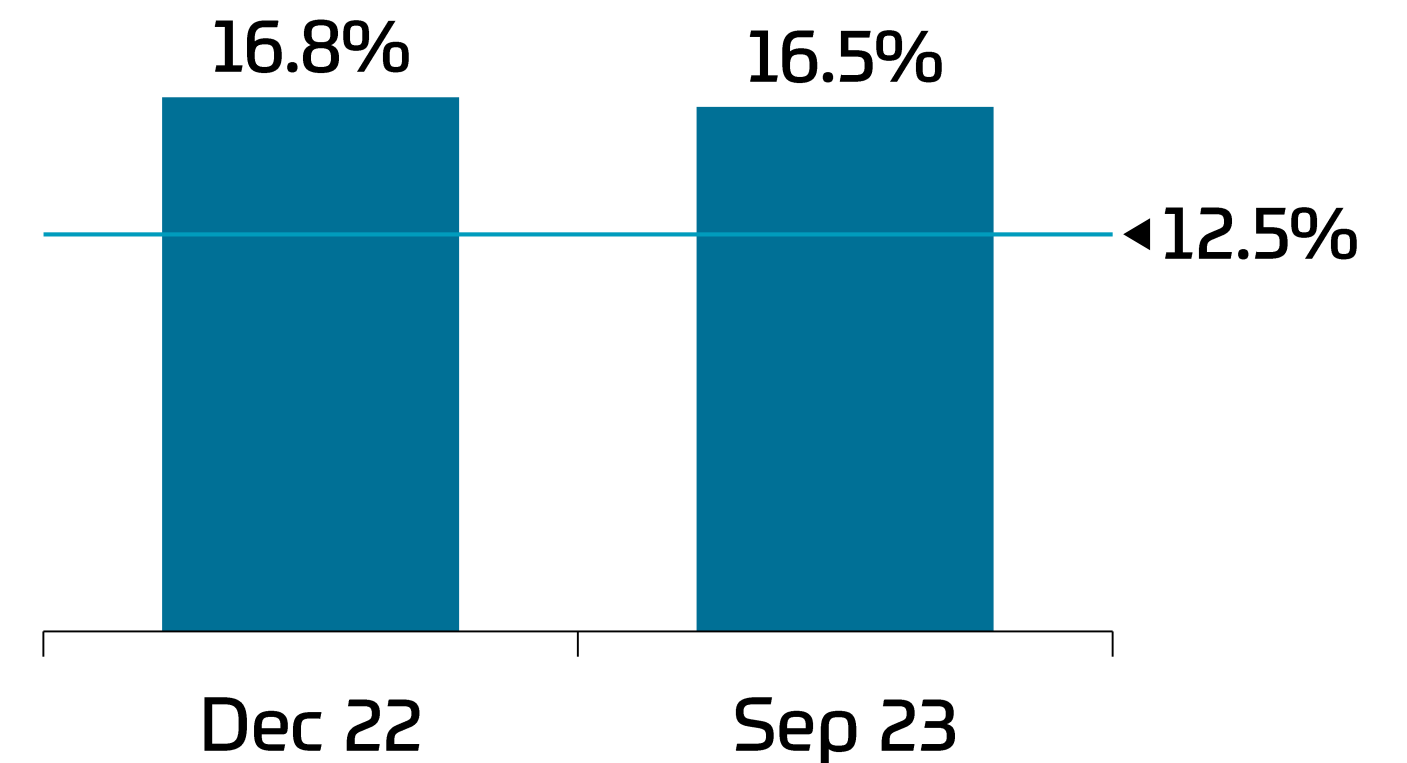
RWA by Type of Risk, \$bn



CET1 and Tier 1 Ratios, %

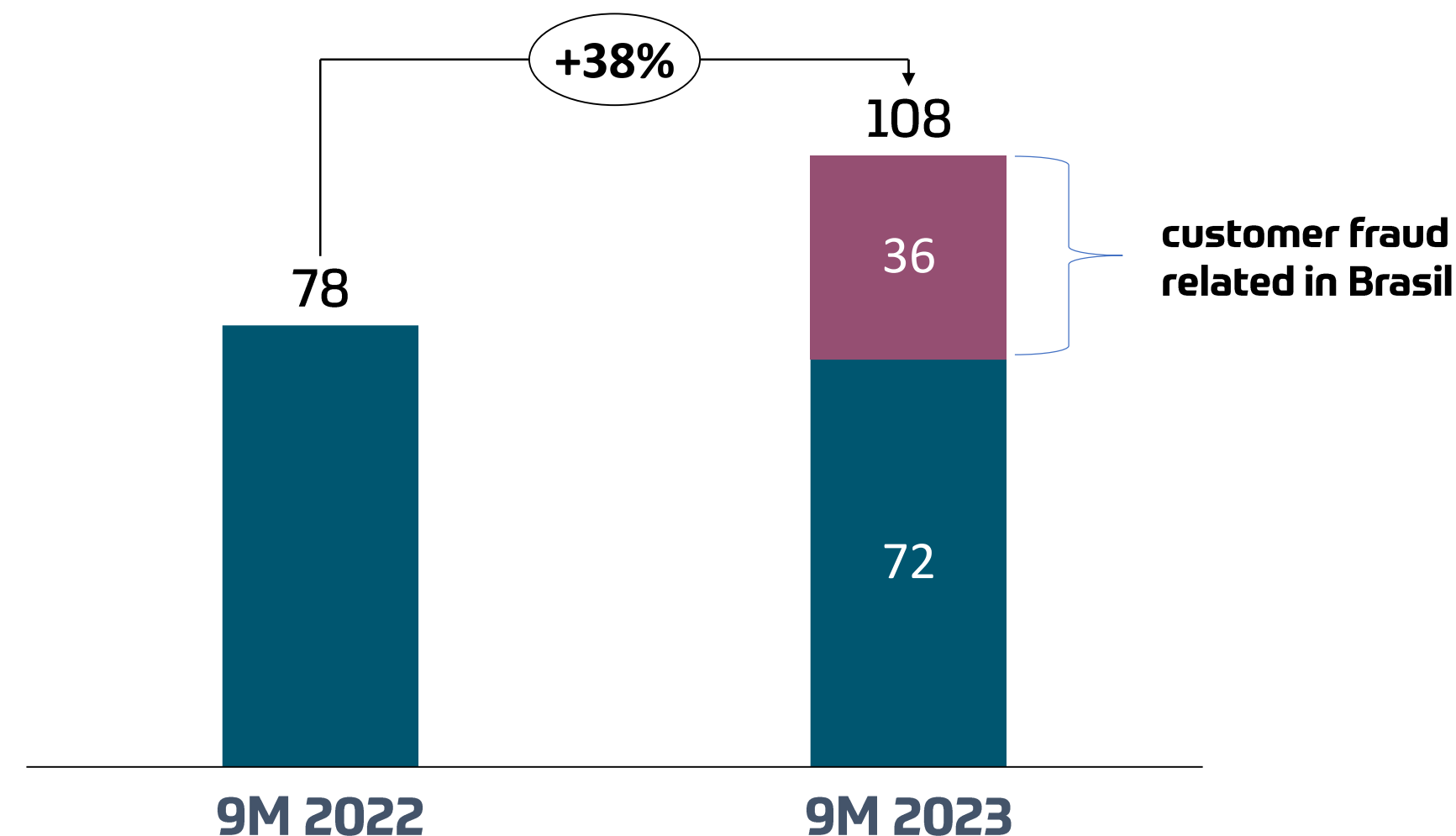


Total Capital Adequacy Ratio, %



ECL and cost of risk, \$m, bps

- Underlying Cost of risk at 53bps, better on a YoY basis due to benign provision experience across all other business and units
- Headline ECL and cost of risk impacted by one-off Americanas¹ Company Fraud event impacting our business in Brasil.
- NPL Ratio and Coverage ratio remain at healthy levels



Cost of risk²

58 bps

79 bps

Underlying
Cost of risk

53 bps

Coverage ratio

110%

95%

NPL Ratio

3.0%

3.4%

1. Americanas is a large online retailer in Brasil with major accounting irregularities disclosed early in Q1

2. Credit Loss expense / Gross Loans

Well Diversified and Liquid Balance Sheet

/ Total assets as of Sep 23 at \$41.3 billion, 13% higher than YE 2022 levels, primarily reflecting increase in high quality marketable securities

/ Book continues to be positioned with more than half the Assets maturing within 1-year

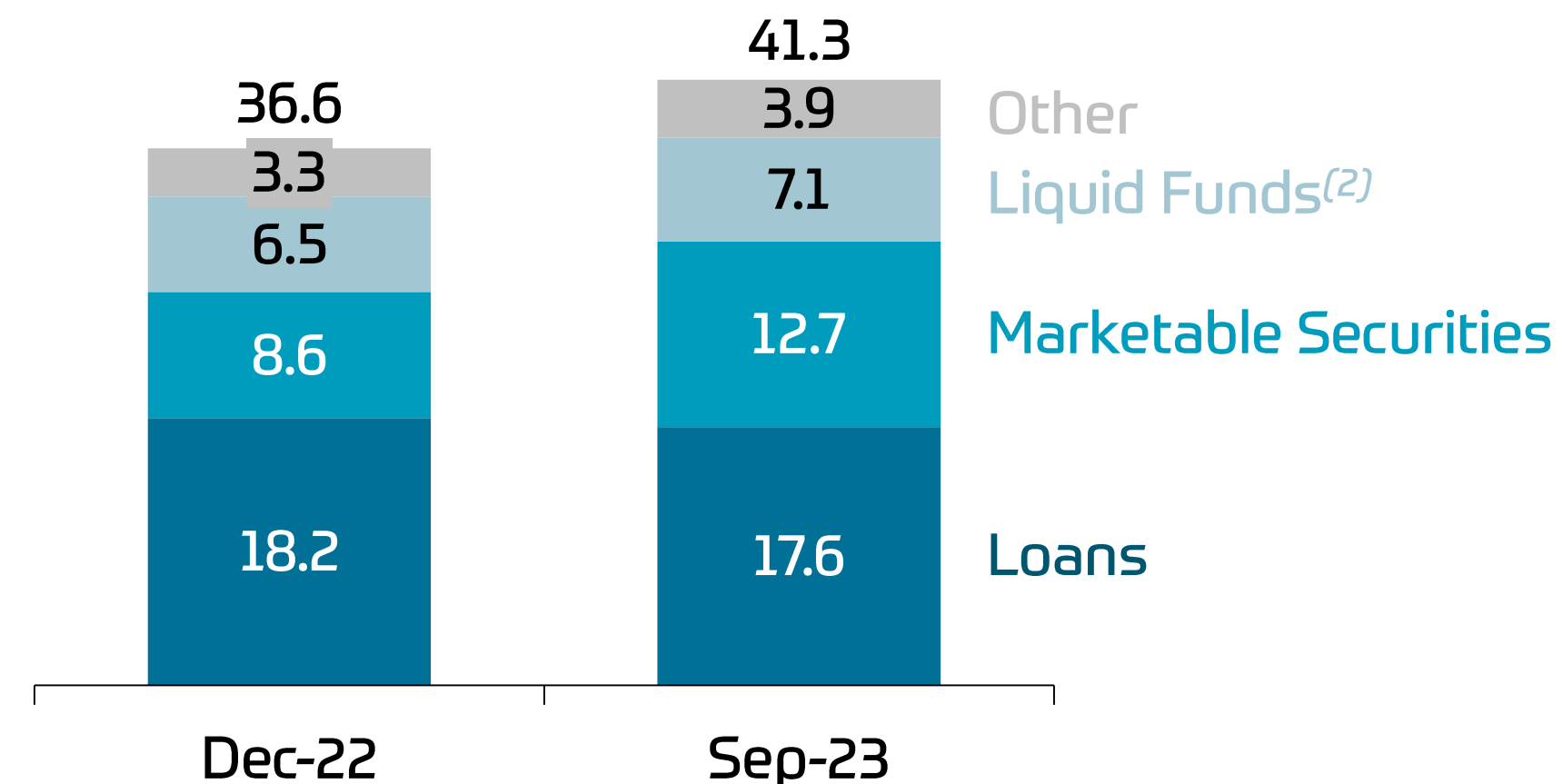
/ Loans comprised more than 40% of Total assets. Whilst affected by challenging credit conditions in some of our markets during 2023, expectations are for lending growth to pick up as we enter 2024 with strong deal pipeline across the Group

/ Net loans to customer deposits ratio at 84%, broadly in line with YE 2022 levels

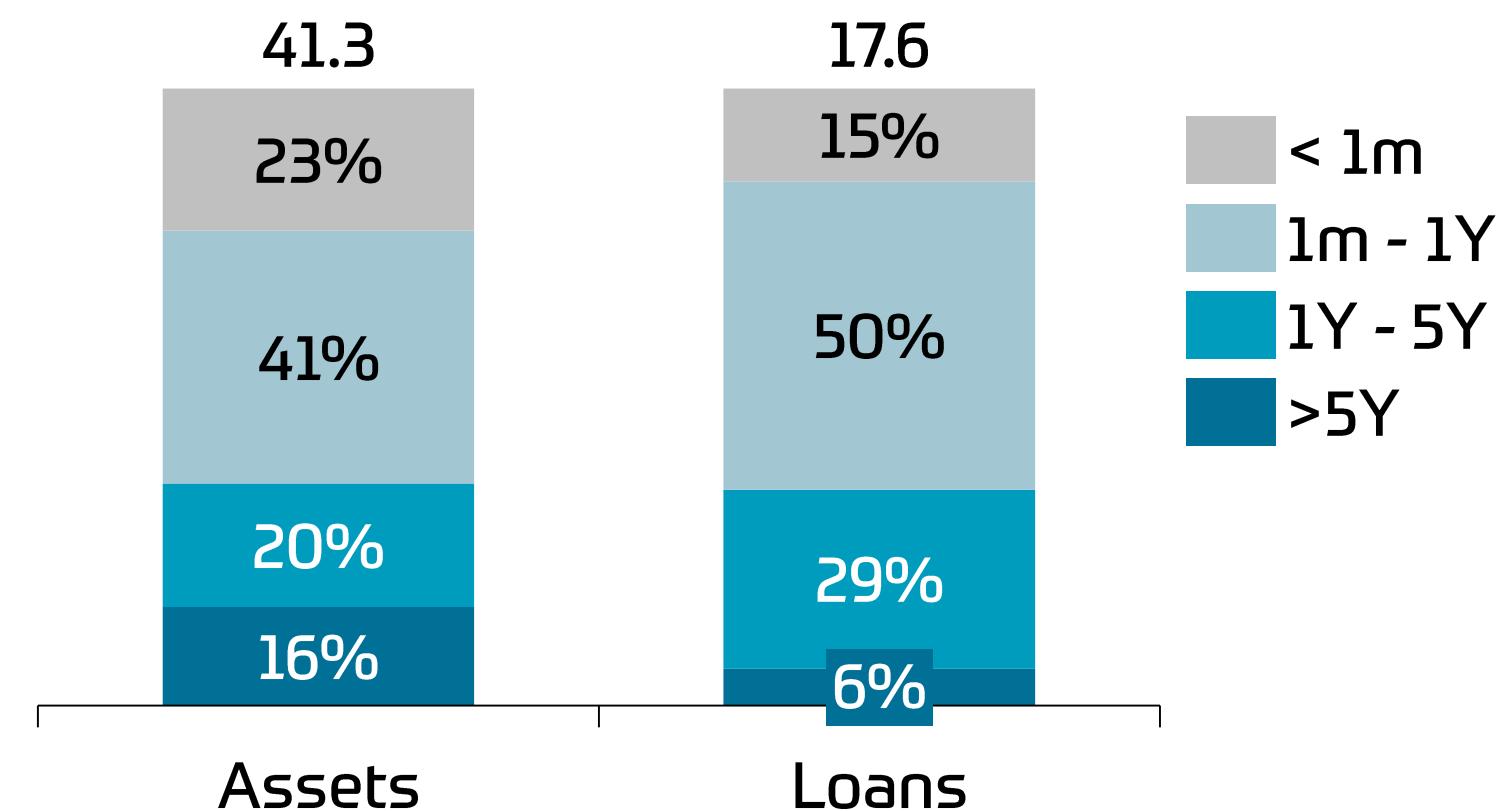
/ Strong liquid funds position with LCR of 247% ⁽¹⁾ and NSFR of 122%

(1) LCR calculated net of trapped liquidity. (2) Liquid funds includes placements with banks & other financial institutions and securities bought under repurchase agreements. (3) >5 years includes undated.

Sep 23 Assets by Instrument, \$bn



Sep 23 Assets by Maturity, \$bn



- ✓ **9M 2023 net profit of \$183m, a surge of 61% on a YoY basis providing a strong performance for 2023.**
- ✓ **The Group's total operating income for 9M 2023 at \$943m,** a 19% growth YoY, with momentum set to continue from core business growth and benefitted from strong interest rates
- ✓ **Operating expenses were at \$554m,** 12% higher YoY with cost / income improving 3% due to 7% revenue/cost 'jaws'
- ✓ **Headline impairment charges (ECL) for the period were \$108m,** elevated due to a customer fraud related provision, higher exposures and rating downgrade in Egypt and Tunisia. Overall, underlying cost of risk at 53 bps improved YoY
- ✓ **Total assets at \$41 billion,** a growth of 13% driven by business growth and portfolio management actions
- ✓ **The Group maintains a strong balance sheet and capital position,** giving buffers for growth with a 15.4% Tier 1 ratio (13.7% CET1), LCR of 247% and NSFR of 122%
- ✓ **ABC continues to improve its position as a renowned leader in Transaction Banking and digital innovation** with widespread industry recognition, exemplified recently by **'Best Consumer Digital Bank' for ila, among all 6 awards for Bahrain by Global Finance**

Appendix: Normalized Financials

Profit or Loss

US\$ millions	FY 2019	FY 2020	FY 2021	FY 2022	9M 2022	9M 2023
Net Interest Income	564	516	592	786	564	685
Non-Interest Income*	311	233	277	314	227	258
Total Operating Income (TOI)*	875	749	869	1,100	791	943
Total Operating Expenses	-524	-486	-569	-690	-494	-554
Operating Profit	351	263	300	410	297	389
Provisions	-82	-329	-106	-119	-78	-108
Profit before Taxes & M.I.	269	-66	194	291	219	281
Taxes*	-33	-9	-66	-82	-64	-55
M.I.	-42	-14	-28	-55	-41	-43
Net Profit	194	-89	100	154	114	183

Balance Sheet

US\$ millions	2019	2020	2021	2022	Sep-22	Sep-23
Liquid Funds**	5,323	5,378	6,355	6,498	5,782	7,072
Marketable Securities	6,343	6,867	9,292	8,670	8,398	12,654
Loans & Advances	16,452	15,656	16,716	18,190	17,350	17,598
Other	1,950	2,506	2,538	3,281	3,301	3,937
Total Assets	30,068	30,407	34,901	36,639	34,831	41,261
Customer Deposits	17,065	17,667	21,459	21,831	21,668	21,115
Bank Deposits	4,905	4,747	6,399	6,642	5,224	11,075
Borrowing	2,080	1,795	1,211	1,297	1,240	1,298
Other	1,529	2,054	1,597	2,348	2,203	3,084
Total Liabilities	25,579	26,263	30,666	32,118	30,335	36,572
Shareholders' Equity	4,031	3,767	3,872	3,705	3,705	3,821
Non-Controlling Interest	458	377	363	426	401	478
Additional / Perpetual Tier-1 Capital	-	-	-	390	390	390
Total Equity	4,489	4,144	4,235	4,521	4,496	4,689
Total Liabilities & Equity	30,068	30,407	34,901	36,639	34,831	41,261

Key Metrics

Normalized Cost to Income, %	60%	65%	65%	63%	62%	59%
Tier 1 Ratio, %	16.9%	16.6%	15.9%	15.7%	16.5%	15.4%
CET 1, %	16.6%	16.2%	15.5%	14.0%	14.7%	13.7%
RoAE, %	4.9%	-	2.6%	3.8%	3.8%	5.9%

* TOI and taxes includes normalization of BRL currency overhedge. Headline TOI 2019 \$865m, 2020 \$646m, 2021 \$854m, 2022 \$1,101m . Note that underlying adjustment for BAB Cayman branch hedging is no longer material due to tax changes in Brazil and hence not considered for 9M 23 and YOY comparison above** Liquid funds includes placements with banks & other financial institutions and securities bought under repurchase agreements.



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