

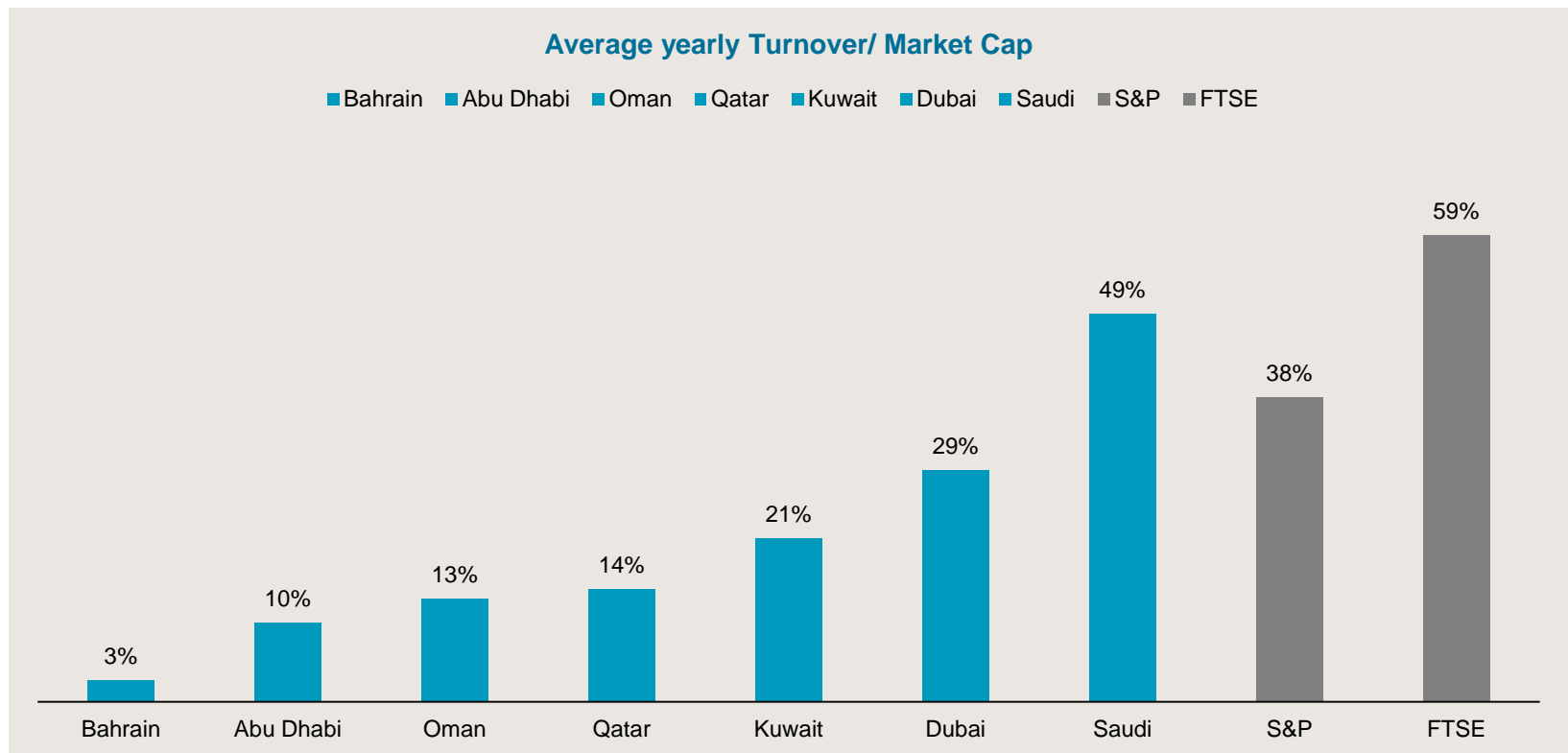
A photograph of a modern, curved glass skyscraper, likely a bank headquarters. A large banner is visible on the upper part of the building, featuring the Bank ABC logo and the text "Banking Corporation is now Bank ABC" and "Team committed to your success". The image is overlaid with a semi-transparent blue filter. A white diagonal line is on the left side of the text area.

Market Making Proposal

Bank ABC AGM, 25th March 2018

Low Liquidity in Bahrain Market

Bahrain Market has the lowest average yearly Turnover-to-Market cap compared to its peers a clear sign of low liquidity and further potential to improve compared to its peer markets.

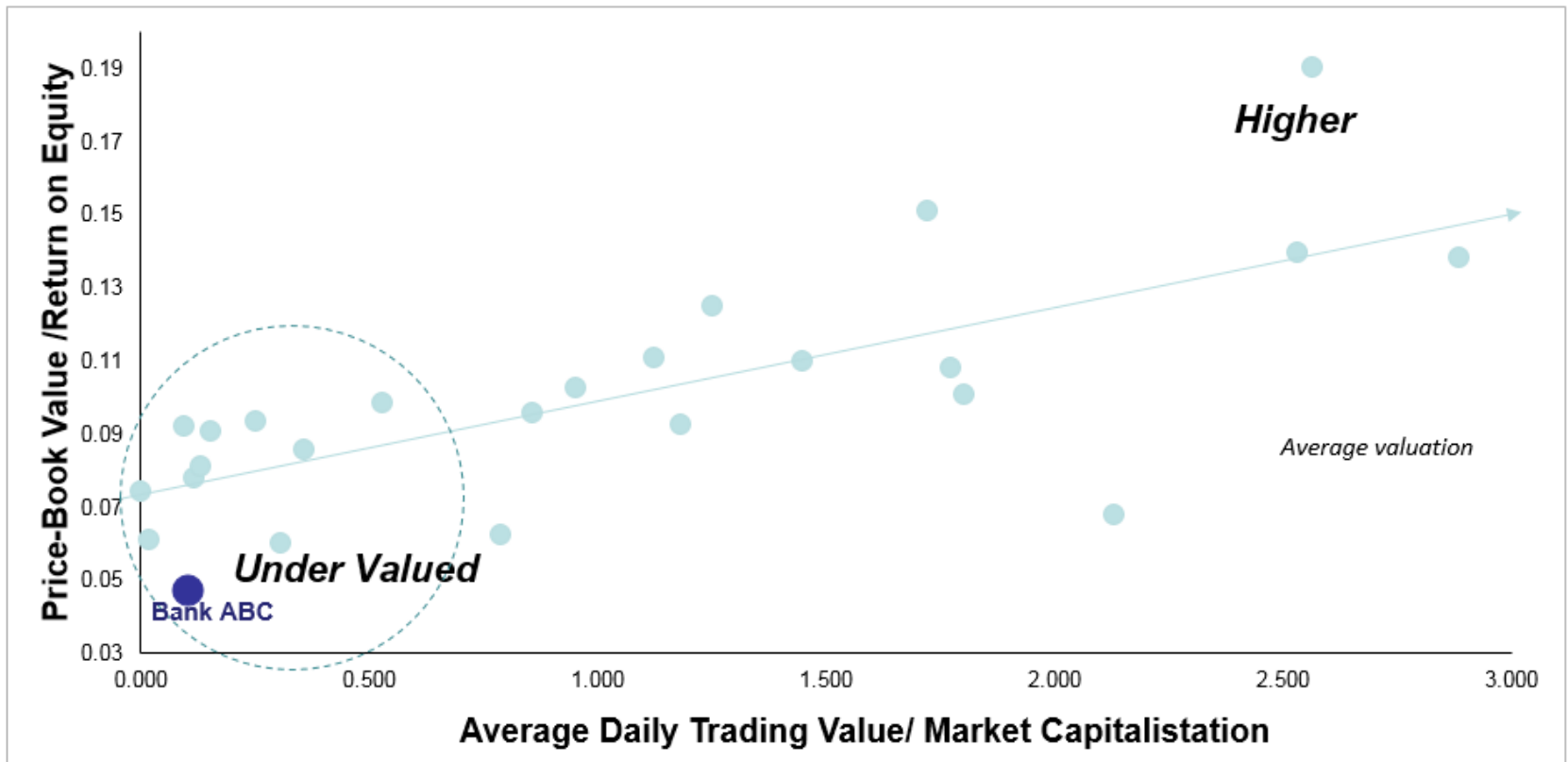


Source:- Bloomberg; Period FY 2017, SICO

Strong Correlation of Valuation & Value Traded



Liquid stocks tend to trade at higher valuation as transactions can be swiftly executed with minimal spreads (bid-ask) and preference of large institutional investors to invest in these names

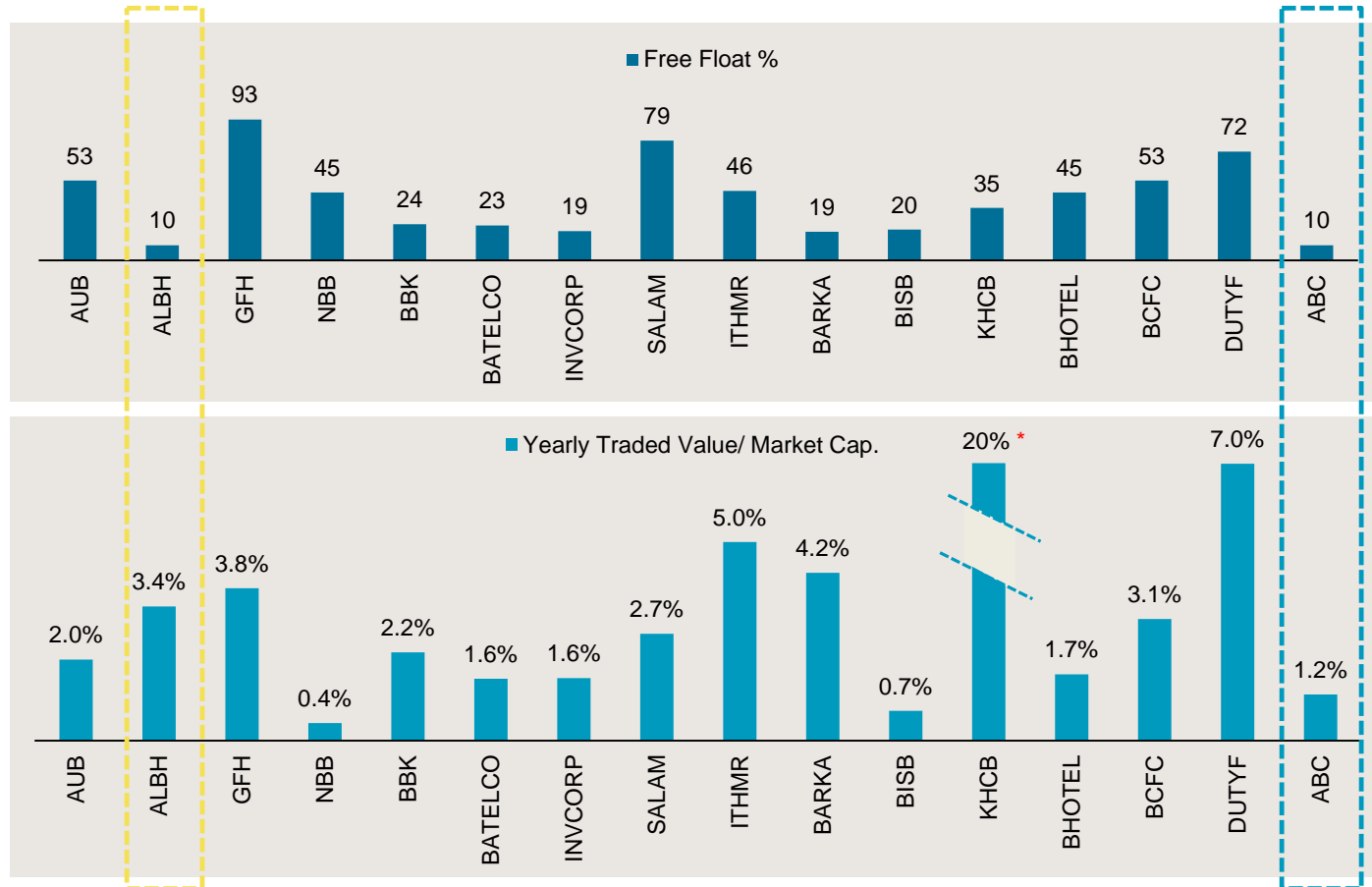


Source:- Bloomberg; Jan 30, 2017, SICO

ABC has Lower Free Float than Bahrain Peers



Major Bahraini companies have a free float of 45%, which is much higher than the c.10% free float of Bank ABC. However, companies such as ALBA also have low float and better liquidity aided by a market making arrangement.



* KHCB had a Yearly Traded Value to Market Cap of 20% for 2017, however removing a block trade of BHD 9.6mn in Sep 2017 would give 12.4%.

Stock underperformance driven by market factors including lack of liquidity and trading volume.

Stock Under-Performance...

Relatively cheaper multiple than peers

Least expensive Bank in the GCC on PB



...despite healthy Fundamental Performance

Steady improvement in profitability

Due to low liquidity of stock

Low Liquidity

Lack of sufficient free float

Overall low trading volume on Bahrain Bourse

Detail Proposed Path Matrix

Action plan requires a combination of SICO and ABC activities, with degree of success being judged over the next 12 months

