

# Q3 / 9M 2021 Results Presentation

- **Bank ABC continues to recover well from the impact of 2020 improving our profitability in the first nine months of 2021**, whilst carefully navigating ongoing constrained post-pandemic operating conditions across our markets
- **Our digital transformation plans are gaining traction.** Our mobile-only bank ila's customer base and product expansion have been growing from strength-to-strength as it continues to launch innovative features to enhance customers' banking experience.
- **Our landmark acquisition of Blom Bank Egypt (BBE) successfully reached completion on 11 August**, with its results being fully consolidated within Bank ABC Group for the first time during Q3 2021
- **From a financial perspective, the Bank delivered robust revenues and a return to profitability in the first nine months of 2021 with net profit to shareholders of \$80m** against a net loss of \$56m for the same period last year
- **Top line performance showed a significant increase** on a headline basis (+46%), and on an underlying basis (+15%), despite lower interest rates and a slower than anticipated recovery, while partially benefiting from BBE consolidation
- **Operating expenses reflected a more normal level of activity**, increasing 12% on an underlying basis with discipline and cost control while we continue to investment into our strategic priorities for digital transformation
- **Cost of risk is returning to pre-pandemic levels with ECL charges of \$78m**, without the significant impact of regional fraud events experienced in 2020
- **The Bank continued to show a strong balance sheet** after factoring in BBE consolidation with a 15.2% Tier 1 ratio (14.9% CET1), LCR of 319% and NSFR of 124%

/ Our Group strategic intent and core values remain unchanged, and our strategic direction is consistent  
 / We have refocused our 4 strategic objectives to emphasize our execution priorities until end of 2022

Strategic intent	<b>MENA's leading international Bank</b>			
Values	CLIENT CENTRIC	COLLABORATIVE	CONSISTENT	
Strategic objectives	<b>Build our Digital Bank of the Future</b> <ul style="list-style-type: none"> <li>• Transition Group Retail into ila</li> <li>• Build WB Digital</li> <li>• Lead Digital Payment via AFS</li> </ul>	<b>Refocus our Wholesale Banking Transformation</b> <ul style="list-style-type: none"> <li>• Refocus on selective corporate growth</li> <li>• Reinvigorate FM and GTB products</li> <li>• Refresh Europe Strategy</li> </ul>	<b>Integrate Blom to deepen Market Presence in Egypt</b> <ul style="list-style-type: none"> <li>• Integrate Blom</li> <li>• Build Egypt to be a primary engine for profit growth for the Group</li> </ul>	<b>Strengthen our organizational Resilience</b> <ul style="list-style-type: none"> <li>• Operational resilience</li> <li>• Risk &amp; Financial resilience</li> </ul>

\* Includes Wholesale Banking, Financial Markets and Capital markets.



Several awards received such as “Seamless Middle East award for Digital Banking Experience of the year” and four Transform awards for visual identity



## NEW BUSINESS MODEL

- / Mobile-led retail banking (majority of the customers acquired via social media)
- / Multi-Currency Accounts at Competitive FX rates
- / Exceptional customer service
- / Simple, seamless and fast



## DISRUPTING SERVICES

- / Current account
- / Multiple currencies
- / Debit & Credit cards
- / Virtual, Classic & Premium Cards
- / Smart & personalized features
- / Automated savings (e.g., Hassala, Jamiyah)
- / Bill payments & P2P transfers using mobile number
- / Apple Pay (Launched in October 2021)
- / Credit Cards (Launched in Nov 2021)



## DIGITAL CHANNELS

- / Mobile (sales fulfillment)
- / Social media (sales and brand image)
- / Contact center (voice & email) 24x7

## Reminder of deal strategic rationale

- / Significantly upscales Bank ABC's Egyptian franchise, tripling market share with a combined asset base of EGP~60bn to thereby deliver scale and a more efficient platform
- / Provides ABC Group with a highly profitable franchise with significant growth potential
- / Builds new capabilities in Retail, SME and Corporate lending
- / Provides a more capable and expansive branch network with the addition of 41 branches
- / Facilitates greater connectivity and access to Egypt for Bank ABC's broader client base

## Update on legal merger and integration planning

- / The acquisition was successfully completed on 11 August following receipt of all regulatory approvals and other closing actions
- / The legal merger of Bank ABC Egypt and BLOM Bank Egypt is expected to conclude ~Q1 2022 subject to regulatory approvals
- / Full post-legal merger business integration planning, including the combined bank's strategy and target operating model is well underway alongside leading integration advisors

## Impact on Bank ABC Group Q3 results

**Strong Group TOI performance partially benefiting from Blom consolidation**

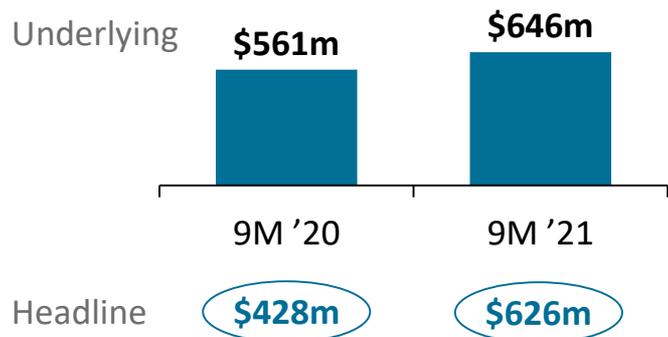
**+USD 3.1bn**  
Total Assets

**+USD 0.8bn**  
Loans & Advances

**+USD 2.7bn**  
Customer Deposits

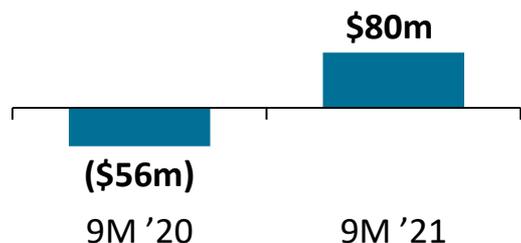
# Financial Highlights – Robust Performance during the Nine Months of 2021 with Net Profit to Shareholders of \$80m

## Total Operating Income, \$m



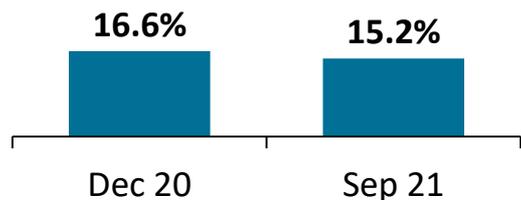
- / Significant increase in TOI on a headline basis (+46%), and on an underlying\* basis (+15%)
- / Strong TOI performance achieved despite lower interest rates and challenged economic conditions, also partially benefiting from consolidation of Blom

## Net Profit, \$m



- / Return to profitability in 2021 with net profit to shareholders of \$80m compared to a net loss of \$56m for the same period last year (with cost of risk returning to pre pandemic levels)

## T1 Capital Ratio, %



- / Capital base remains strong, stable and significantly above regulatory minimum levels
- / T1 Ratio 15.2% (with CET1 14.9%)

\* Please refer to appendix for headline vs underlying basis calculation.

After adjusting for currency hedging and FX depreciation, underlying\* TOI of \$646m was +15% higher compared to 9M 2020, reflecting continued resilience across our markets and business lines

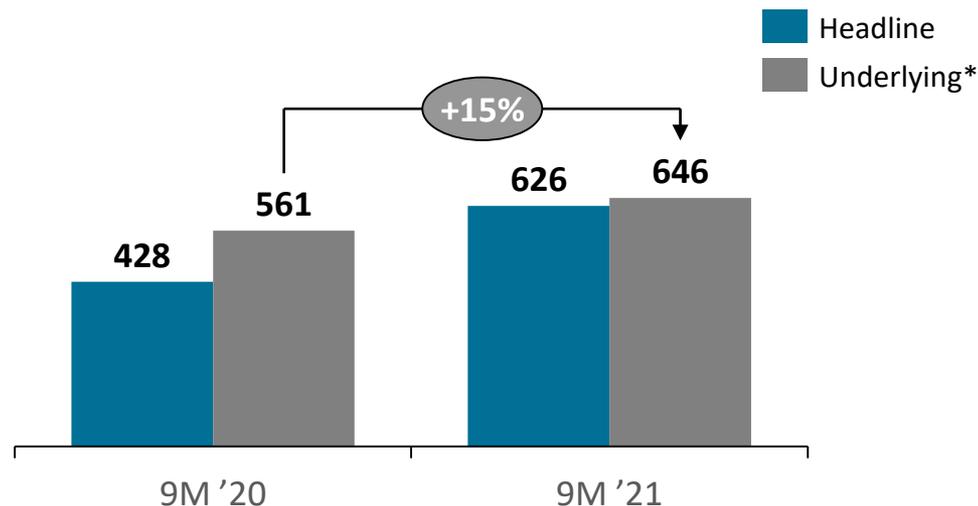
Headline TOI significantly increased (+46%) to \$626m, compared to \$428m during 9M 2020

Strong TOI performance achieved despite lower interest rates and challenged economic conditions, also partially benefiting from the consolidation of Blom Bank Egypt

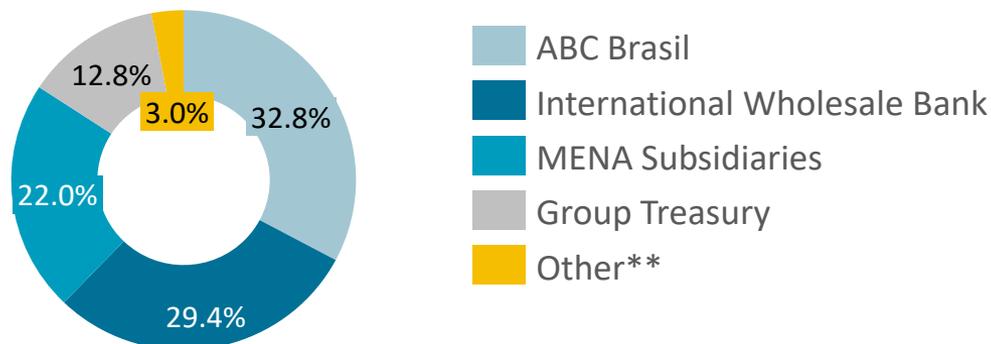
Net interest income was +10% higher compared to 9M 2020 levels after absorbing the impact of declining interest rates and FX depreciation

Income is broad based and diversified across various business units

## Total Operating Income (TOI), \$m



## TOI by Business (9M 2021), %



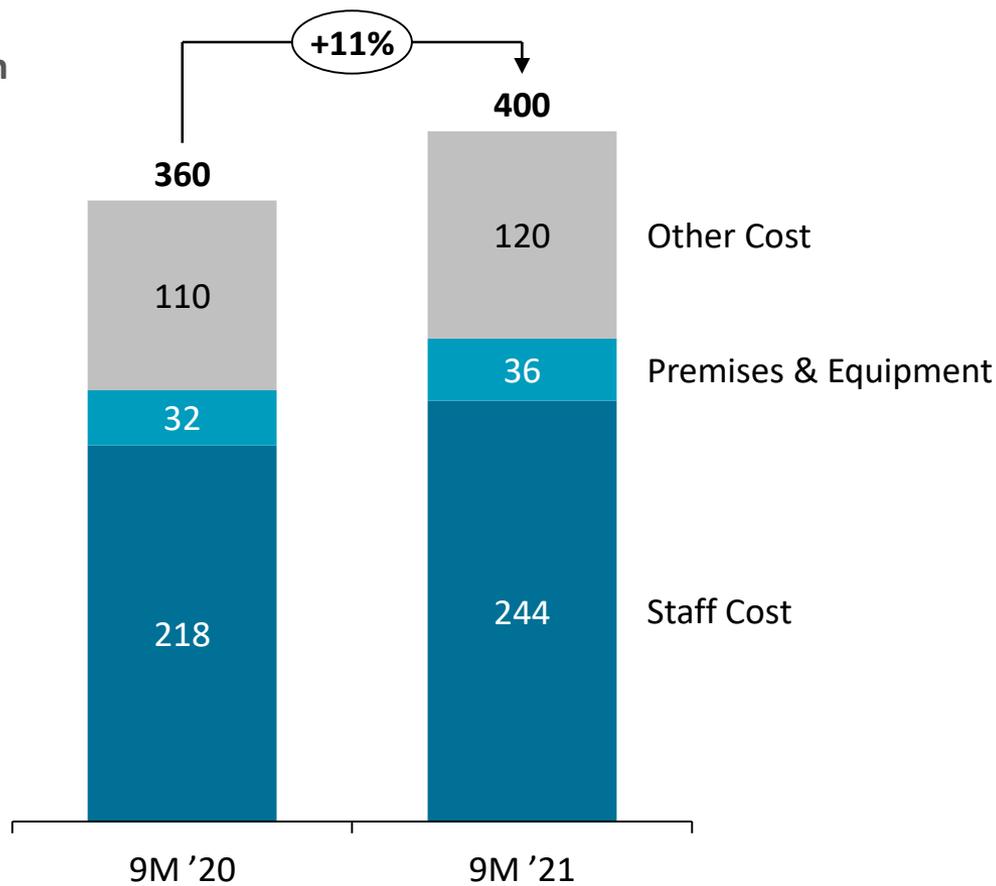
\* Refer to appendix for headline vs underlying basis calculation.

\*\* Other includes activities of Arab Financial Services and ila.

- Operating expenses were higher by 11% on a headline basis (+12% on an underlying basis) with businesses returning to normal levels of activity and consolidation of Blom Bank Egypt
- Costs highly controlled with restricted hiring, rationalization actions and greater discipline and cost control
- Several initiatives are underway to maintain cost efficiencies during 2021 and beyond
- Continuing investments into the Group's digital transformation and strategic initiatives will remain a priority
- Normalized cost to income ratio improved during 9M 2021 to 63%, compared to 64% during 9M 2020 and robust cost measures will continue during 2021 and beyond

## Operating Expenses and Cost to Income Ratio

Operating Expenses, \$m



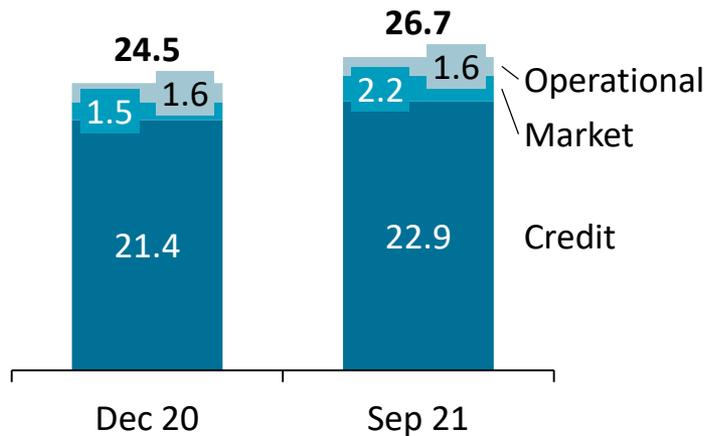
Normalized Cost to Income Ratio



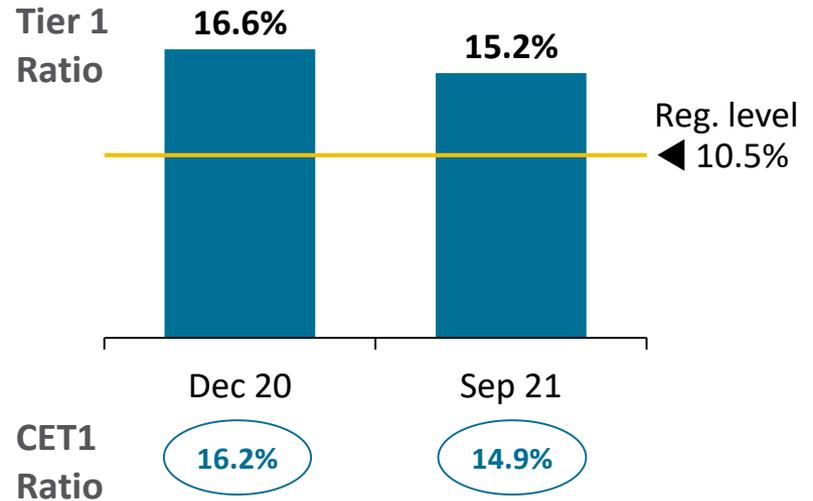
## Overview

- ✓ Tier 1 ratio at 15.2% remains strong after absorbing BBE consolidation
- ✓ CET 1 Ratio 14.9% comprises the majority of Bank ABC's Tier 1
- ✓ Total CAR of 16.2%
- ✓ RWA stood at \$26.7bn as of Sep-2021, compared to \$24.5bn as of Dec-20 (+9%), partially driven by the consolidation of Blom Bank Egypt

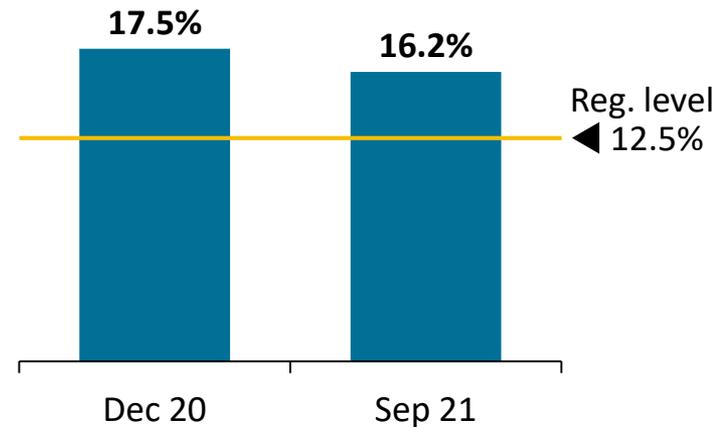
## RWA by Type of Risk, \$bn



## CET1 and Tier 1 Ratios, %

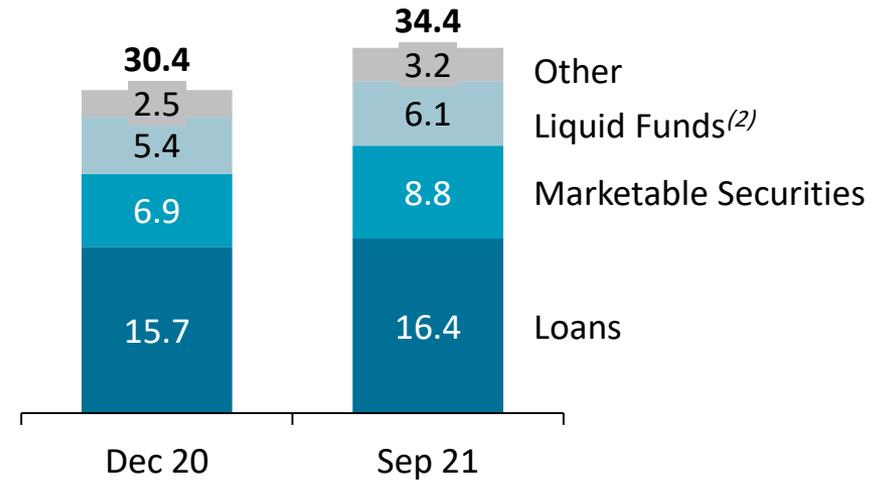


## Capital Adequacy Ratio, %

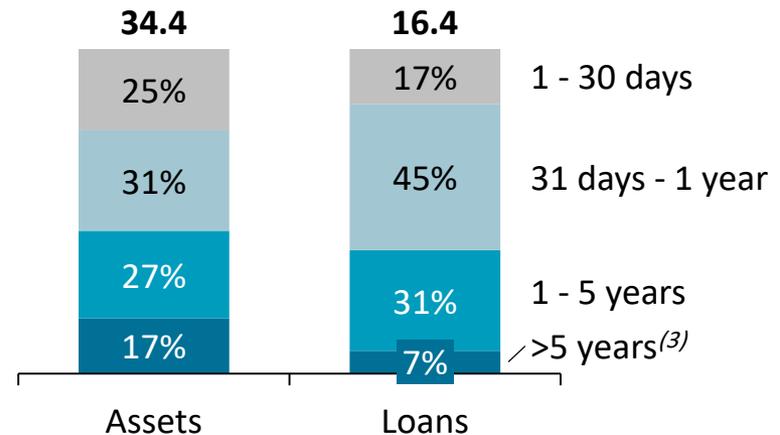


- / Total assets stood at \$34.4bn as of Sep 2021, compared to \$30.4bn at the 2020 year end mainly from inclusion of US\$3.1b of assets of BBE
- / More than half the Assets are maturing within 1-year (56%)
- / Loans increased by 5% on a headline basis to \$16.4bn compared to \$15.7 at the 2020 year end after including \$0.8bn of Blom Bank Egypt loans and advances
- / Loan to customer deposits ratio at 81% compared to 91% at the 2020 year end after including \$2.7bn of Blom Bank Egypt deposits. Our deposit experience remained steady underscoring the confidence of our clients
- / Marketable securities and liquid funds grew to \$14.8bn (+21%) at September 2021
- / Strong liquid funds position with LCR of 319% <sup>(1)</sup> and NSFR of 124%

## Sep 2021 Assets by Instrument, \$bn



## Sep 2021 Assets by Maturity, \$bn

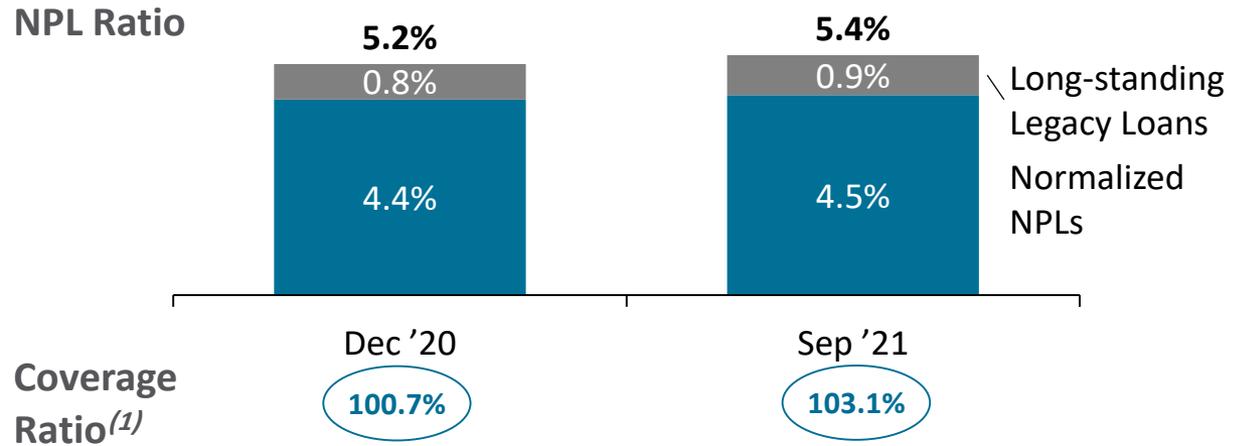


(1) LCR calculated net of trapped liquidity. (2) Liquid funds includes placements with banks & other financial institutions and securities bought under repurchase agreements. (3) >5 years includes undated.

## NPLs and Coverage Ratio

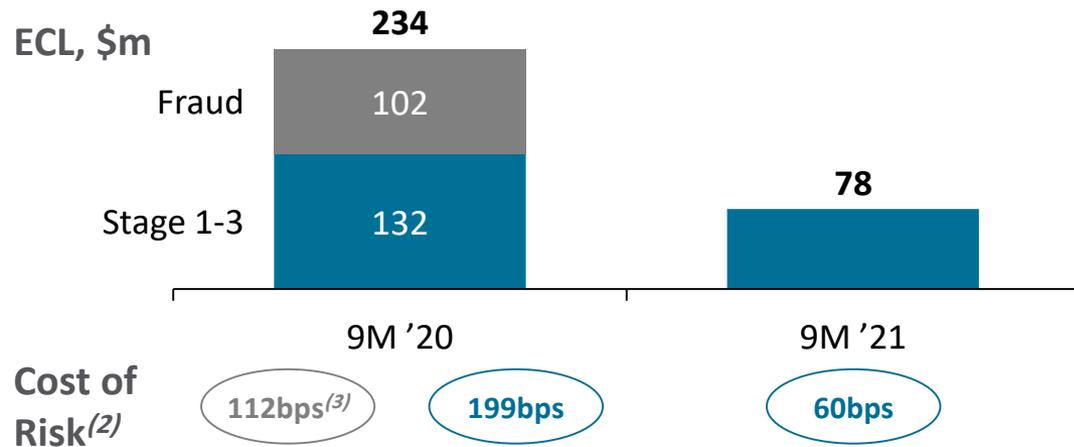
✓ NPL ratio of 5.4% is similar to 2020 year end levels, normalises to 4.5% when long-standing legacy fully provided loans are adjusted for

✓ Coverage ratio has improved to 103%, after the Bank absorbed the impact of regional fraud events experienced in 2020



## ECL & Cost of Risk

✓ ECL charges/cost of risk returning to pre-pandemic levels reflecting an improved economic outlook, and the work through of regional fraud events



(1) Provision / Gross Impaired Loans. (2) Annualized Impairment / Gross Loans. (3) Excluding ECL related to major client fraud.



Bank ABC continues to recover well from the impact of 2020, whilst carefully navigating ongoing constrained post-pandemic operating conditions



The Bank delivered robust revenues, a strong balance sheet and a return to profitability in the nine months of 2021 with net profit to shareholders of \$80m compared to a net loss of \$56m for the same period last year



Strategic transformation continues on various fronts with ila continuing to show remarkable growth in its customer base and deposits. AFS is also building momentum for the next phase of its transformation



Landmark acquisition of Blom Bank Egypt successfully completed on 11 August with its results being fully consolidated within Bank ABC Group for the first time during Q3 2021

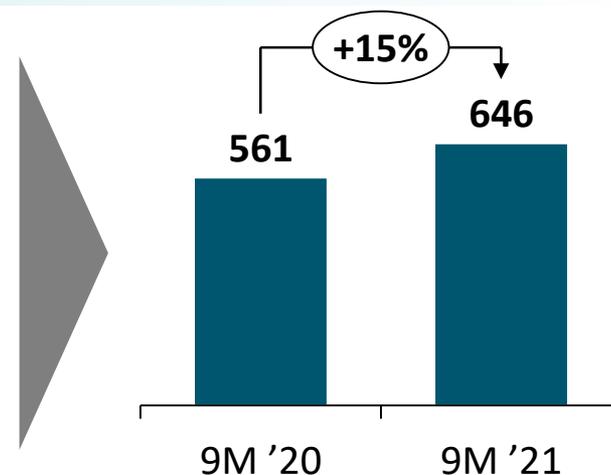
## Appendix: Normalised Financials

	US\$ millions	2016	2017	2018	2019	2020	9M 2020	9M 2021
<b>Profit or Loss</b>	Net Interest Income	538	556	559	564	516	382	419
	Non-Interest Income	278	317	309	311	233	179	217
	<b>Total Operating Income (TOI)*</b>	<b>816</b>	<b>873</b>	<b>868</b>	<b>875</b>	<b>749</b>	<b>561</b>	<b>636</b>
	Total Operating Expenses	-436	-462	-474	-524	-486	-360	-400
	<b>Operating Profit</b>	<b>380</b>	<b>411</b>	<b>394</b>	<b>351</b>	<b>263</b>	<b>201</b>	<b>236</b>
	Provisions	-92	-96	-79	-82	-329	-234	-78
	<b>Profit before Taxes &amp; M.I.</b>	<b>288</b>	<b>315</b>	<b>315</b>	<b>269</b>	<b>-66</b>	<b>-33</b>	<b>158</b>
	Taxes*	-54	-62	-67	-33	-9	-11	-57
	M.I.	-51	-60	-46	-42	-14	-12	-21
<b>Net Profit</b>	<b>183</b>	<b>193</b>	<b>202</b>	<b>194</b>	<b>-89</b>	<b>-56</b>	<b>80</b>	
<b>Balance Sheet</b>	US\$ millions	2016	2017	2018	2019	2020	Sep 2020	Sep 2021
	Liquid Funds**	7,517	6,079	6,266	5,323	5,378	5,433	6,053
	Marketable Securities	6,346	6,650	6,638	6,343	6,867	6,458	8,752
	Loans & Advances	14,683	15,329	14,884	16,452	15,656	14,895	16,417
	Other	1,595	1,441	1,761	1,950	2,506	2,723	3,150
	<b>Total Assets</b>	<b>30,141</b>	<b>29,499</b>	<b>29,549</b>	<b>30,068</b>	<b>30,407</b>	<b>29,509</b>	<b>34,372</b>
	Customer Deposits	14,307	16,782	16,464	17,065	17,667	16,827	21,091
	Bank Deposits	5,870	3,408	4,207	3,897	3,596	3,536	3,698
	Borrowing	4,269	2,148	2,012	2,080	1,795	1,788	1,604
	Other	1,435	2,749	2,550	2,537	3,205	3,331	3,750
	<b>Total Liabilities</b>	<b>25,881</b>	<b>25,087</b>	<b>25,233</b>	<b>25,579</b>	<b>26,263</b>	<b>25,482</b>	<b>30,143</b>
	Shareholders' Equity	3,826	3,930	3,862	4,031	3,767	3,675	3,860
	Non-Controlling Interest	434	482	454	458	377	352	369
<b>Total Equity</b>	<b>4,260</b>	<b>4,412</b>	<b>4,316</b>	<b>4,489</b>	<b>4,144</b>	<b>4,027</b>	<b>4,229</b>	
<b>Total Liabilities &amp; Equity</b>	<b>30,141</b>	<b>29,499</b>	<b>29,549</b>	<b>30,068</b>	<b>30,407</b>	<b>29,509</b>	<b>34,372</b>	
<b>Key Metrics</b>	Normalized Cost to Income, %	53%	53%	55%	60%	65%	64%	63%
	Tier 1 Ratio, %	17.5%	17.7%	17.2%	16.9%	16.6%	16.5%	15.2%
	CET 1, %	17.3%	17.5%	17.0%	16.6%	16.2%	16.2%	14.9%
	RoAE,%	4.8%	5.0%	5.2%	4.9%	-	-	2.8%

\* TOI and taxes includes normalization of BRL currency overhedge. Headline TOI 2016 \$865m, 2017 \$869m, 2018 \$817m, 2019 \$865m, 2020 \$646m, 9M 2020 \$428m and 9M 2021 \$626m. \*\* Liquid funds includes placements with banks & other financial institutions and securities bought under repurchase agreements.

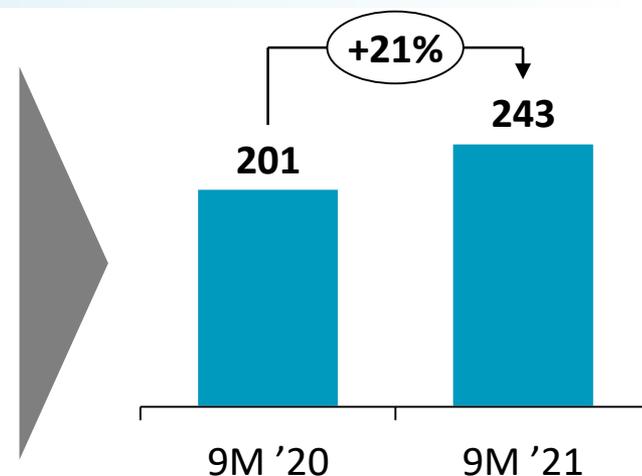
## Underlying Total Operating Income

	9M 2020	9M 2021
<b>Headline TOI</b>	<b>428</b>	<b>626</b>
Currency Hedge*	+133	+10
<b>Normalized TOI</b>	<b>561</b>	<b>636</b>
FX impacts and one-offs	-	+10
<b>Underlying TOI</b>	<b>561</b>	<b>646</b>



## Underlying Net Operating Profit

	9M 2020	9M 2021
<b>Headline Net Operating Profit</b>	<b>68</b>	<b>226</b>
Currency Hedge*	+133	+10
<b>Normalized Net Operating Profit</b>	<b>201</b>	<b>236</b>
FX impacts and one-offs	-	+7
<b>Underlying Net Operating Profit</b>	<b>201</b>	<b>243</b>





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