

2024 - A YEAR OF PERFORMANCE WITH PURPOSE.

On behalf of the Board of Directors of Bank ABC Group, I am honored to present the 2024 Directors' Report to our esteemed shareholders.

The past year has been marked by remarkable achievements, characterised by outstanding performance, resilience and innovation. Bank ABC has not only met but exceeded expectations, focusing on our strategic intent to remain MENA's International Bank of the Future.

Our resolve is evident in the Group's exceptional financial performance and in our commitment to building an innovative, sustainable and inclusive institution. In 2024, we attained record-breaking results, with revenues, net profit and ROE reaching unprecedented levels in the Bank's history. These milestones highlight the effectiveness of the Bank's strategy and the dedication of its talented team.

2024 Economic Review

The global economic environment has been characterised by volatility, with elevated interest rates affecting credit demand at the start of the year, followed by softening of inflation concerns prompting major central banks to initiate monetary easing actions. Subsequently, post the US election, fears of inflationary pressures re-emerged, shifting sentiment back towards a slower pace of interest rate cuts. Global GDP growth was also dampened, decelerating to an estimated 3.2%, down from 3.3% in 2023. MENA region's growth was an estimated 2% in 2024, up from 1.9% in 2023, with OPEC related oil production curbs in major oil producing economies weighing on headline activity. Real GDP growth in the GCC – a major oil producing region - was an estimated 1.3%, up from 0.4% in 2023, veiling strong non-oil growth estimated at 3.7%, up from 3.6% in 2023.

The geopolitical landscape was also complex, marked by challenges and uncertainties. Nevertheless, despite tensions such as the Russia-Ukraine and Middle Eastern conflicts, Bank ABC's deep market insight, clear strategic direction and operational excellence enabled us to successfully navigate the turbulent conditions.

Record Financial Performance

In the face of these challenges, Bank ABC demonstrated record financial performance in 2024, reaching the highest-ever levels in the Group's history from continuing business operations. Net profit reached US\$285 million, reflecting a 21% year-on-year increase, driven by higher average asset volumes, rigorous operating expense management and controlled cost of risk.

Total Operating Income increased to US\$1,339 million, representing a 5% rise year-on-year, with strong diversification across business lines. The total asset base expanded to US\$46.3 billion supported by underlying growth in loans and securities. With income growth exceeding cost growth (positive "jaws" of 3%), the cost-to-income ratio improved by 2% to 57.7% continuing to absorb significant investments in digital transformation.

Return on Equity reached an annualised rate of 7% up from 5.8% in 2023, and earnings per share increased to US\$0.086 up from US\$0.070, also record-high levels, reinforcing our commitment to delivering sustainable shareholder value.

Excellent Progress on Strategic Plan

Bank ABC continues to make rapid progress on its 2023-2026 strategic plan, with this success being underpinned by focused execution across the three key pillars of our strategic roadmap:

- ***Pillar 1: Accelerating Our Core Businesses:***

Bank ABC achieved outstanding growth across its core businesses in 2024. **Wholesale Bank delivered a near double-digit income growth**, driven by capital-light products, increased cross-sell, and leveraging new digital platforms. **Group Treasury and Financial Markets** also excelled in its capital markets business, Notably, achieving a record-breaking level of syndications, and working with **Bank ABC Islamic** on landmark transactions such as AerCap's USD 500 million Sukuk.

Retail Banking significantly expanded its customer base and product offering across MENA markets despite regional geopolitical pressures, while **Banco ABC Brasil** achieved strong underlying revenue growth, focusing on building its middle market corporate customer base, product diversification and new strategic initiatives.

- ***Pillar 2: Maximising the Value of Our Digital Units***

Bank ABC's digital businesses, **ila Bank and Arab Financial Services (AFS)**, continued to innovate to realise fast-paced revenue growth and expand market share.

ila Bank celebrated its fifth anniversary and reinforced its leadership in digital mobile-only retail banking. It accelerated growth in its customer base and revenues and enhanced its customer value proposition by launching innovative new investment products and other service improvements. Notably, ila also secured a new partnership with Bahrain's national carrier, Gulf Air, to launch a co-branded Mastercard in early 2025, once again uplifting digital banking standards across the region.

AFS continued its regional expansion with another year of excellent revenue growth, enlarging its banking processing and merchant acquiring businesses and boosting transaction volumes. Another key milestone was securing a license in UAE to launch operations in January 2025, allowing access to another strategic market to leverage its infrastructure and further accelerate performance.

All of these achievements underscore the strategic importance to Bank ABC on digital innovation and transformation to create long-term shareholder value and to future-proof our business and operating model.

- ***Pillar 3: Strengthening Our Operating Model***

The Group bolstered its operating model through investments in technology, process optimisation, and innovation. Key achievements included enhancements to the **Wholesale banking digital platforms** for trade finance, supply chain and cash management capabilities across the network.

Bank ABC's AI programme continued to be a cornerstone of the Group's innovation strategy, with pilot projects improving productivity and enhancing customer experiences. Additionally, the successful completion of Blockchain-based cross-border payments using tokenised deposits earned regional recognition for innovation.

A new **Information Technology and Digital Organisational Model** was launched to further support agility and use of AI and Robotic Automation to drive operational efficiency and improve customer experience. Moreover, investment is taking place to transform the Group's Core Banking platform to be cloud-native, strengthening infrastructure and allowing for greater pace of innovation in products and services across the franchise.

2024 Sustainability Update

Sustainability is also a key element to strengthen our operating model, demonstrating the Bank's dedication to responsible stewardship. In 2024, we made great strides in delivering a three-year program to integrate sustainability across the Bank, as well as publishing our inaugural **Group Sustainability Disclosures Report for 2023**.

Environmental, Social and Governance (ESG) indicators were tracked to measure and manage our sustainability journey effectively, creating a 'baseline' data set that will inform the three-year action plan. These efforts extended to capturing vital environmental metrics from our operations and suppliers and initiating analysis of the Group's scope 3 financing emissions.

The Bank is also integrating sustainability into client-facing teams, as it accelerates provision of sustainable finance to the customer base. New processes were developed to deepen the understanding of clients' ESG risks and enhance client engagement. These were accompanied by the launch of innovative sustainable finance products, to build leadership in this critical area of future-orientated financial services.

Bank ABC's commitment to social responsibility was further evidenced by measurement of social ESG KPIs, including the strengthening of our Diversity, Equity, and Inclusion (DEI) approach. In addition, the Bank conducted an employee engagement survey, ensuring that the Group's strategic transformation journey is both inclusive and collaborative.

Recognition of Excellence

Bank ABC's achievements continue to be recognised, with **27 prestigious awards** in 2024, affirming its leadership in innovation, digital transformation and client-centric solutions, with a selection outlined as follows:

The Bank was honoured as the '**Best Bank in the Middle East**' for **Transaction Banking and Innovation in Digital Banking by The Banker- FT**. Additionally, Bank ABC was recognised as the '**Best Trade Finance Bank in the Middle East**' by **Global Finance and Global Trade Review**, further underscoring leadership in trade finance.

The Bank was also celebrated as '**Bahrain's Best Digital Bank**' by the Euromoney Awards for Excellence, alongside ila Bank winning the 'Best Digital Bank in Bahrain' at the MENA Banking Excellence Awards by MEED. ABC Labs retains its position as one of the World's Best Financial Innovation Labs.

Furthermore, **Bank ABC's financial markets capabilities** were recognised with the '**Global Sovereign Sukuk Deal of the Year**' for its pivotal role as Joint Lead Manager and Bookrunner in a US\$1 billion Sukuk for Bahrain's Ministry of Finance and National Economy, as awarded by BLS Middle East.

Looking Ahead to 2025

As 2025 begins, Bank ABC remains vigilant to the continuing geopolitical and economic uncertainties. In this evolving landscape, the Group is pursuing its clear strategic direction, prioritising operational resilience and continuing to maintain its strong balance sheet and capital ratios. Moreover, innovation remains a core value driver for the Bank, enabling it to harness its investments in digital capabilities and drive better client experience, operational efficiency and financial performance.

Acknowledgements

Reflecting on the successes of 2024, the Bank ABC Group extends heartfelt gratitude to all who contributed to its achievements. On behalf of the Board, I extend my appreciation to our home regulator, the Central Bank of Bahrain, and our principal shareholders, the Central Bank of Libya and the Kuwait Investment Authority, for their steadfast support.

I also extend my sincere thanks to our esteemed Board of Directors for their invaluable guidance, with particular gratitude to outgoing members of the Board for their dedicated service and significant contributions, which have helped shape the Bank's strategic direction and success. I also recognise and thank the Group's dedicated employees for their relentless hard work and commitment, as Bank ABC continues to evolve and grow as MENA's international bank of the future.

Board of Directors' Remuneration Details

The aggregate remuneration paid to Board members in 2024 amounted to US\$2,148,303 (2023: US\$ US\$1,897,023), which was divided between the three elements as follows:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others*	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others	Total			
First: Independent Directors:													
Mr. Abdullah Al Humaidhi	156,962	18,000	-	73,610	248,572	-	-	-	-	-	-	-	-
Dr. Ibrahim El Danfour	156,962	19,500	-	104,577	281,039	-	-	-	-	-	-	-	-
Dr. Khaled Kawan	156,962	18,000	-	28,772	203,734	-	-	-	-	-	-	-	-
Khalil Nooruddin	174,402	19,500	-	32,491	226,394	-	-	-	-	-	-	-	-
Second: Non-Executive Directors:													
Mr. Saddek Omar El Kaber	204,283	9,000	-	57,667	270,950	-	-	-	-	-	-	-	-
Mr. Mohammad Saleem	172,736	10,500	-	40,185	223,421	-	-	-	-	-	-	-	-
Mr. Ashraf Mukhtar	127,895	9,000	-	51,905	188,800	-	-	-	-	-	-	-	-
Dr. Tarik Yousef	156,962	21,000	-	126,056	304,018	-	-	-	-	-	-	-	-
Ms. Huda Al Mousa	145,335	16,500	-	39,540	201,375	-	-	-	-	-	-	-	-
Third: Executive Directors:													
-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,452,500	141,000	-	554,803	2,148,303	-	-	-	-	-	-	-	-

* Travel and accommodation costs.

Note: The aggregate remuneration paid to the members of the Remuneration Committee with respect to their membership of such committee for the year 2024 was US\$20,000, which sum is included in the Retainer fee (2023: US\$20,000).

No Director owned or traded Bank ABC shares in 2024.

Executive Management Remuneration Details

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2024	Aggregate Amount
Remunerations of top 6 executives, including CEO and Head of Finance & Administration	5,539,944	5,095,196	253,963	10,889,103

Note: All amounts stated are in US Dollars.



Saddek Omar El Kaber
Chairman

9 February 2025



Mohammad Abdulredha Saleem
Deputy Chairman