



# Q1 2024

## Results Presentation

[www.bank-abc.com](http://www.bank-abc.com)

**Strong momentum in strategy execution accelerates the delivery of our vision to build MENA's International Bank of the Future**



## **Strong start to 2024 with 15% growth in revenues**

Q1 Revenues at \$343m reflecting strong momentum backed by core business growth, sustained interest rates and improved cost of credit

## **Healthy Balance Sheet T1 Ratio 14.8%\*, NSFR 126%, LCR 260%**

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

## **Net profit US\$75m +25% YoY**

Strong growth achieved on the back of robust cost discipline while facilitating an intensive investment plan to deliver our strategic roadmap

## **ROE 7.3%\*\* , +130bps YoY**

Reflecting the positive momentum in improving capital returns across our core businesses

\*Group consolidated Tier 1 ratio of 14.8% includes a proportion of an Additional Tier 1 issuance in Q1 by Banco ABC Brazil, which is awaiting CBB approval and has an immaterial impact on the ratio

\*\*Annualized return on equity, extrapolated Q1 net profit



## MENA's International Bank of the Future

### 1 Accelerate our Core Businesses

Accelerate  
Wholesale  
& Treasury

Boost  
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

- / Execution of the strategy is tracking well with positive momentum across all our pillars of strategy
- / Sustainability fully embedded in our Strategy Roadmap (First Sustainability Report for the Consolidated Group to be published this year)
- / Overall, the Bank continues to receive prestigious awards in Q1-24, which demonstrates **early industry recognition of delivering our vision**

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



GLOBAL  
FINANCE

MIDDLE EAST

'Best Trade Finance Provider in the Middle East' - Global Finance World's Best Trade Providers Awards 2024



BEST TRADE FINANCE  
PROVIDER IN THE  
MIDDLE EAST

## Regional

- ✓ **'Best Trade Finance Provider in the Middle East'** – Global Finance World's Best Trade Finance Providers Awards
- ✓ **'Best Trade Finance Bank in the Middle East'** – GTR Leaders in Trade Awards
- ✓ **'Fastest Growing Digital Bank in MENA Central'** award for ila Bank - Mastercard

## Country

- ✓ **'Best Trade Finance Provider in Bahrain'** – GF World's Best Trade Finance Providers Awards
- ✓ **'Best Digital Bank in Bahrain'** - for ila Bank – MENA Banking Excellence Awards by Middle East Economic Digest (MEED)
- ✓ **'Best Islamic Financial Institution in Bahrain'** for ABC Islamic- Global Finance's World's Best Islamic Finance Institutions Awards
- ✓ **'Best Trade Finance Provider in Tunisia'** – GF World's Best Trade Finance Providers Awards
- ✓ **'Best Islamic Bank in 2023'** - IFN Best Banks Polls

## Deals

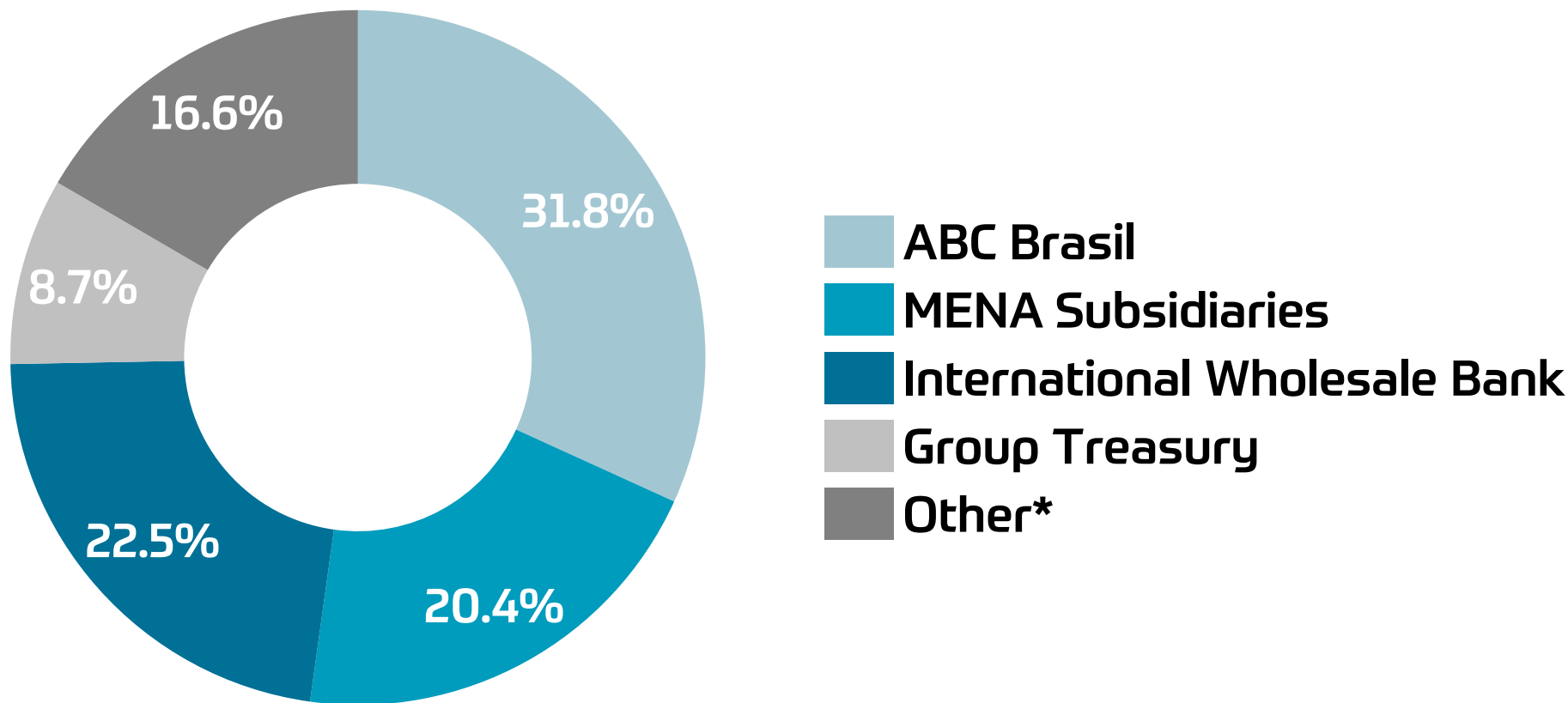
- ✓ **'Global Sovereign Sukuk Deal of the Year'** for Bank ABC's role as JLM & Bookrunner in the US\$ 1 billion Sukuk for the Ministry of Finance & National Economy – Kingdom of Bahrain
- ✓ **'IFN Hybrid Deal of the Year'** for ABC Islamic's role as JLM & Bookrunner in the US\$1 billion hybrid Ijarah-Tawarruq Sukuk transaction for Energy Development Oman
- ✓ **'Global Corporate Sukuk Deal of the Year'** for Bank ABC's role as JLM & Bookrunner in the USD 1 billion Sukuk transaction for EDO Gas

/ TOI reached \$343m during Q1 2024, +15% higher on a YoY basis, and was well diversified across our markets and business lines

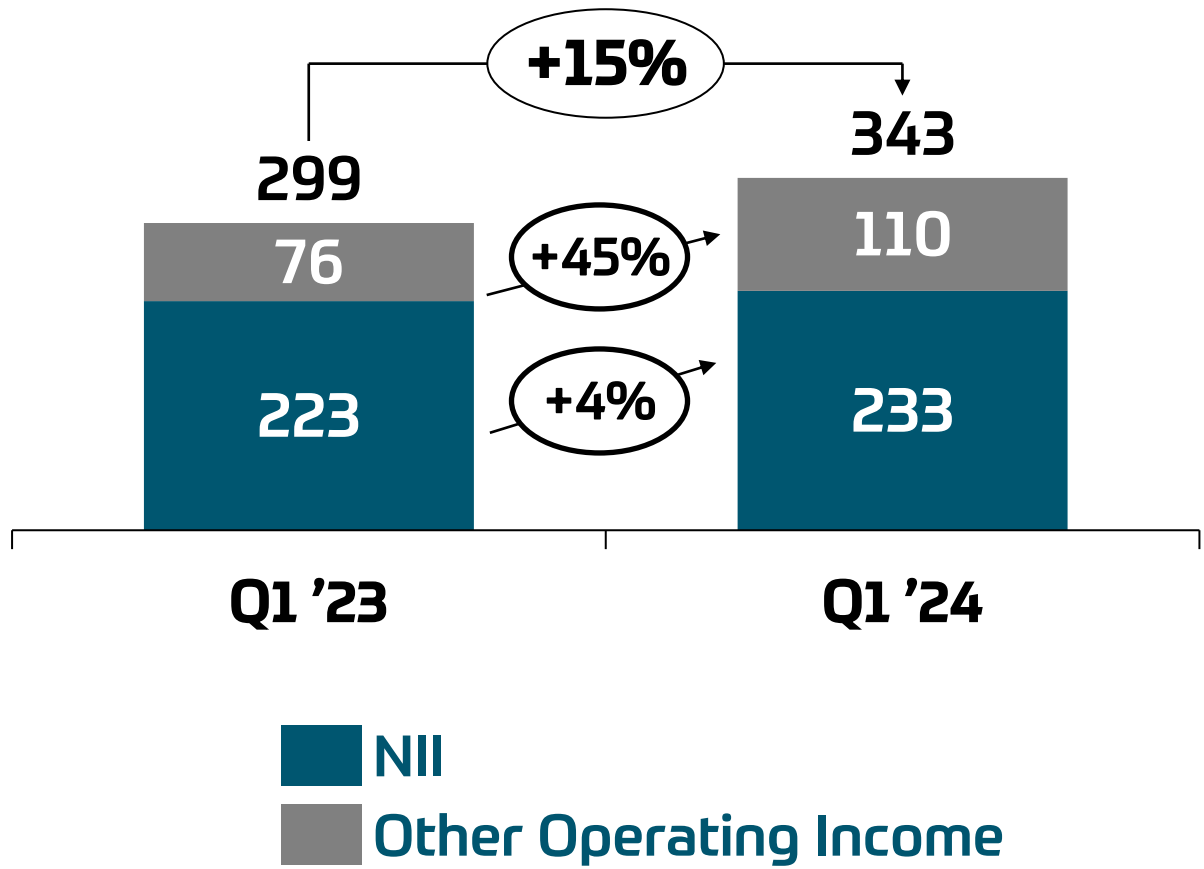
/ Net interest income at \$233m +4% year on year supported by strong loan volumes and higher interest rates

/ Other operating income up a strong 45% YoY reflecting increasing client cross sell and ancillary fee income

## Q1 2024 TOI by business



## Q1 2024 NII vs Other income, \$m



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

## Performing while transforming and maintaining robust cost disciplines



/ 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”.

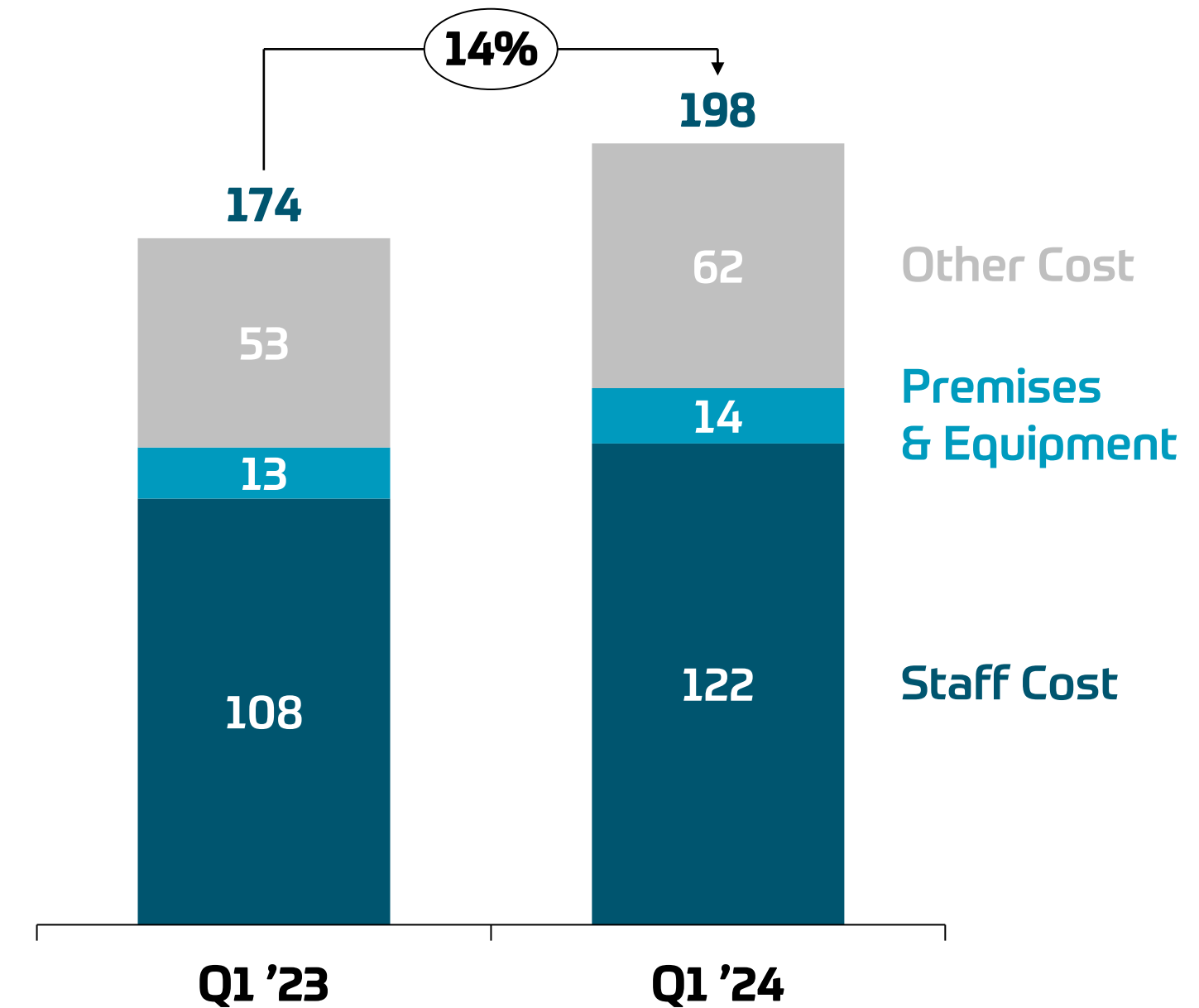
/ +15% increase in TOI YoY

/ +14% increase in costs YoY

/ +1% “positive jaws”

/ Cost to income ratio continues to improve by 50bps to 57.8% on a headline basis and 52.8% when adjusted for ongoing investment in digital initiatives

## Operating Expenses and Cost to Income Ratio



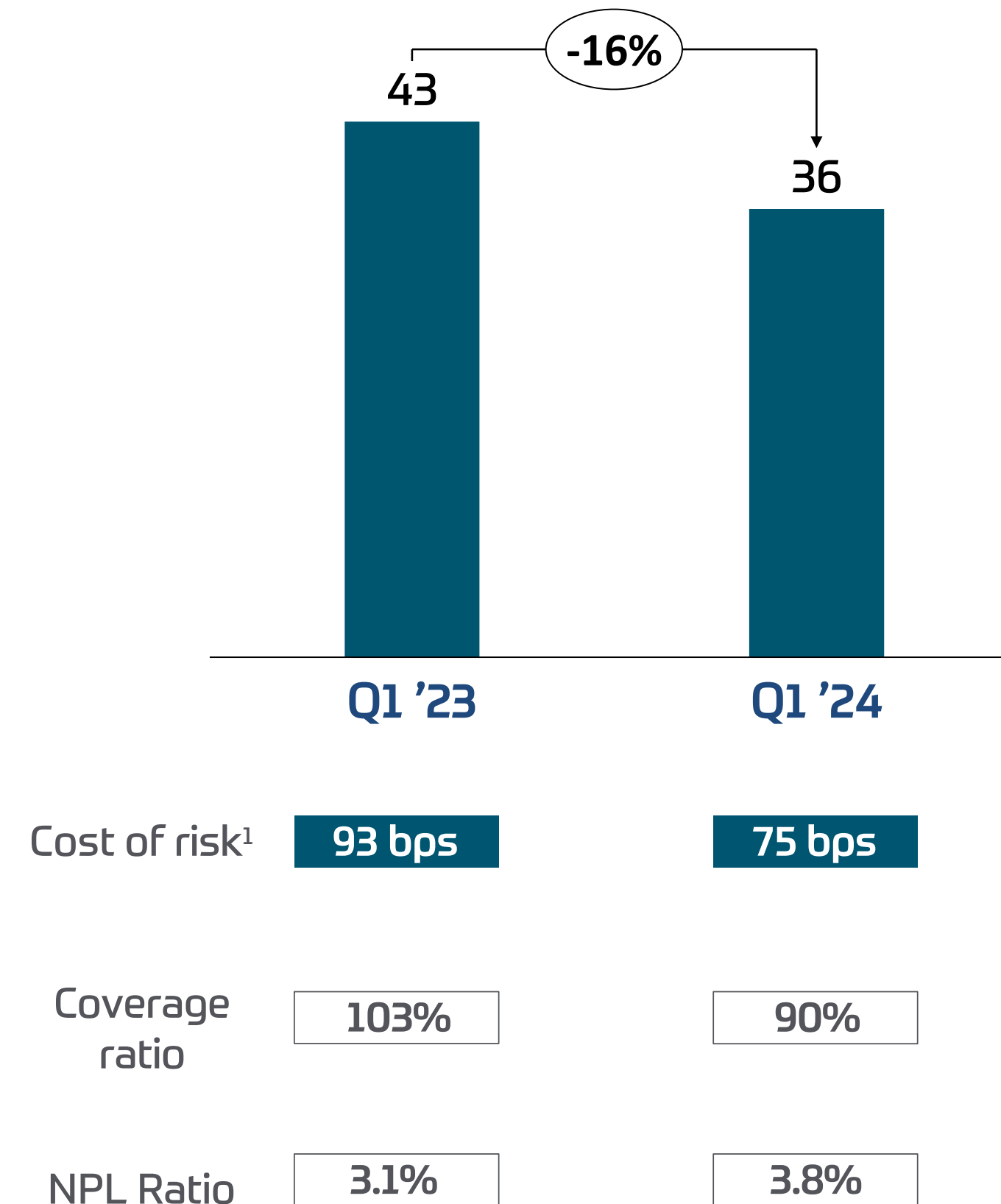
C/I ratio	58.3%	57.8%
C/I Ratio (ex-Digital)	53.5%	52.8%

**Business growth  
being prudently  
managed by a  
healthy level of  
risk appetite and  
risk frameworks**

- / ECLs down 16% YoY to \$36m in Q1 2024 reflecting improved cost of credit
- / Cost of risk at 75bps improving compared to Q1 2023
- / NPL Ratio and Coverage ratio remain at healthy levels

1. Credit Loss expense / Gross Loans

## ECL and cost of risk, \$m, bps





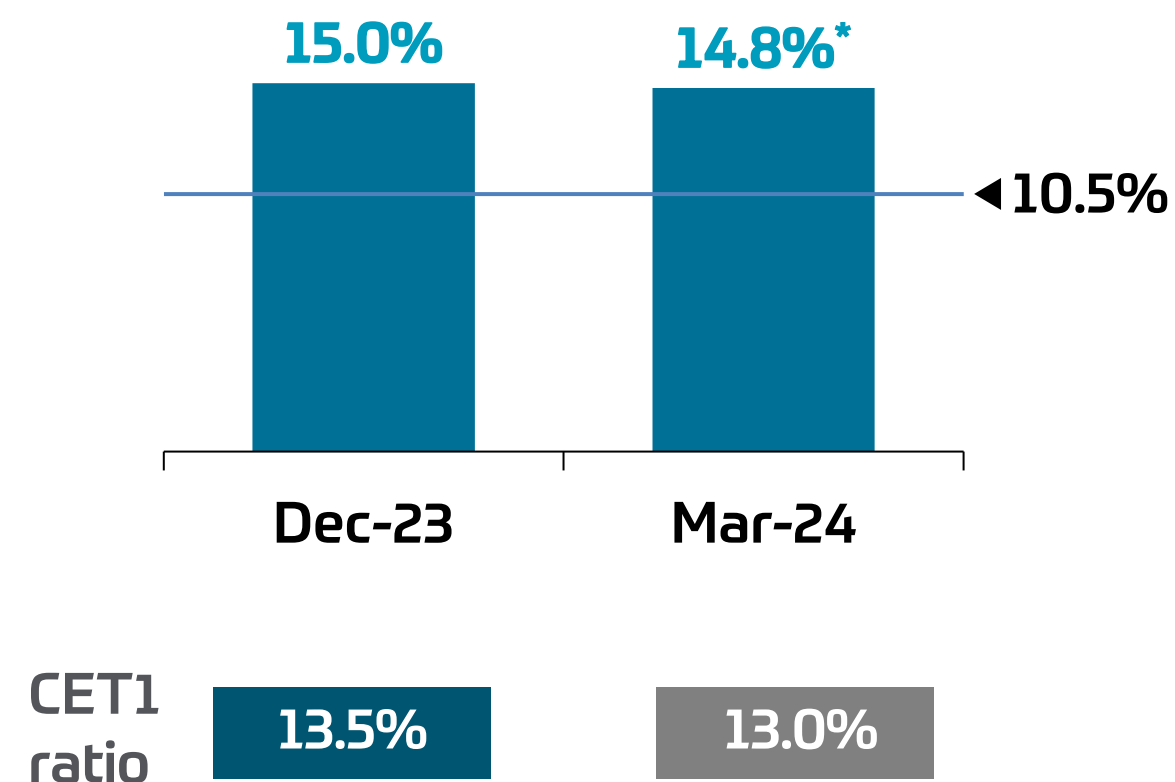
## Overview

- / Capital base remains strong
- / CET 1 Ratio (13.0%) comprises the majority of Tier 1 Ratio

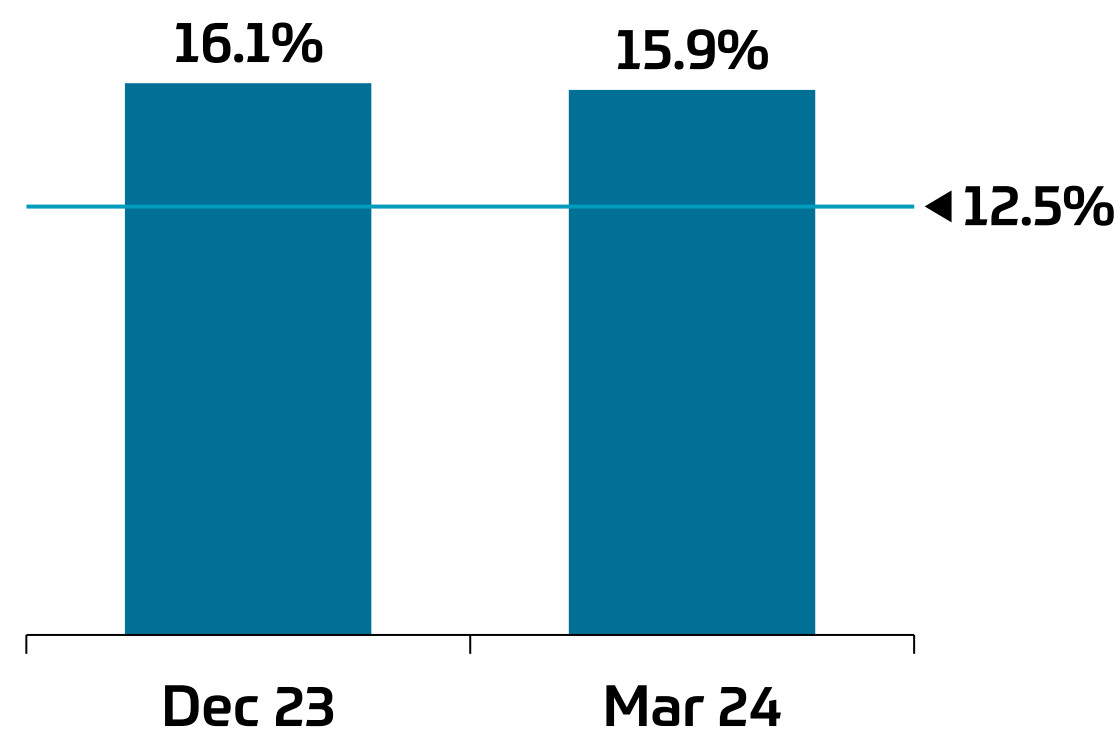
- / Total CAR of 15.9% as of Mar 2024

- / RWA stood at \$30.3bn as of Mar 24, increasing by 0.3% over Dec 23

## CET1 and Tier 1 Ratios, %



## Total CAR, %



## RWA by Type of Risk, \$bn

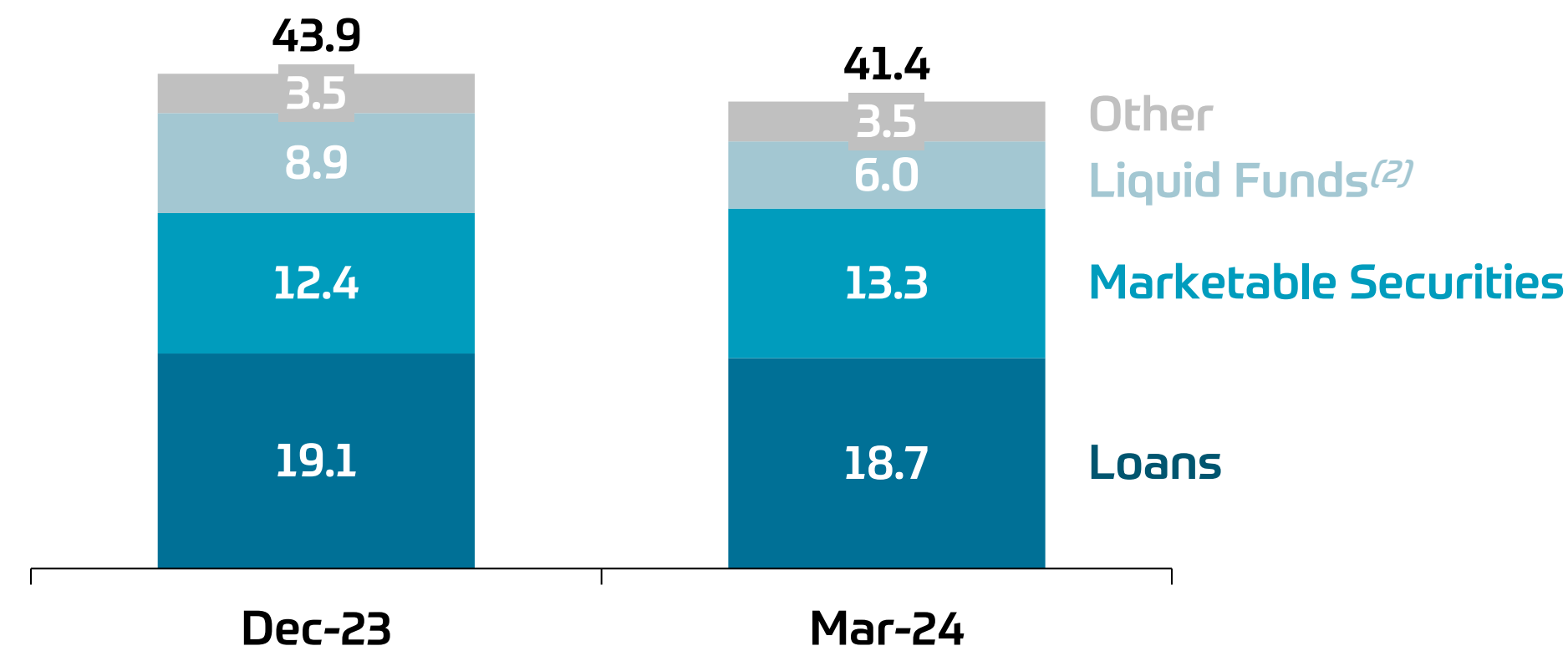


\*Group consolidated Tier 1 ratio of 14.8% includes a proportion of an Additional Tier 1 issuance in Q1 by Banco ABC Brazil, which is awaiting CBB approval and has an immaterial impact on the ratio

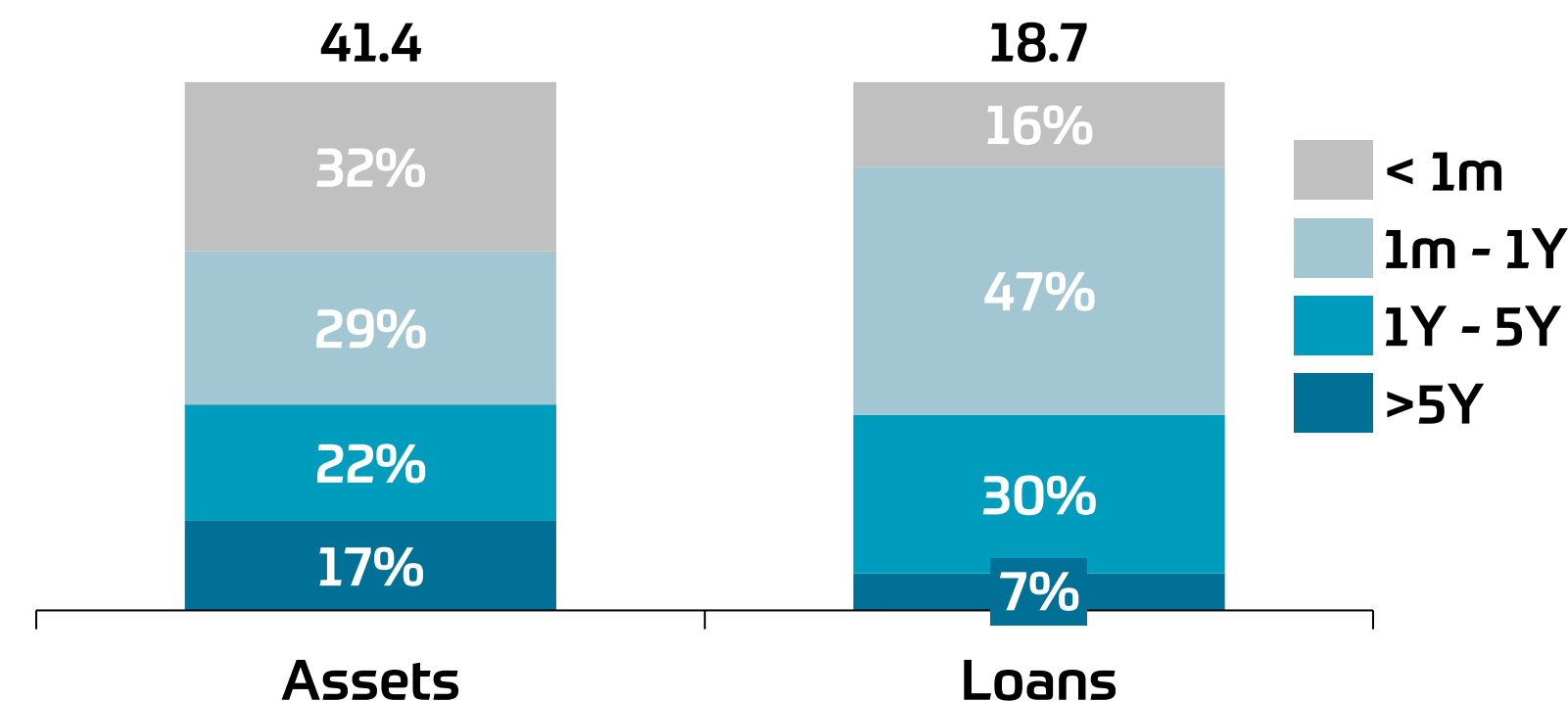
- / Total Assets of \$41.4bn at the end of Q1 2024, compared to \$43.9bn at the 2023 year-end, a 6% reduction, reflecting short-term asset and liability management actions
- / Book continues to be positioned with 61% of Total Assets maturing within 1-year
- / Loans comprised 45% of Total Assets. Expectations are for lending growth to pick up as we progress through 2024, with a strong deal pipeline across the franchise
- / Net loans to customer deposits ratio at 84%, higher than YE 2023 ratio of 80%
- / Strong liquid funds position with LCR of 260%<sup>1</sup> and NSFR of 126%

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

## Q1 2024 Assets by Instrument, \$bn



## Q1 2024 Assets by Maturity, \$bn



**Strong Q1 results reflect that delivery of Bank ABC's refreshed Group Strategy is well underway**

**Strong start to 2024 with 15% growth in revenues** to \$343m, with strong momentum backed by core business growth, sustained interest rates and improved cost of credit

**Operating expenses were at \$198m**, positive jaws of 1% with C/I ratio improvement to 57.8% as the Group continues to enforce cost discipline without compromising on investments into its transformation agenda

**Impairment charges (ECL) for the period were \$36m**, down 16% YoY reflecting improved cost of credit

**Net profit at US\$ 75m +25% YoY**, Reflecting a continued robust earnings growth trajectory for the Group

**Strong balance sheet and capital position**, positioning well the Bank for future growth and sustained resilience

# Appendix: Normalized Financials

## Profit or Loss

US\$ millions	2019	2020	2021	2022	2023	Q1 23	Q1 24
Net Interest Income	564	516	592	786	935	223	233
Non-Interest Income*	311	233	277	315	344	76	110
<b>Total Operating Income (TOI)*</b>	<b>875</b>	<b>749</b>	<b>869</b>	<b>1,101</b>	<b>1,279</b>	<b>299</b>	<b>343</b>
Total Operating Expenses	-524	-486	-569	-690	-764	-174	-198
<b>Net Operating Profit</b>	<b>351</b>	<b>263</b>	<b>300</b>	<b>411</b>	<b>515</b>	<b>125</b>	<b>145</b>
Provisions	-82	-329	-106	-119	-145	-43	-36
<b>Profit before Taxes &amp; M.I.</b>	<b>269</b>	<b>-66</b>	<b>194</b>	<b>292</b>	<b>370</b>	<b>82</b>	<b>109</b>
Taxes*	-33	-9	-66	-83	-74	-11	-18
M.I.	-42	-14	-28	-55	-61	-11	-16
<b>Net Profit</b>	<b>194</b>	<b>-89</b>	<b>100</b>	<b>154</b>	<b>235</b>	<b>60</b>	<b>75</b>

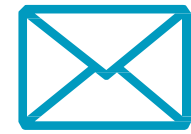
## Balance Sheet

US\$ millions	2019	2020	2021	2022	2023	Q1 23	Q1 24
Liquid Funds**	5,323	5,378	6,355	6,498	8,888	5,115	5,954
Marketable Securities	6,343	6,867	9,292	8,670	12,438	8,155	13,268
Loans & Advances	16,452	15,656	16,716	18,190	19,096	17,908	18,675
Other	1,950	2,506	2,538	3,281	3,470	3,466	3,538
<b>Total Assets</b>	<b>30,068</b>	<b>30,407</b>	<b>34,901</b>	<b>36,639</b>	<b>43,892</b>	<b>34,644</b>	<b>41,435</b>
Customer Deposits	17,065	17,667	21,459	21,831	23,847	20,284	22,260
Bank Deposits	4,905	4,747	6,399	6,642	11,068	4,081	10,259
Borrowing	2,080	1,795	1,211	1,297	1,303	1,301	1,399
Other	1,529	2,054	1,597	2,348	2,870	4,493	2,810
<b>Total Liabilities</b>	<b>25,579</b>	<b>26,263</b>	<b>30,666</b>	<b>32,118</b>	<b>39,088</b>	<b>30,159</b>	<b>36,728</b>
Shareholders' Equity	4,031	3,767	3,872	3,705	3,910	3,653	3,807
Non-Controlling Interest	458	377	363	426	504	42	510
Additional / Perpetual Tier-1 Capital	-	-	-	390	390	390	390
<b>Total Equity</b>	<b>4,489</b>	<b>4,144</b>	<b>4,235</b>	<b>4,521</b>	<b>4,804</b>	<b>4,485</b>	<b>4,707</b>
<b>Total Liabilities &amp; Equity</b>	<b>30,068</b>	<b>30,407</b>	<b>34,901</b>	<b>36,639</b>	<b>43,892</b>	<b>34,644</b>	<b>41,435</b>

## Key Metrics

Normalized Cost to Income, %	60%	65%	65%	63%	60%	58%	58%
Tier 1 Ratio, %	16.9%	16.6%	15.9%	15.7%	15.0%	15.4%	14.8%
CET 1, %	16.6%	16.2%	15.5%	14.0%	13.5%	13.7%	13.0%
RoAE, %	4.9%	-	2.9%	3.7%	5.8%	5.8%	7.3%

\* TOI and taxes includes normalization of BRL currency overhedge. Headline TOI 2019 \$865m, 2020 \$646m, 2021 \$854m, 2022 \$1,101m , 2023 \$1,279m. Note that underlying adjustment for BAB Cayman branch hedging is no longer material due to tax changes in Brazil and hence not considered for FY 23 and YOY comparison above \*\* Liquid funds includes placements with banks & other financial institutions and securities bought under repurchase agreements.



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