

# H1 2023 Results Presentation



**Revenues \$611 m**  
**+18% YoY**

Strong momentum backed by Core business growth and rising interest rates



**Healthy Balance Sheet T1 Ratio**  
**15.2%, NSFR 123%**

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



**Net profit US\$ 121 m**  
**+72% YoY, RoE ~ 6%, ~ +2% YoY**

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

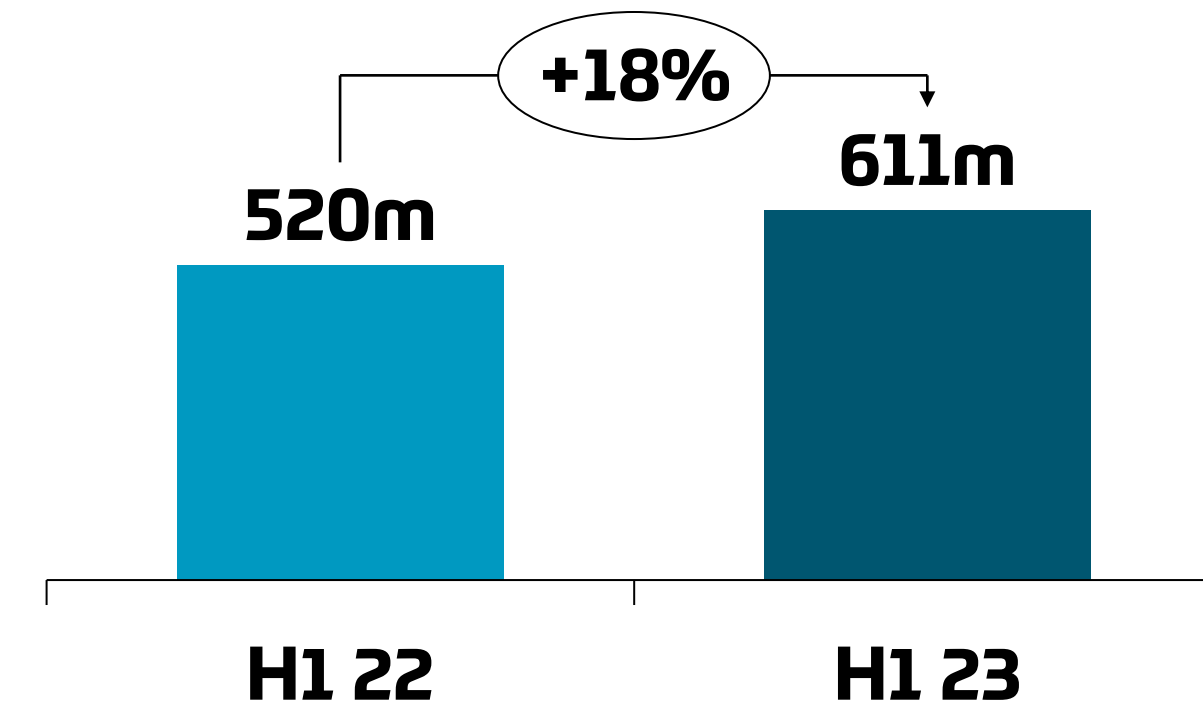


**Continuing to achieve major delivery milestones in building our Bank of the Future**

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

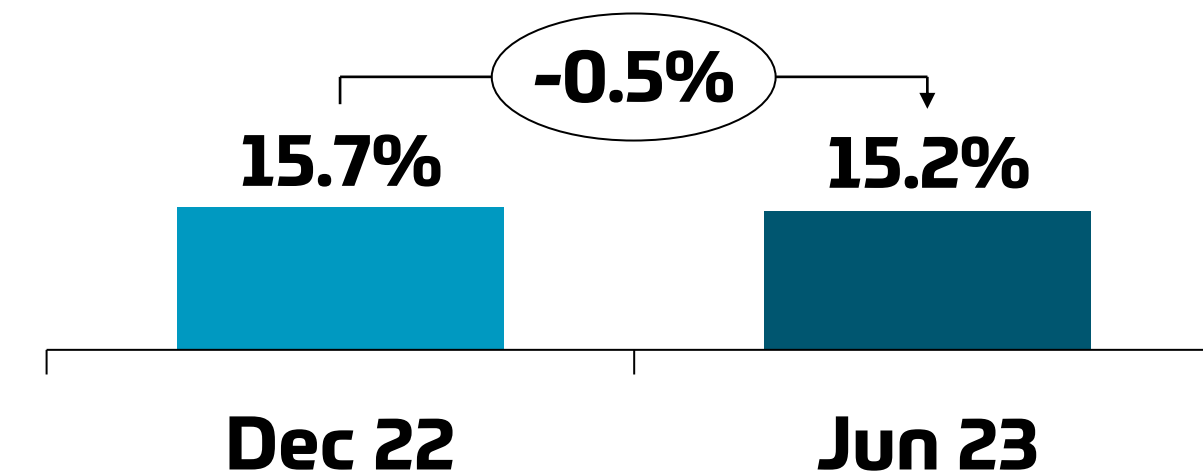
## Total Operating Income, \$m

- /\$611m, 18% 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



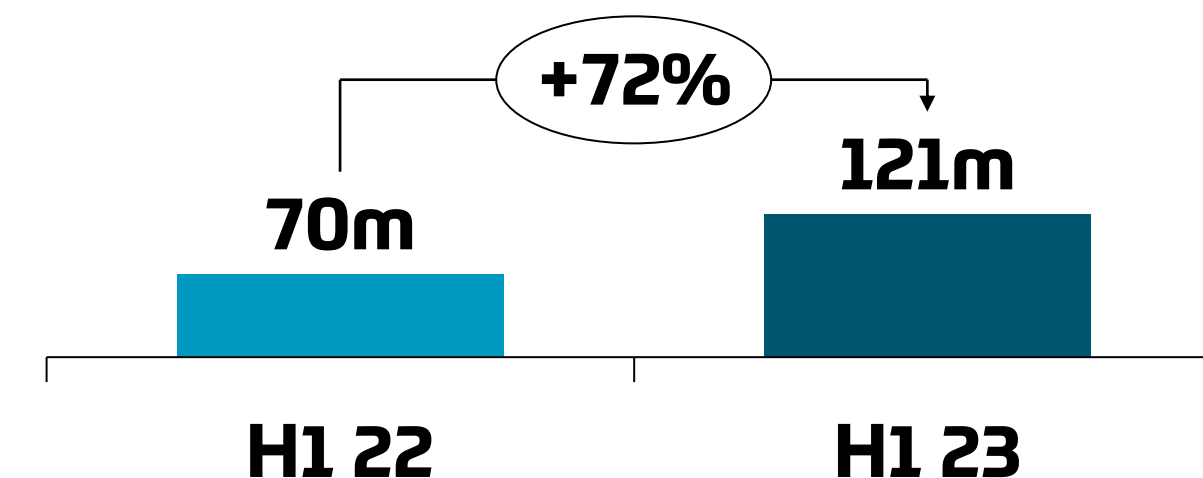
## T1 Capital Ratio, %

- /Remains strong and well above the regulatory minimum of 10.5%
- /CET 1 Ratio (13.6%) comprises the majority of Tier 1 Ratio



## Net Profit, \$m

- /Net operating profit (before provisions and taxation) grew by +31%
- /Net Profit of \$121m, a strong 72% growth

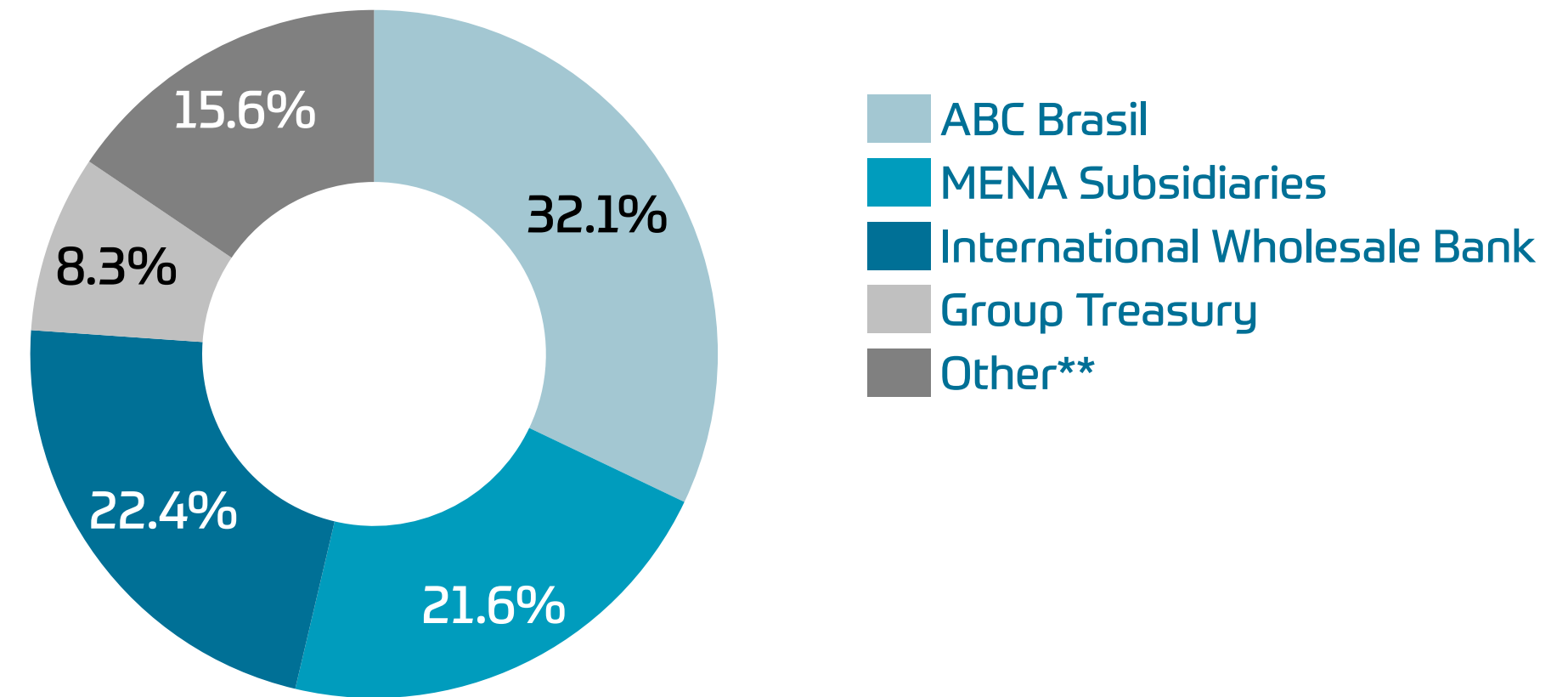


/TOI reached \$611m during H1 23, 18% higher on a YoY basis, and was well diversified across our markets and business lines

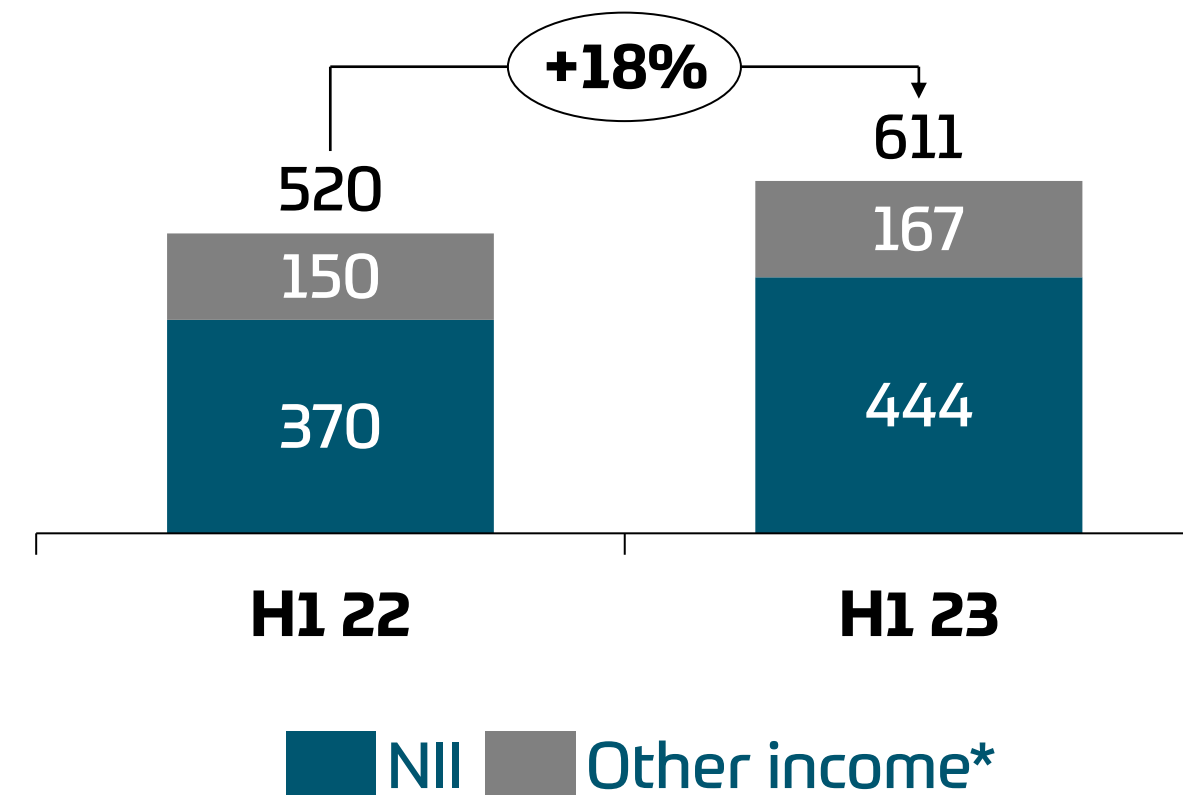
/Net interest income at \$444m +20% year on year supported by strong loan volumes, higher interest rates and improving margins. NIM +20bps YoY

/Other income also up 11% YoY reflecting good client cross sell and ancillary fee income

### TOI by business (H1 23), \$m



### NII vs Other income, \$m



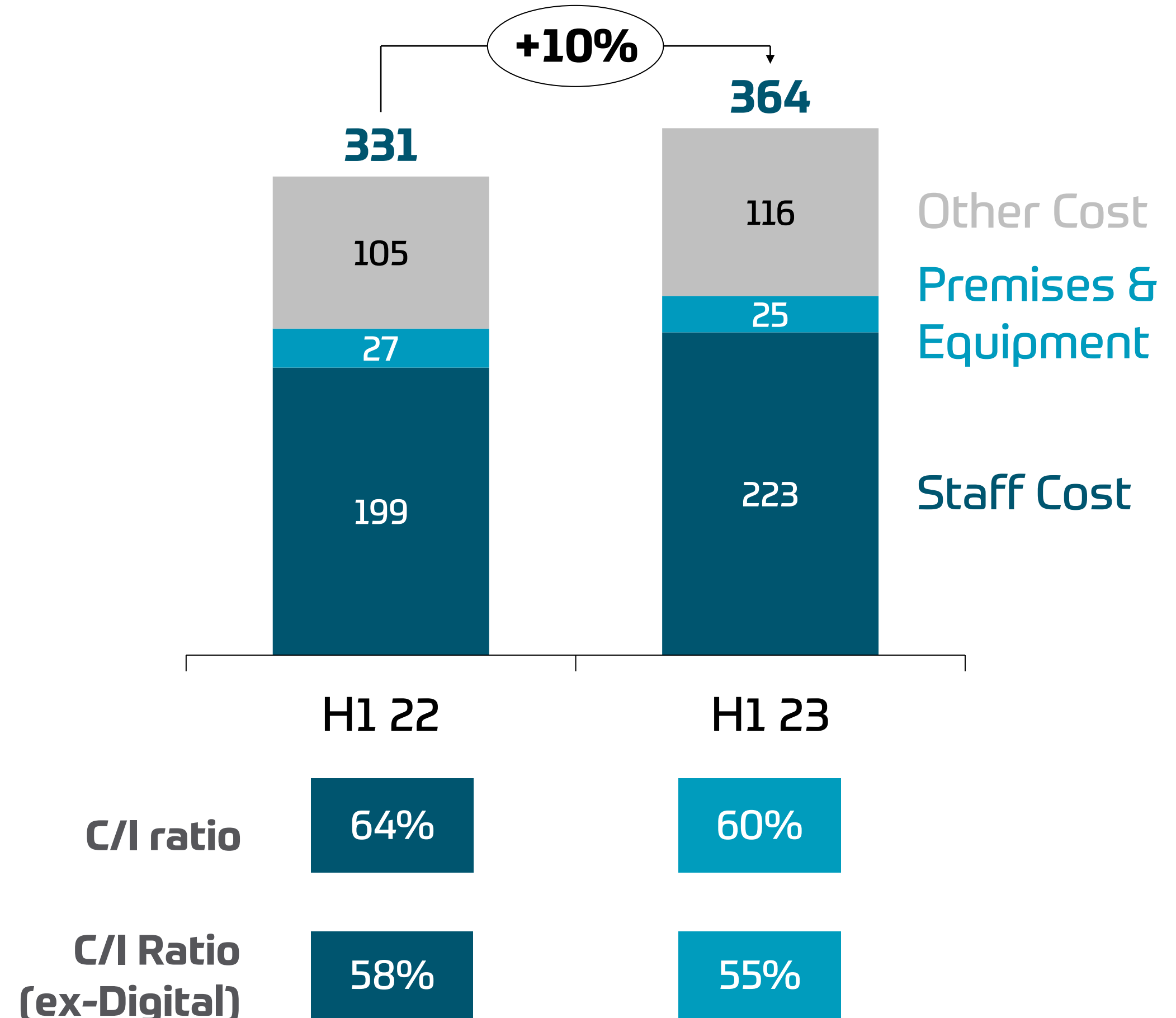
\*\* Other includes activities of Arab Financial Services and ila and Equity income.

✓ 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”.

- ✓ +18% increase in TOI YoY
- ✓ +10% increase in costs YoY
- ✓ +8% “positive jaws”

✓ Cost to income ratio therefore improved 4% to 60% on a headline basis and 3% to 55% when adjusted for ongoing investment in digital initiatives

## Operating Expenses and Cost to Income Ratio

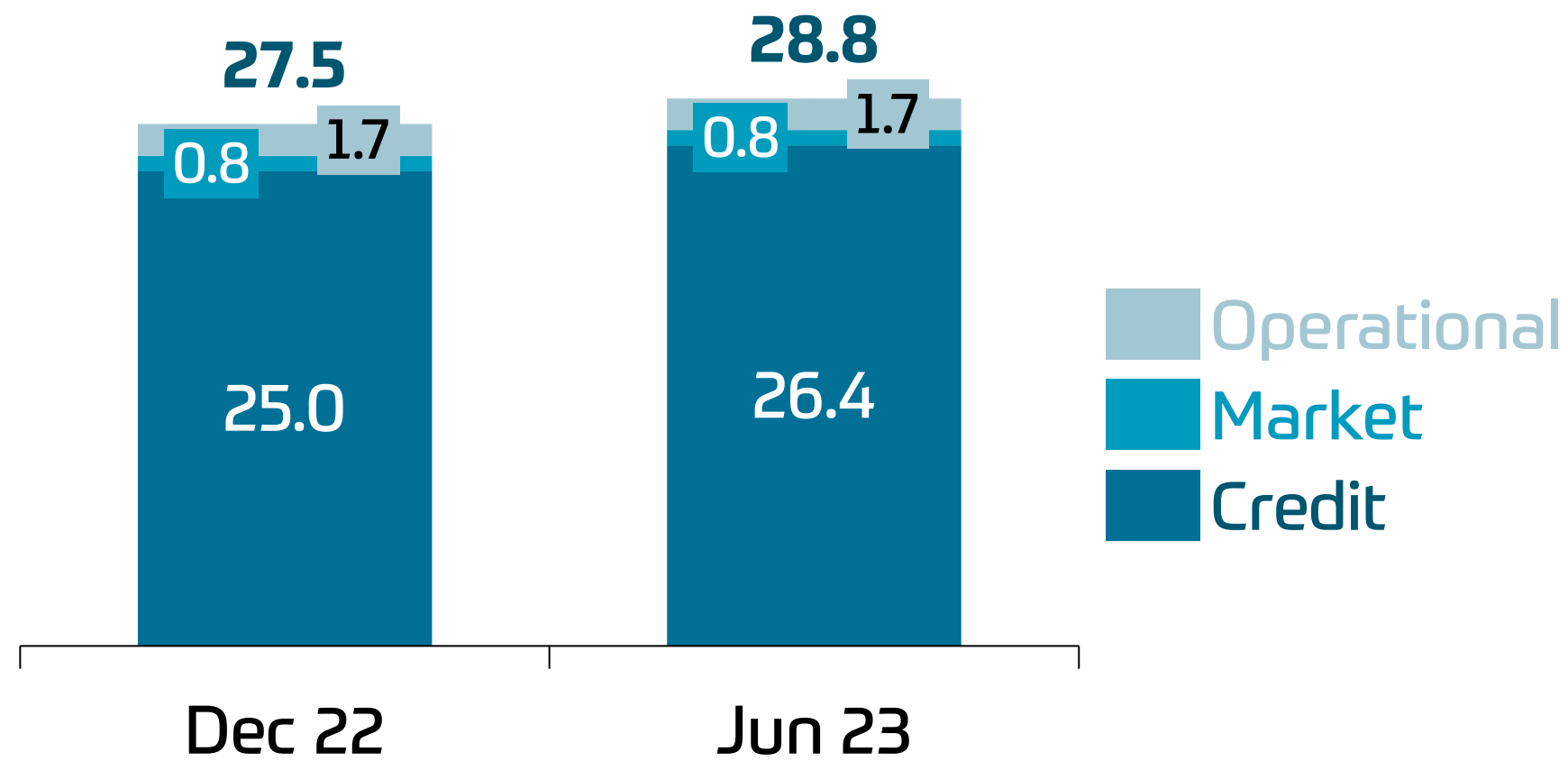


# Healthy Capital Ratios, well above Regulatory minimum

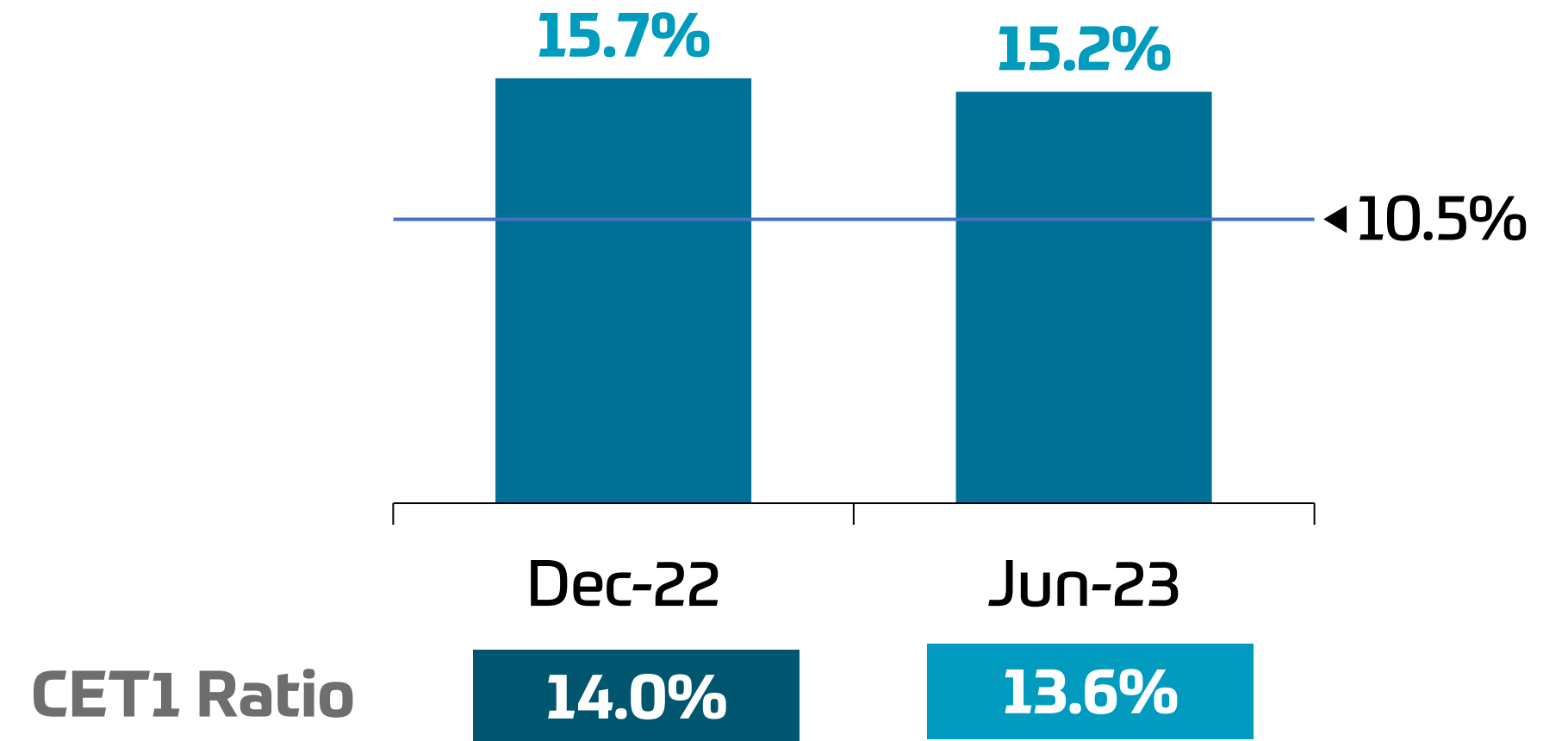
## Overview

- /Capital base remains strong
- /CET 1 Ratio (13.6%) comprises the majority of Tier 1 Ratio
- /Total CAR of 16.3% as at June 23
- /RWA stood at \$28.9bn as of June 23, growing by 5% from YE 2022, also reflecting strengthening BRL to USD

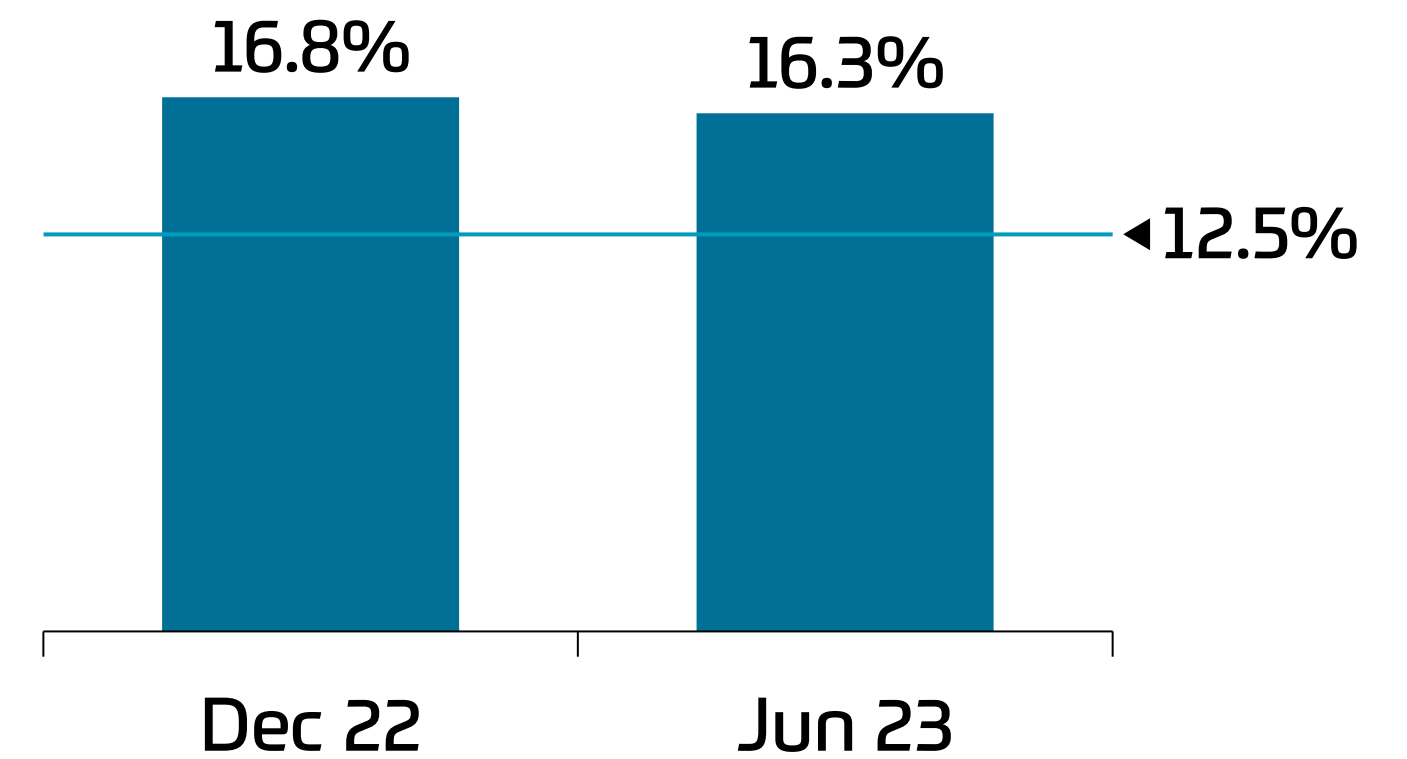
## RWA by Type of Risk, \$bn



## CET1 and Tier 1 Ratios, %



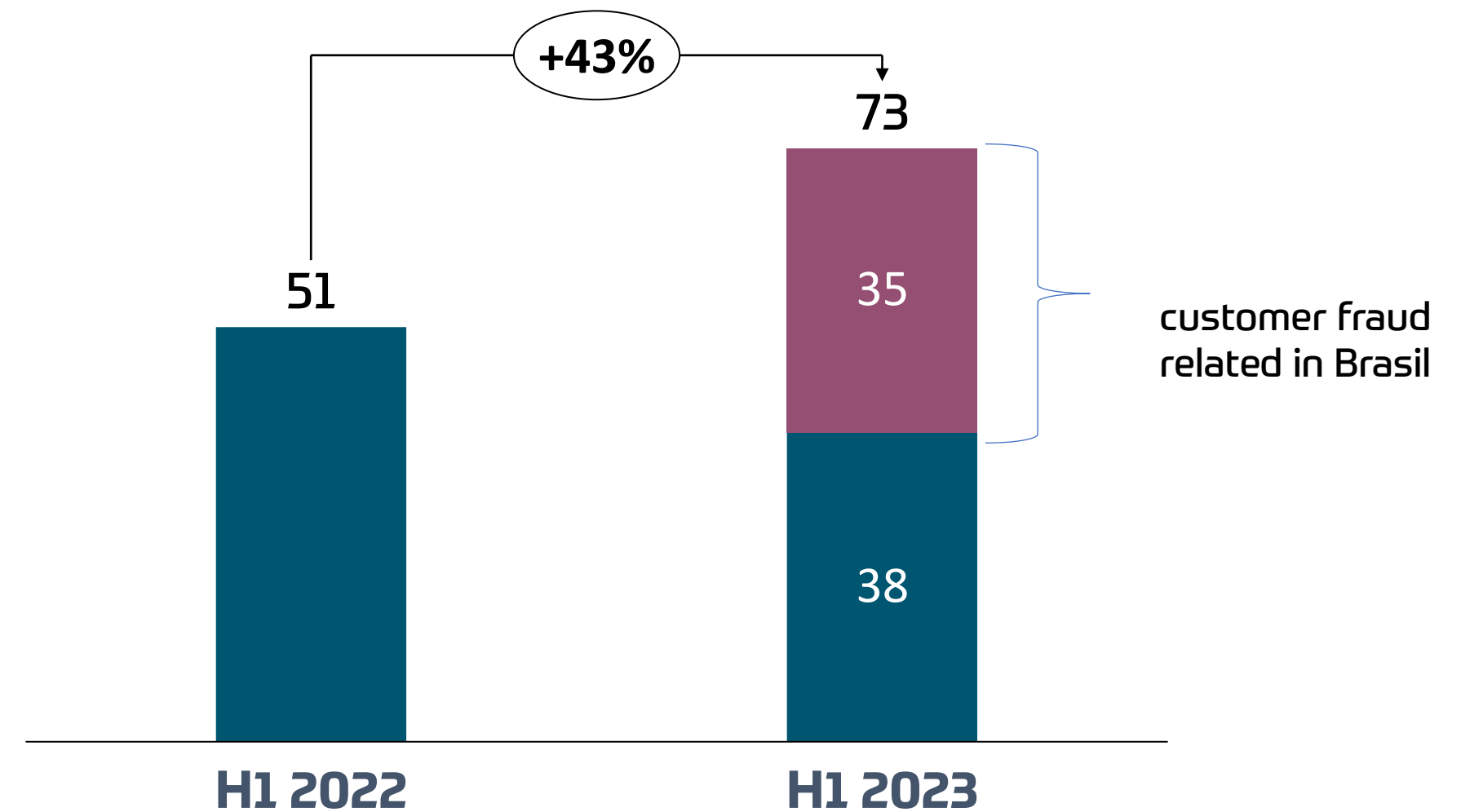
## Total Capital Adequacy Ratio, %



# Underlying ECL and cost of risk improved YoY

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

- Underlying Cost of risk at 40bps, 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 Americanas<sup>1</sup> Company Fraud event impacting our business in Brasil.
- NPL Ratio and Coverage ratio remain at healthy levels



Cost of risk <sup>2</sup>	57 bps	78 bps
Underlying Cost of risk		40 bps
Coverage ratio	105%	104%
NPL Ratio	3.7%	3.1%

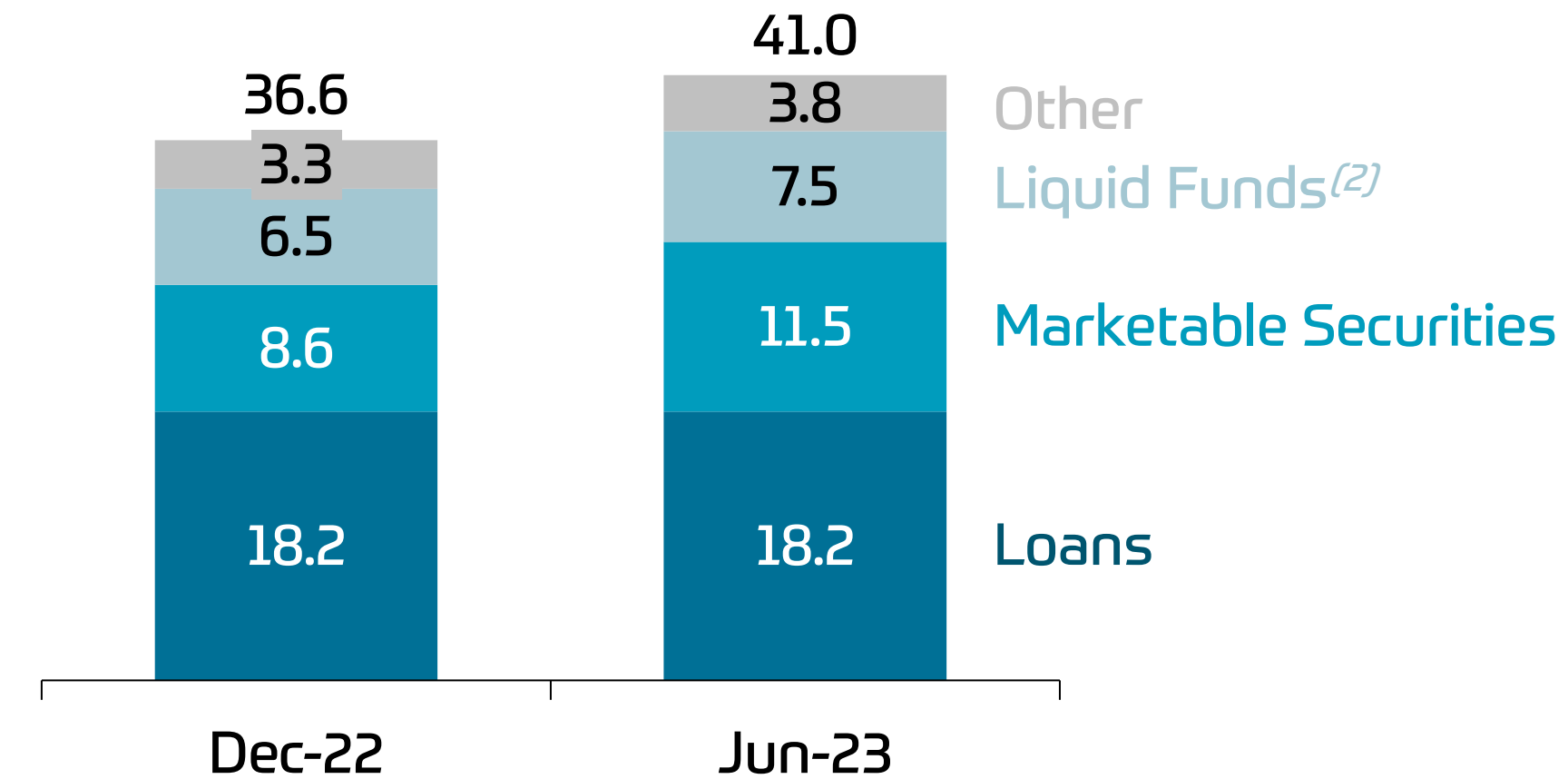
1. Americanas is a large online retailer in Brasil with major accounting irregularities disclosed early in Q1

2. Credit Loss expense / Gross Loans

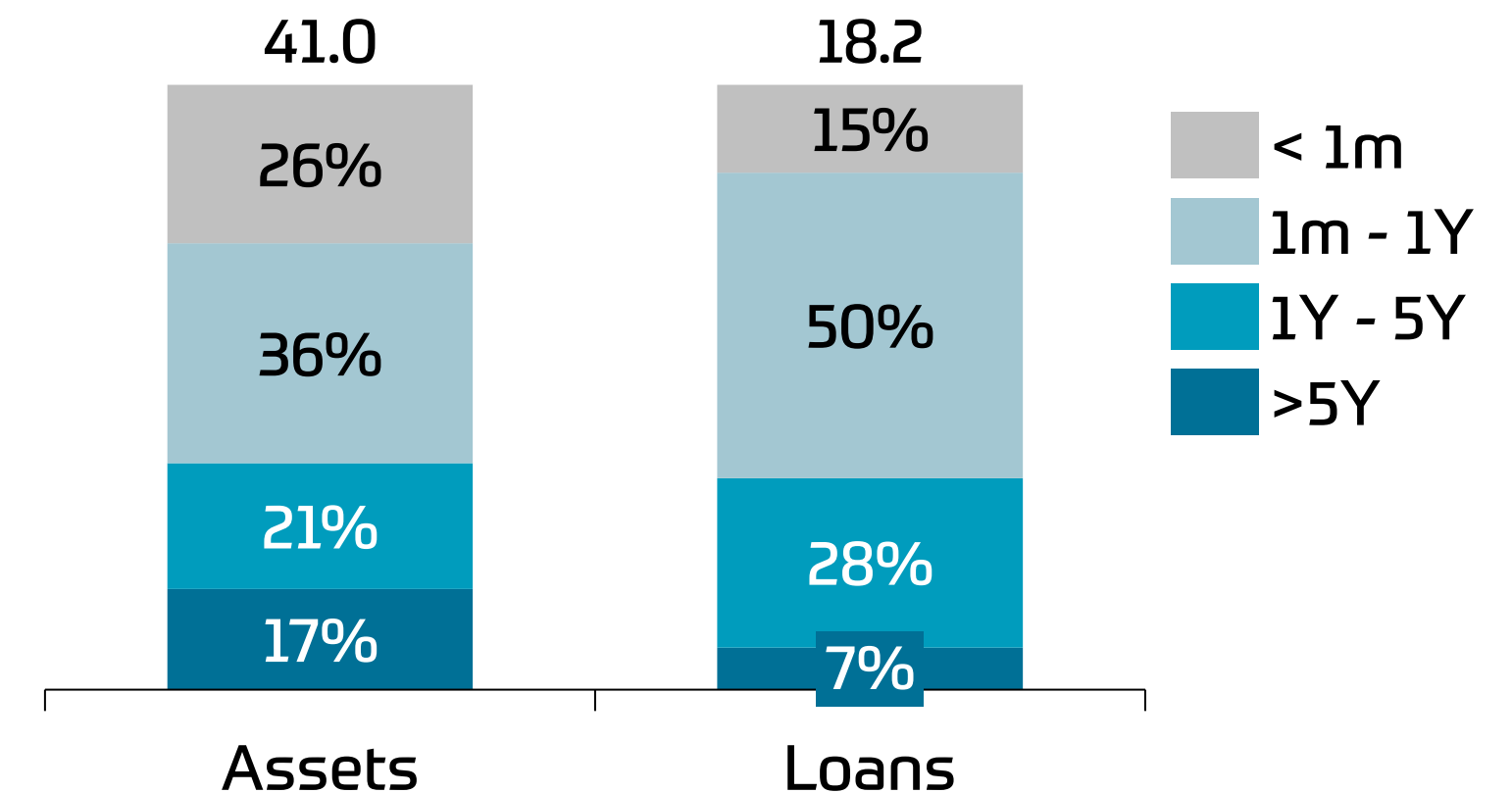
# Well Diversified and Liquid Balance Sheet

- / Total assets as of June 23 at \$41.0 billion, crossing \$40 billion for the first time in history, 12% higher than YE 2022 levels, primarily reflecting increase in marketable securities.
- / Book continues to be positioned with more than half the Assets maturing within 1-year
- / Loans comprised more than 40% of the Total assets and is broadly tracking to YE 2022 levels with growing volumes in some of our key markets, and strong deal pipeline in others.
- / Net loans to customer deposits ratio at 83%, slightly lower from the 85% at YE 2022
- / Strong liquid funds position with LCR of 317% <sup>(1)</sup> and NSFR of 123%

## June 23 Assets by Instrument, \$bn



## June 23 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.



Bank ABC continues to attain top industry awards for its pathbreaking innovations and landmark transactions, reinforcing its position as MENA's leading international bank. The Bank won the below awards in H1 2023.



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

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

**Best Trade Finance Provider in the Middle East** by Global Finance



- ✓ **H1 2023 net profit of \$121m, a surge of 72% on a YoY basis providing a strong performance for 2023.**
- ✓ **The Group's total operating income for H1 2023 at \$611m,** a 18% growth YoY, with momentum set to continue from core business growth and benefitted from strong interest rates.
- ✓ **Operating expenses were at \$364m,** 10% higher YoY with cost / income improving 4% due to 8% revenue/cost 'jaws'
- ✓ **Headline impairment charges (ECL) for the period were \$73m,** elevated due to a customer fraud related provision, higher exposures and rating downgrade in Egypt and Tunisia. Overall, underlying cost of risk at 40 bps improved YoY.
- ✓ **Total assets at \$41 billion, crossed the US\$40 billion mark** for the first time in the Group's history, a growth of 12% driven by business growth and portfolio management actions.
- ✓ **The Group maintains a strong balance sheet and capital position,** giving buffers for growth with a 15.2 % Tier 1 ratio (13.6% CET1), LCR of 317% and NSFR of 123%.
- ✓ **ABC continues to improve its position as a renowned leader in Transaction Banking and digital innovation** with widespread industry recognition, exemplified recently by **“Best Trade finance provider in the Middle East for 2023 from Global Finance”**

# Appendix: Normalised Financials

## Profit or Loss

US\$ millions	FY 2019	FY 2020	FY 2021	FY 2022	H1 2022	H1 2023
Interest Income	564	516	592	786	370	444
Non-Interest Income*	311	233	277	314	150	167
<b>Total Operating Income (TOI)*</b>	<b>875</b>	<b>749</b>	<b>869</b>	<b>1,100</b>	<b>520</b>	<b>611</b>
Total Operating Expenses	-524	-486	-569	-690	-331	-364
<b>Operating Profit</b>	<b>351</b>	<b>263</b>	<b>300</b>	<b>410</b>	<b>189</b>	<b>247</b>
Provisions	-82	-329	-106	-119	-51	-73
<b>Profit before Taxes &amp; M.I.</b>	<b>269</b>	<b>-66</b>	<b>194</b>	<b>291</b>	<b>138</b>	<b>174</b>
Taxes*	-33	-9	-66	-82	-42	-28
M.I.	-42	-14	-28	-55	-26	-25
<b>Net Profit</b>	<b>194</b>	<b>-89</b>	<b>100</b>	<b>154</b>	<b>70</b>	<b>121</b>

## Balance Sheet

US\$ millions	2019	2020	2021	2022	H1 22	H1 23
Liquid Funds**	5,323	5,378	6,355	6,498	5,582	7,458
Marketable Securities	6,343	6,867	9,292	8,670	8,365	11,594
Loans & Advances	16,452	15,656	16,716	18,190	17,022	18,154
Other	1,950	2,506	2,538	3,281	3,317	3,775
<b>Total Assets</b>	<b>30,068</b>	<b>30,407</b>	<b>34,901</b>	<b>36,639</b>	<b>34,286</b>	<b>40,981</b>
Customer Deposits	17,065	17,667	21,459	21,831	20,993	22,130
Bank Deposits	4,905	4,747	6,399	6,642	5,342	9,981
Borrowing	2,080	1,795	1,211	1,297	1,244	1,304
Other	1,529	2,054	1,597	2,348	2,202	2,944
<b>Total Liabilities</b>	<b>25,579</b>	<b>26,263</b>	<b>30,666</b>	<b>32,118</b>	<b>29,781</b>	<b>36,359</b>
Shareholders' Equity	4,031	3,767	3,872	3,705	3,715	3,763
Non-Controlling Interest	458	377	363	426	400	469
Additional / Perpetual Tier-1 Capital	-	-	-	390	390	390
<b>Total Equity</b>	<b>4,489</b>	<b>4,144</b>	<b>4,235</b>	<b>4,521</b>	<b>4,505</b>	<b>4,622</b>
<b>Total Liabilities &amp; Equity</b>	<b>30,068</b>	<b>30,407</b>	<b>34,901</b>	<b>36,639</b>	<b>34,286</b>	<b>40,981</b>

## Key Metrics

Normalized Cost to Income, %	60%	65%	65%	63%	64%	60%
Tier 1 Ratio, %	16.9%	16.6%	15.9%	15.7%	16.6%	15.2%
CET 1, %	16.6%	16.2%	15.5%	14.0%	14.7%	13.6%
RoAE,%	4.9%	-	2.6%	3.8%	3.5%	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 H1 23 and YOY comparison above\*\* Liquid funds includes placements with banks & other financial institutions and securities bought under repurchase agreements.



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