

2023 Results Presentation



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Refreshed strategy for accelerated growth and high returns, positioning Bank ABC to be MENA's International Bank of the Future



Record Revenues of \$1,279m +16% YoY

Strong momentum backed by Core business growth and interest rate tailwinds

Healthy Balance Sheet T1 Ratio 15.0%, NSFR 128%

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

Record Total Assets of \$44bn +20% YOY

Crossing the \$40bn mark for the first time from a combination of loans, securities and liquid asset growth

Net profit US\$ 235m +53% YoY, RoAE ~5.8%, ~+2% YoY

Net Operating Income +25% YoY. Cost discipline facilitating investments delivering growth in our digital units



Building MENA's International Bank of the Future

1 Accelerate our Core Performance

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

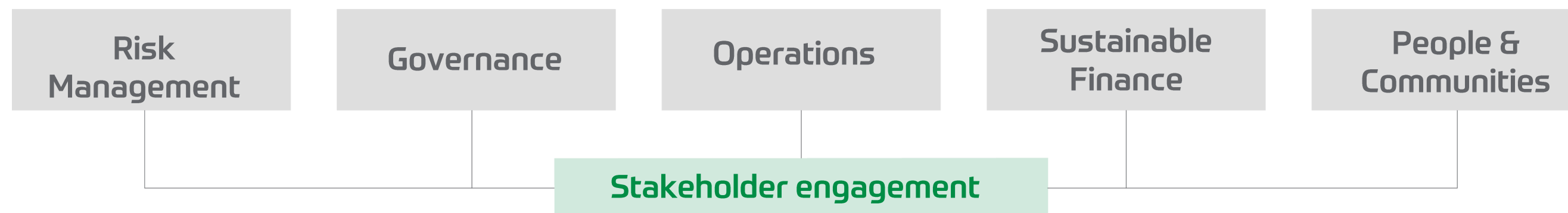
- / Newly approved Group Strategy
- / Clear objectives, milestones and strategic KPIs established
- / Built momentum in 2023 and accelerating delivery into 2024

Execution is the Group's priority, seeking to progress on our strategic objectives of creating near / long-term value and future-proofing the Bank

Embedding sustainability across Bank ABC's value chain to ensure:

- ✓ Ability to adapt
- ✓ Create value
- ✓ Our business is 'Fit for purpose'.

Bank ABC Sustainability Strategy



2023 Achievements

- ✓ Initial measurement of environmental impact of business and operations
- ✓ Developed Sustainable Finance Framework
- ✓ Over \$800m of sustainable finance (excl. ABC Brasil)
- ✓ Launched sustainability training program

2024 Objectives

- ✓ Publish 2023 Group Sustainability Report
- ✓ Reduce environment impact of operations
- ✓ Integrate ESG assessment into credit approval process
- ✓ Accelerate sustainability training program



Launched a 3 year program (2023-2026) of action plans to integrate sustainability across the business

For the third time, Bank ABC has been awarded the **Bank of the Year Award for 2023** by The Banker/ FT.

The award stands testament to Bank ABC's consistent efforts to develop a stronger, more resilient bank for its clients, by way of accelerating its ambitious digital transformation programme, driven by innovation, in thought and action.



For the third consecutive year, ila Bank is named Best Consumer Digital Bank in Bahrain

ila Bank continues its streak of excellence winning all six titles at the 'World's Best Consumer Digital Bank Awards 2023' by Global Finance.



- ✓ Best Online Product Offerings
- ✓ Best User Experience (UX) Design,
- ✓ Best Mobile Banking App,
- ✓ Best in Social Media Marketing & Services,
- ✓ Best Innovation and Transformation awards for Bahrain.



Regional Awards



emeafinance



- ✓ Best Trade Finance Provider in the Middle East - Global Finance
- ✓ World's Best Financial Innovation Labs - Global Finance
- ✓ Best Overall Cash Management Provider in Tunisia – Global Finance
- ✓ Market Leader in Corporate Banking - Euromoney
- ✓ Market Leader in Digital Solutions - Euromoney
- ✓ Highly Regarded in ESG – Euromoney
- ✓ Best Receivables Finance in the Middle East - EMEA Finance
- ✓ Best Cash Management Services in the Middle East- EMEA Finance
- ✓ Aircraft Finance Deal of the Year - BLS Middle East Awards
- ✓ Global Corporate Sukuk Deal of the Year - BLS Middle East Awards
- ✓ Metal and Mining Award of the Year - BLS Middle East Awards

Bahrain Awards

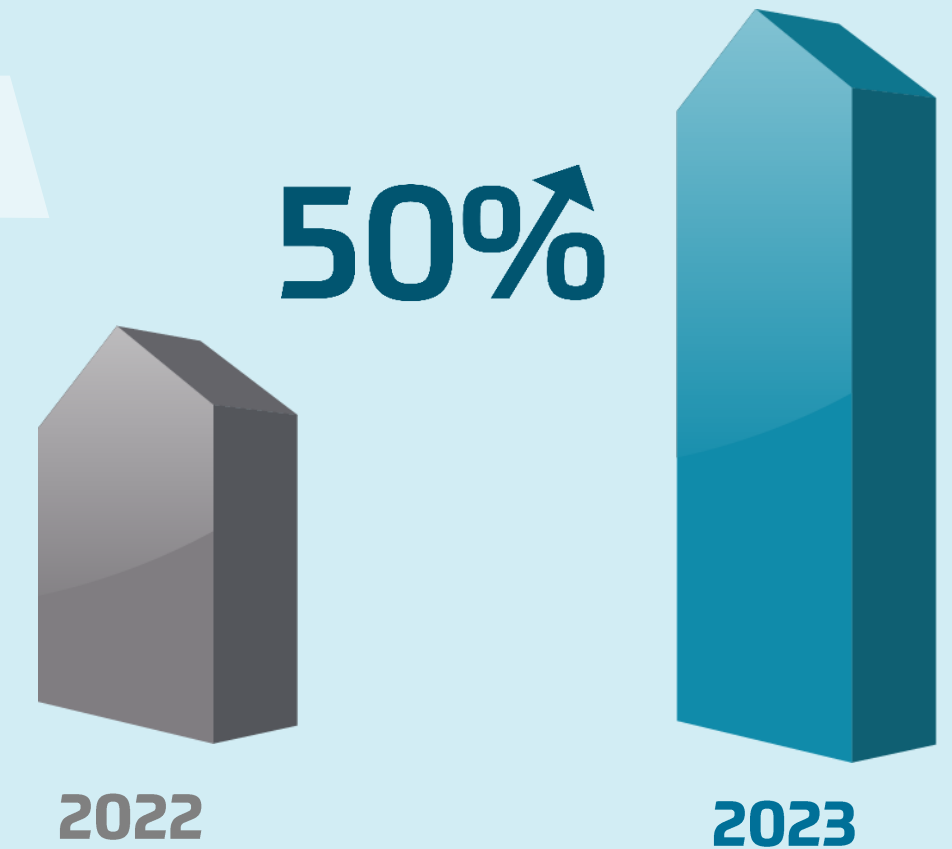


- ✓ Best Islamic Financial Institution in Bahrain by Global Finance
- ✓ Best Corporate Bank in Bahrain – Euromoney Awards for Excellence 2023

5 50% YOY Increase in Dividends in Line with Profit Growth

Recommendation, for approval at the AGM, a cash dividend of 2.25c per share equivalent to US\$ 70 million (+50% YOY)

Dividends



✓ Maintain pay-out ratio ~30% of Net Profit

✓ Dividend yield of 7.5%

✓ Allows for sustainable growth with balance sheet strength

Net Profit Payout



2023 Detailed Financial Performance

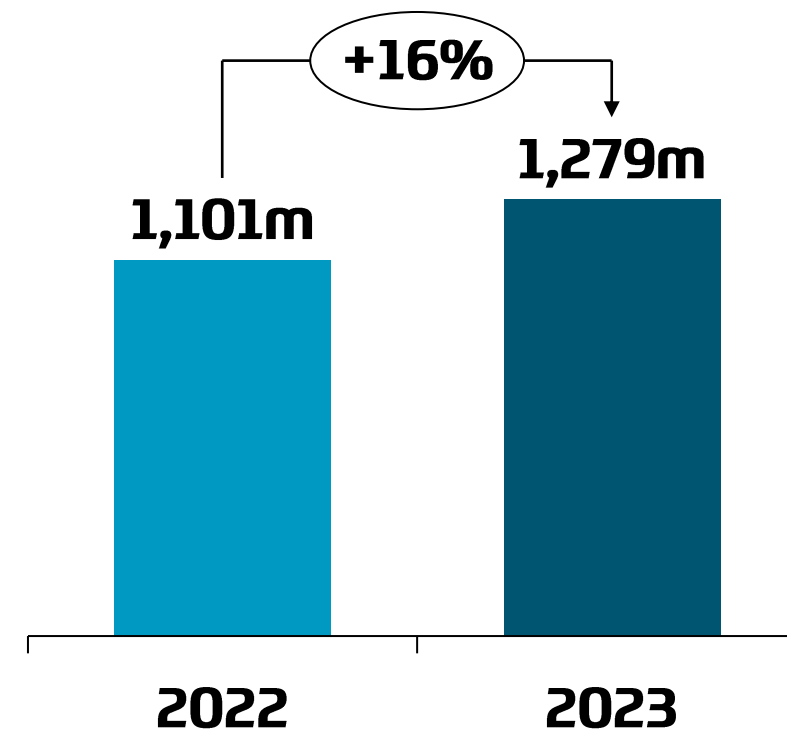




Net Profit at \$235m, a growth of 53% YoY

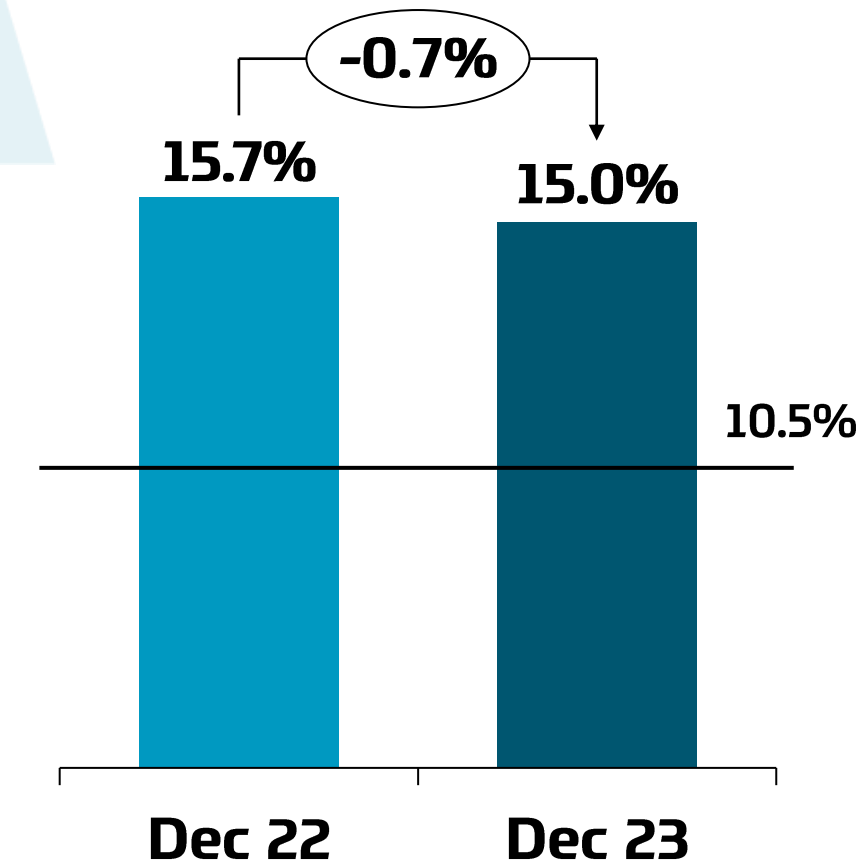
Total Operating Income, \$m

- / Record high in Group history at \$1,279m, 16% growth YoY on the back of strong core business growth and stable funding base, combined with interest rate tailwinds
- / Revenues tracking higher on a YoY basis across almost all our units



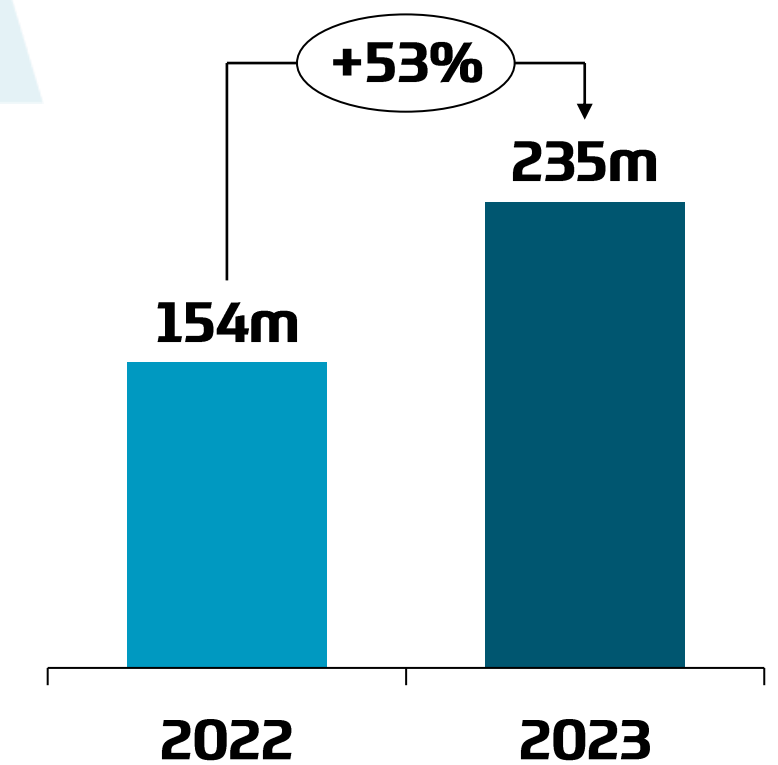
T1 Capital Ratio, %

- / Remains strong and well above the regulatory minimum of 10.5%
- / CET 1 Ratio (13.5%) comprises the majority of Tier 1 Ratio



Net Profit, \$m

- / Net operating profit (before provisions and taxation) grew by +25%
- / Net Profit of \$235m, a strong 53% growth

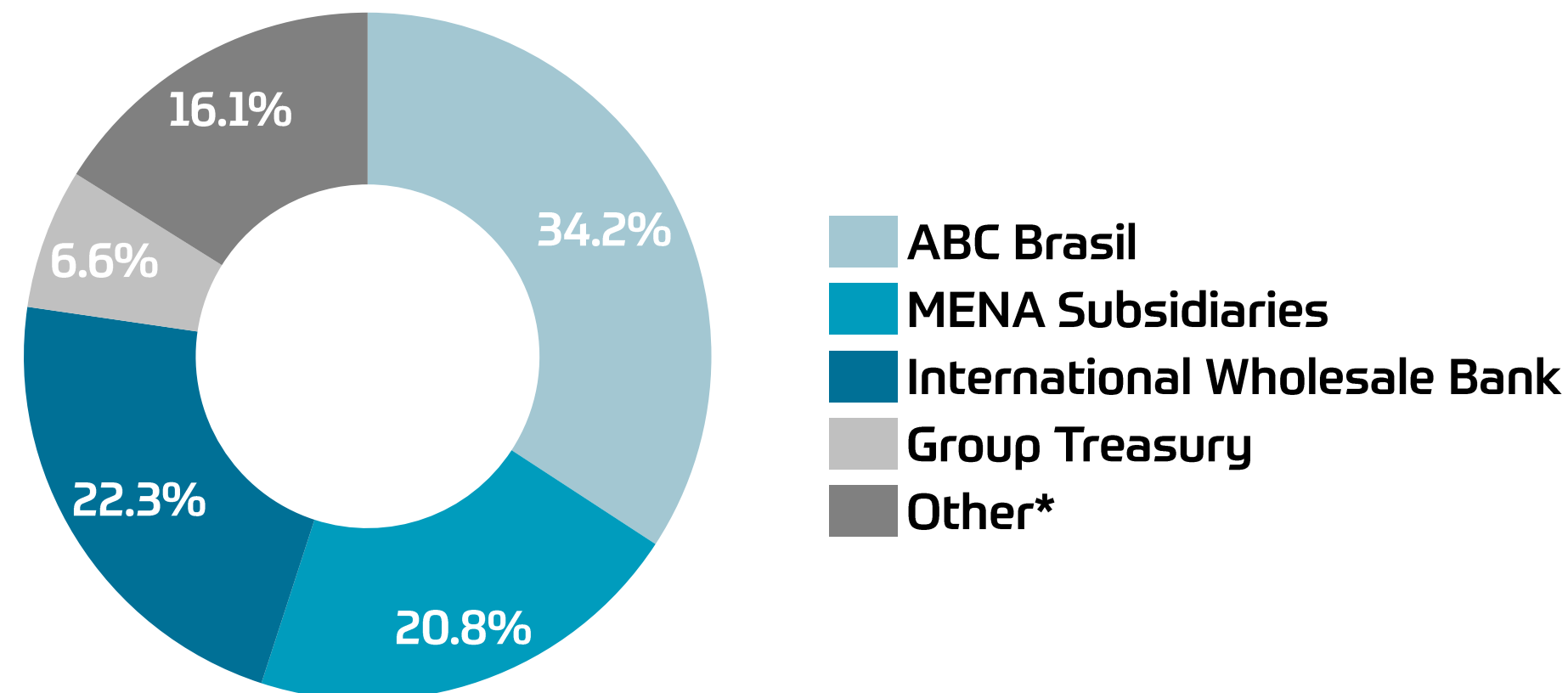


/ TOI reached a record high in Group history at \$1,279m during 2023, 16% higher on a YoY basis, and was well diversified across our markets and business lines

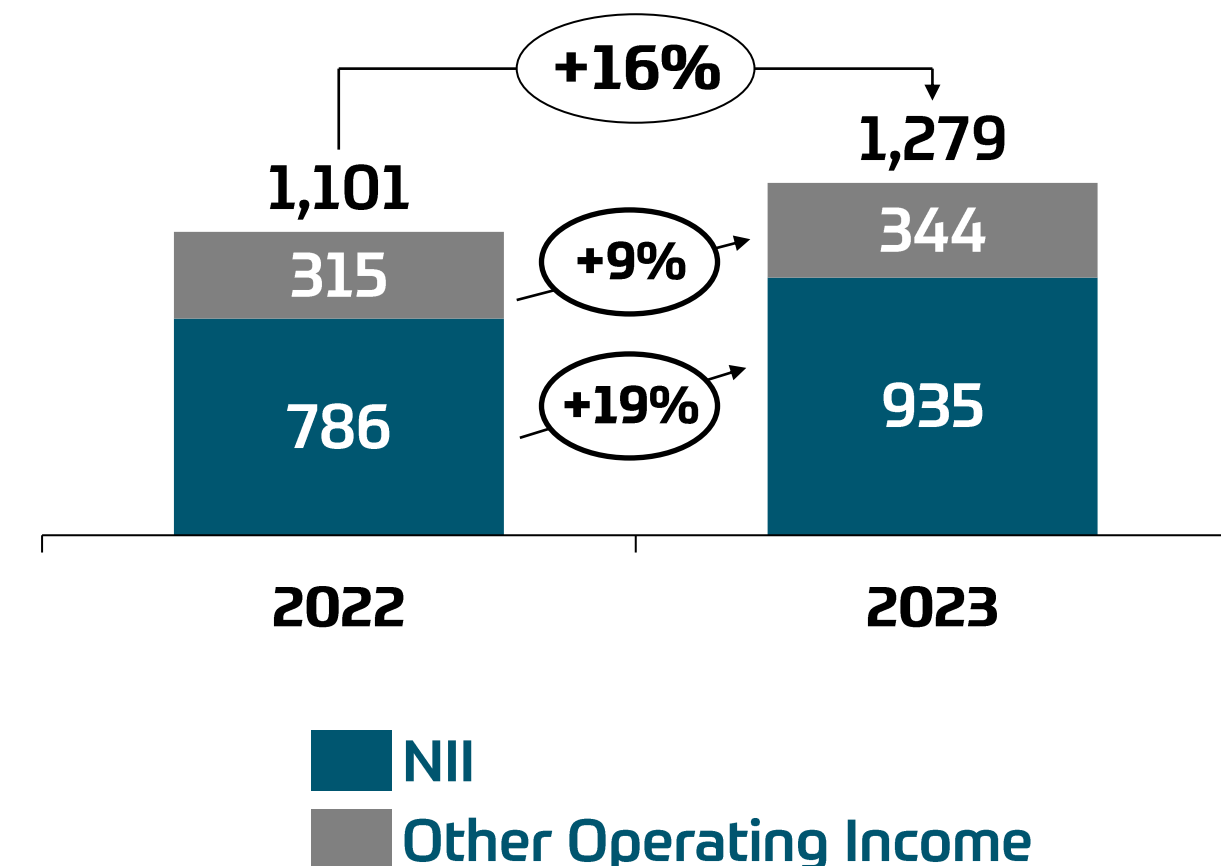
/ Net interest income at \$935m +19% year on year supported by strong loan volumes, interest rate tailwinds and improving margins. NIM +30bps YoY

/ Other operating income also up 9% YoY reflecting increasing client cross sell and ancillary fee income

2023 TOI by business



2023 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”.

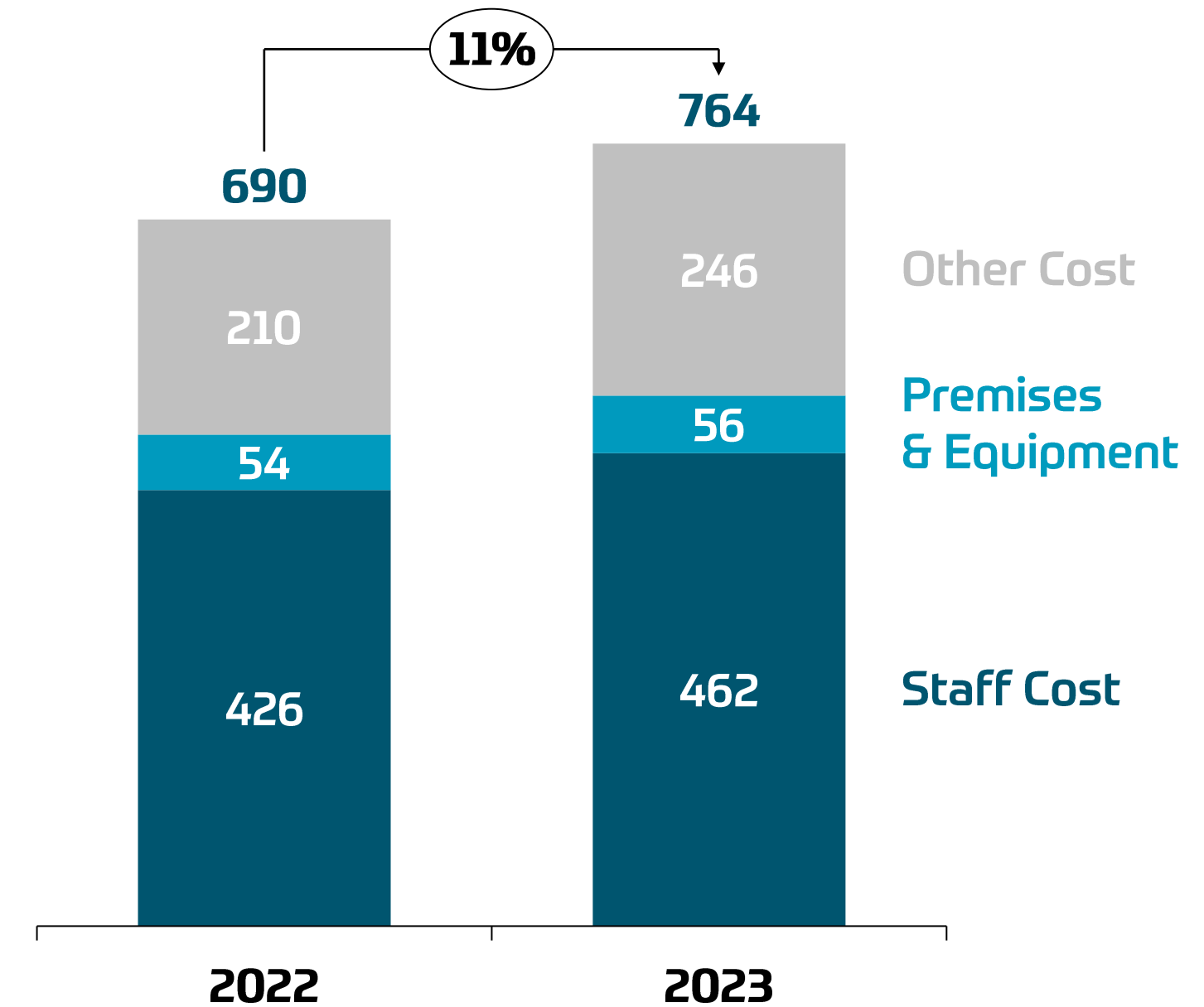
/ +16% increase in TOI YoY

/ +11% increase in costs YoY

/ +5% “positive jaws”

/ Cost to income ratio therefore improved ~3% to 59.7% on a headline basis and ~2% to 54.8% when adjusted for ongoing investment in digital initiatives

Operating Expenses and Cost to Income Ratio



C/I ratio	62.7%	59.7%
C/I Ratio (ex-Digital)	56.9%	54.8%

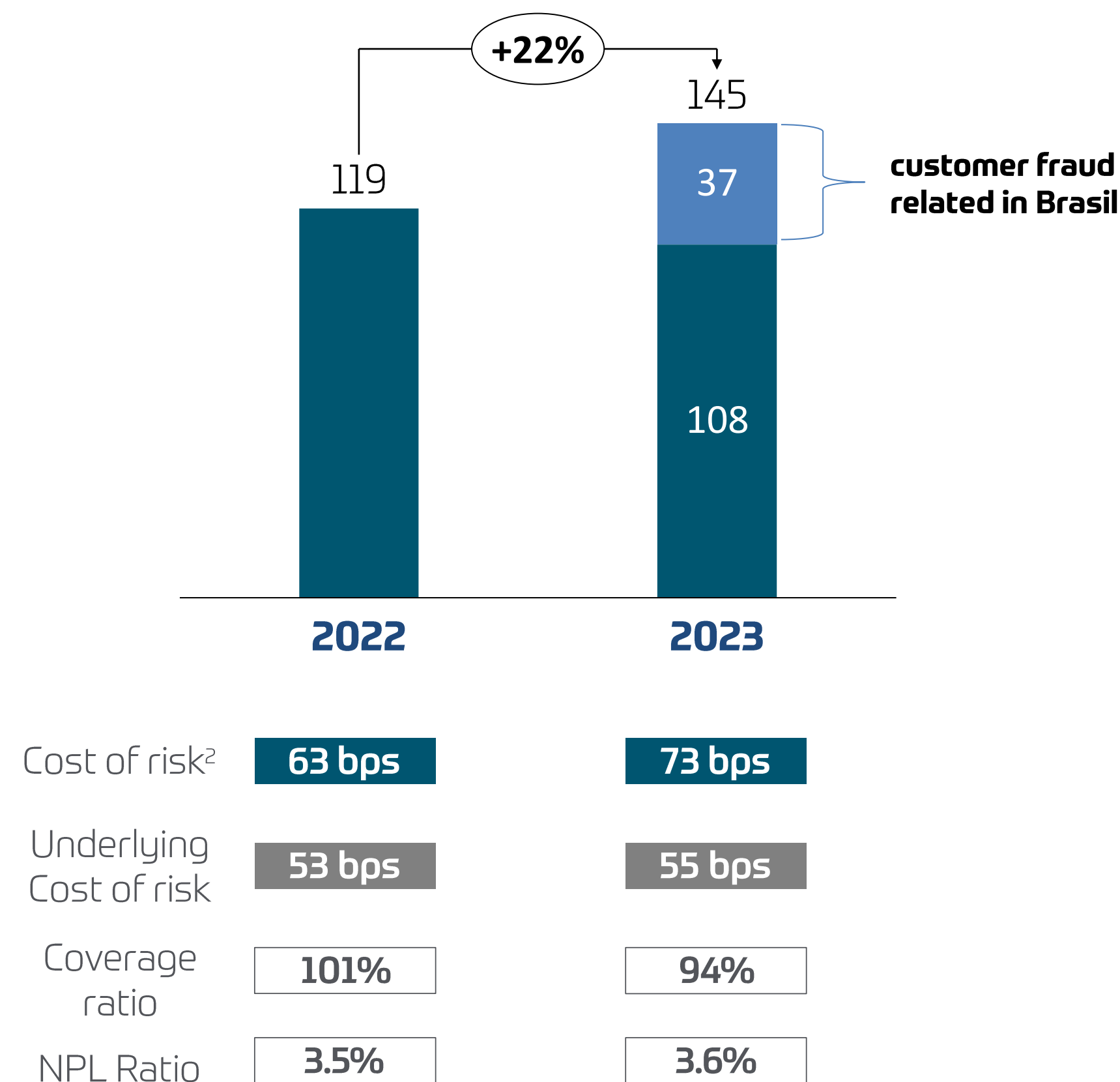
Business growth being prudently managed by a healthy level of risk appetite and risk frameworks

- / Underlying Cost of risk at 55bps remained steady at last year levels due to benign provision experience across all other business and units
- / Headline ECL and cost of risk impacted by one-off Americanas ¹Company Fraud event impacting our business in Brasil.
- / NPL Ratio and Coverage ratio remain at healthy levels

1. Americanas is a large online retailer in Brasil with major accounting irregularities disclosed early in Q1 2023

2. Credit Loss expense / Gross Loans

ECL and cost of risk, \$m, bps



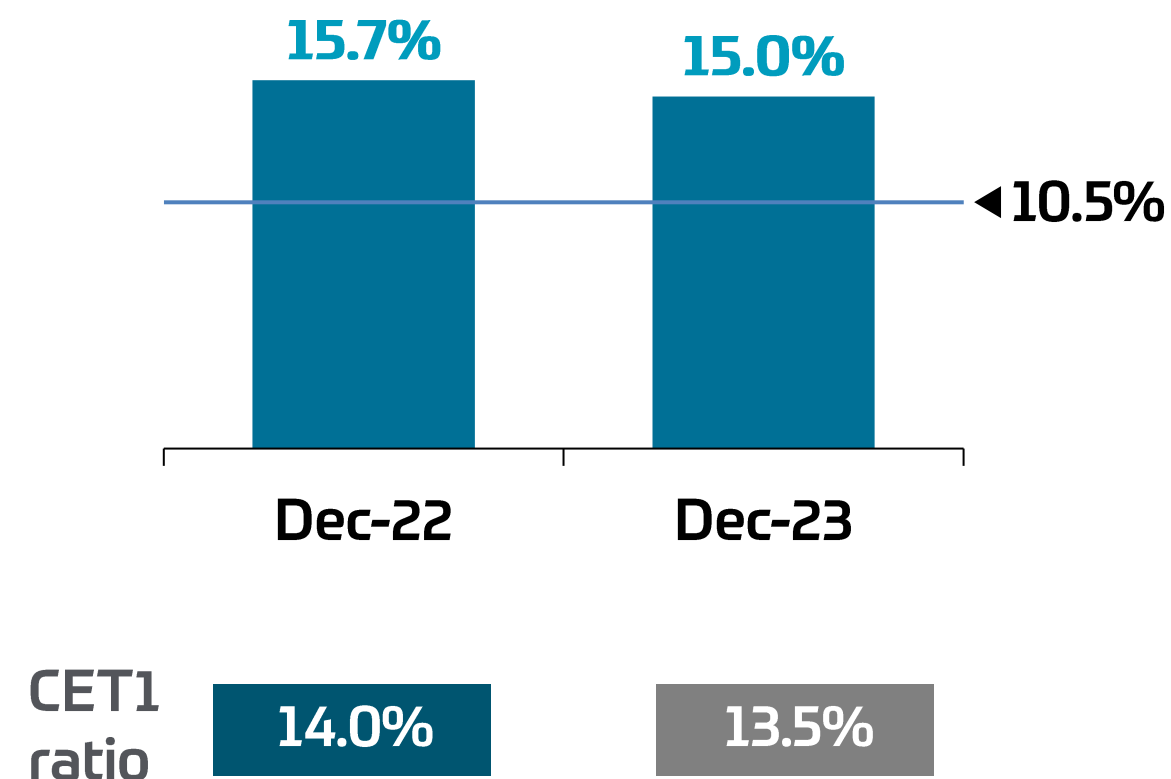
Overview

- / Capital base remains strong
- / CET 1 Ratio (13.5%) comprises the majority of Tier 1 Ratio

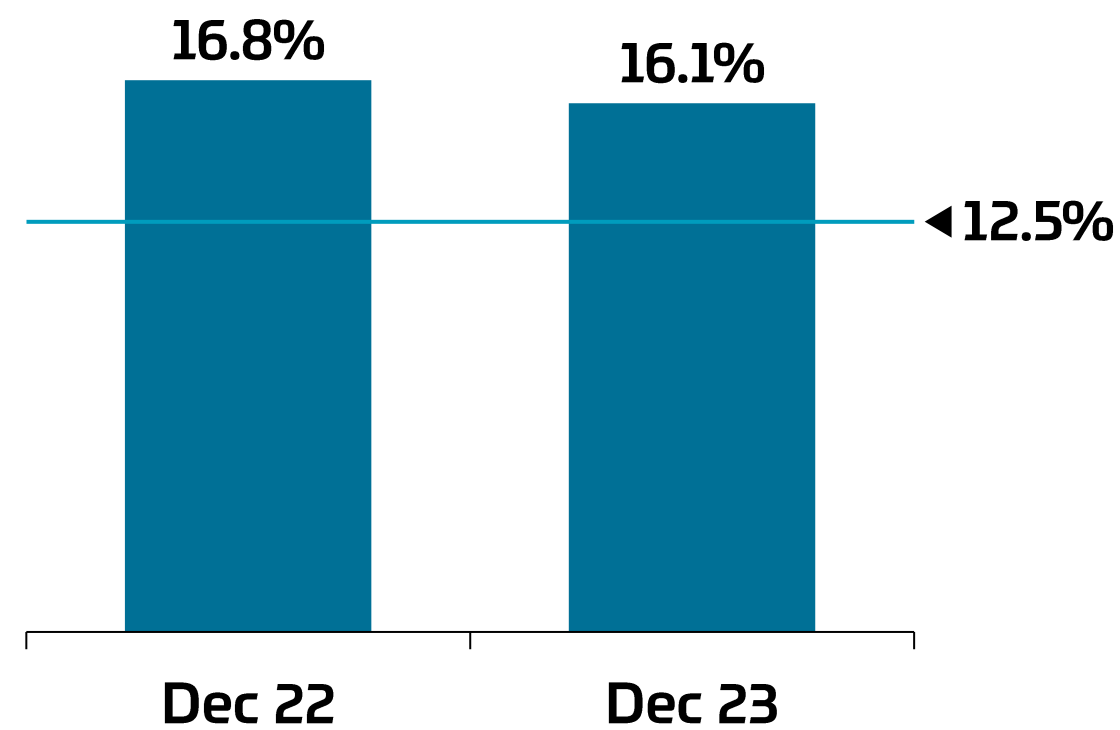
- / Total CAR of 16.1% as of Dec 23

- / RWA stood at \$30.2bn as of Dec 23, growing by 10%, also reflecting strengthening BRL to USD

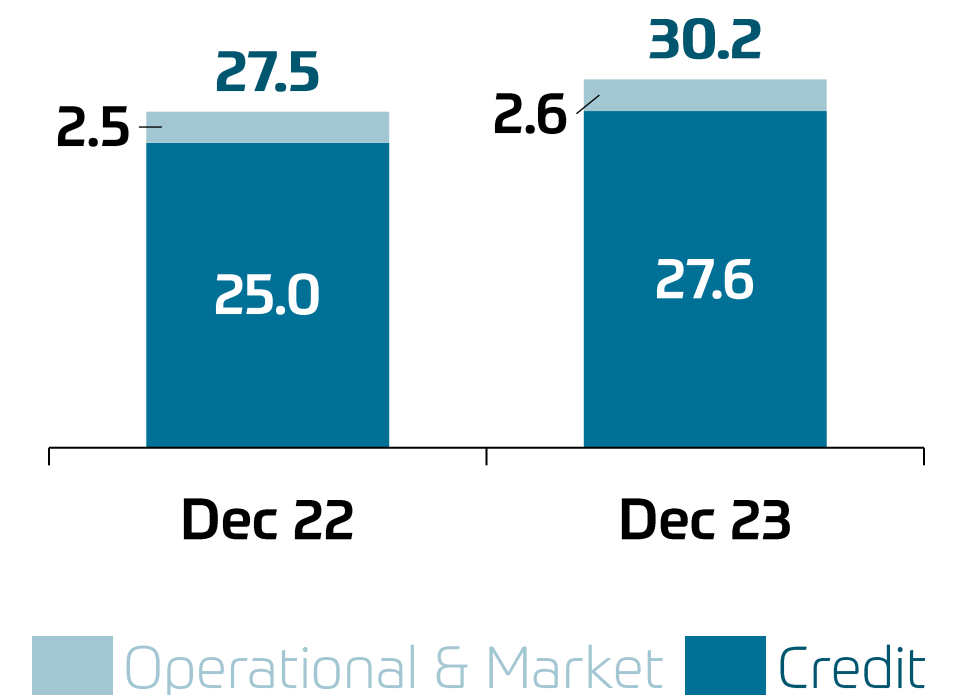
CET1 and Tier 1 Ratios, %



Total CAR, %



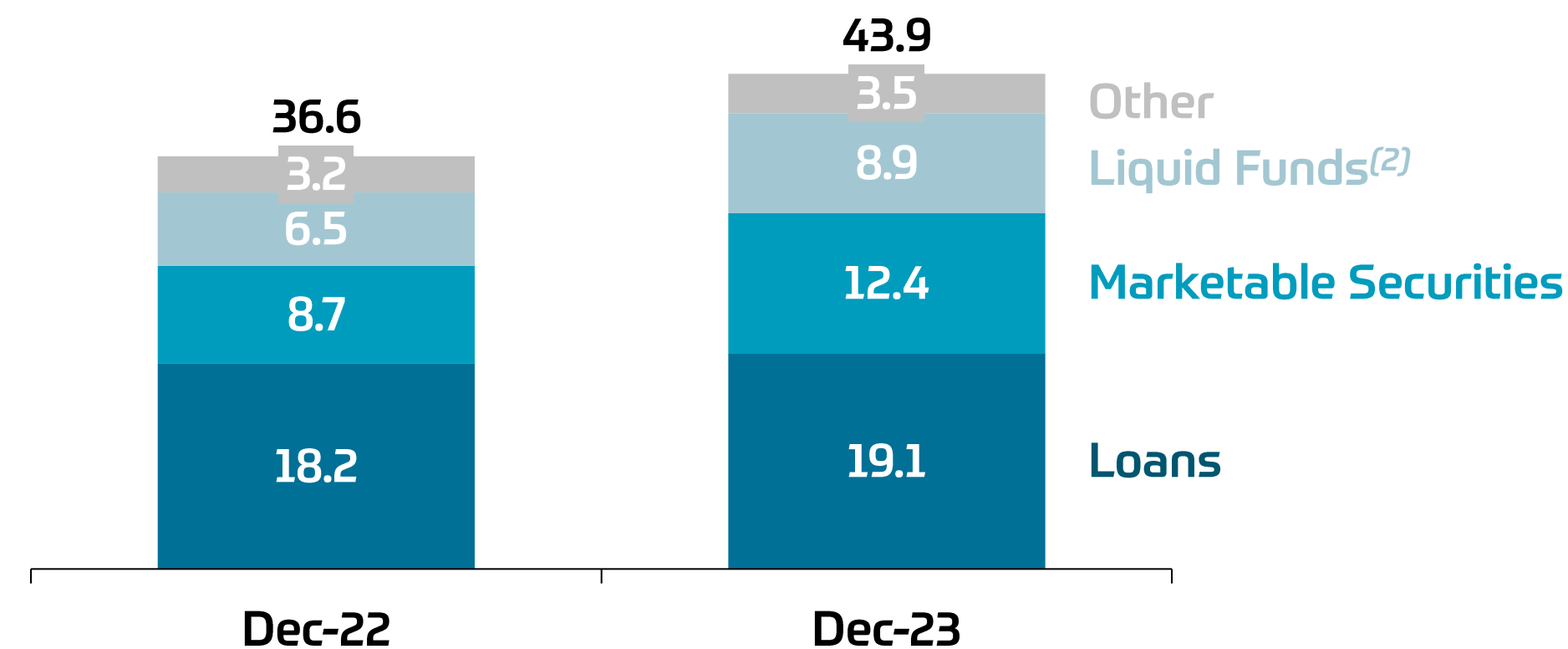
RWA by Type of Risk, \$bn



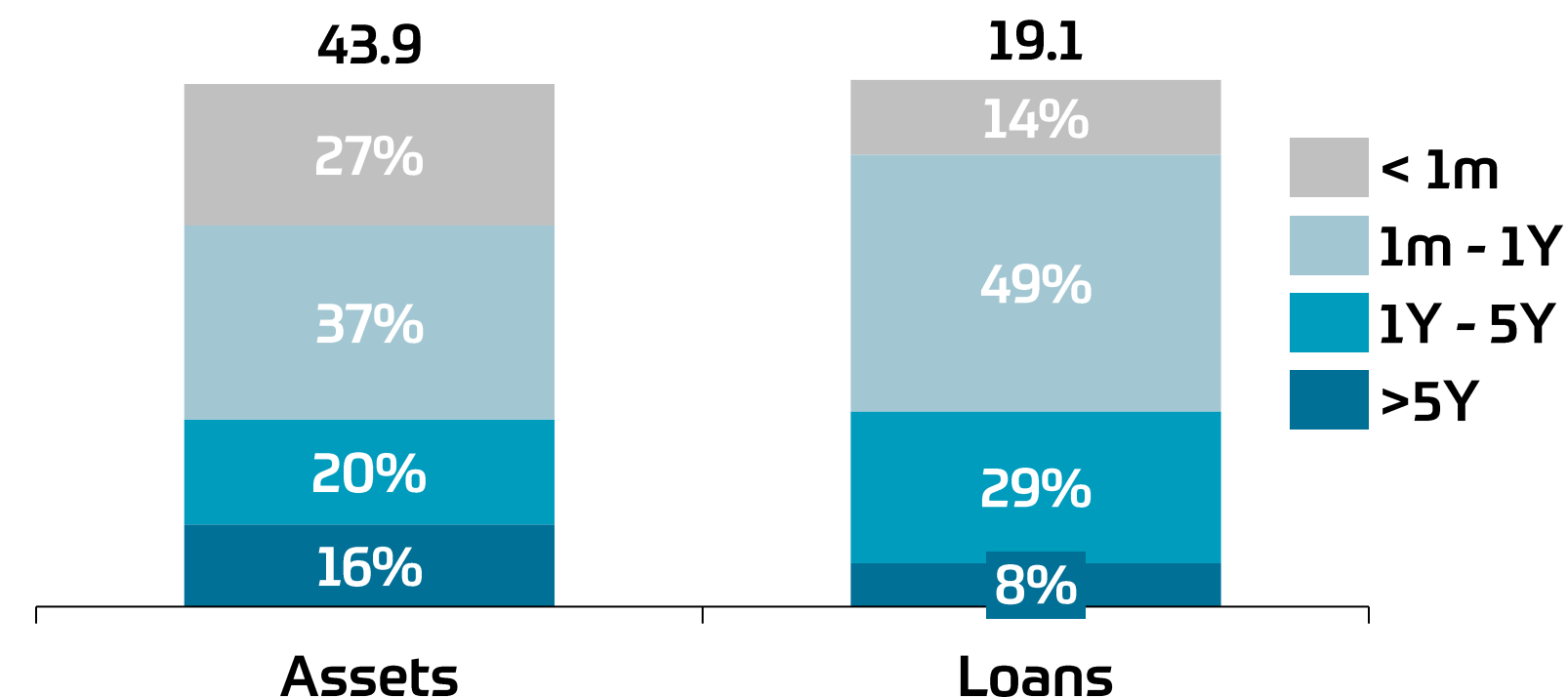
- / Record Total Assets of \$44bn, exceeding the \$40bn mark for the first time in Group history (+20% YOY), from a combination of loans, securities and liquid asset growth
- / Book continues to be positioned with 64% of Total Assets maturing within 1-year
- / Loans comprised 43% of Total Assets and grew by 5% during 2023. Expectations are for lending growth to continue as we progress through 2024, with a strong deal pipeline across the franchise
- / Net loans to customer deposits ratio at 81%, broadly in line with YE 2022 levels
- / Strong liquid funds position with LCR of 278%¹ and NSFR of 128%

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.

2023 Assets by Instrument, \$bn



2023 Assets by Maturity, \$bn



The Group has **refreshed its strategy for the 2023 to 2026 cycle to focus on accelerated growth and high returns, positioning Bank ABC to be MENA's International Bank of the Future.**

Record Group Revenues for 2023 at \$1,279m, a 16% growth YoY, with strong momentum backed by core business growth and interest rate tailwinds

Operating expenses were at \$764m, 11% higher YoY with +5% “positive jaws” and 2% improvement in C/I ratio as the Group continues to enforce cost discipline without compromising on investments into its transformation agenda

Headline impairment charges (ECL) for the period were \$145m, elevated due to a customer fraud related provision, higher exposures and rating downgrade in Egypt and Tunisia. Overall, underlying cost of risk at 55 bps remained steady

Record Total assets at \$44 billion, a growth of 20% YOY from a combination of loans, securities and liquid asset growth

The Group maintains a strong balance sheet and capital position, giving buffers for growth with a 15.0% Tier 1 ratio (13.5% CET1), LCR of 278% and NSFR of 128%

ABC continues to improve its position as a renowned leader in Transaction Banking and digital innovation with widespread industry recognition, exemplified recently by **‘Best Consumer Digital Bank’ for ila, among all 6 awards for Bahrain by Global Finance and Bank of the Year in Bahrain by The Banker**

Profit or Loss

US\$ millions	2019	2020	2021	2022	2023
Net Interest Income	564	516	592	786	935
Non-Interest Income*	311	233	277	315	344
Total Operating Income (TOI)*	875	749	869	1,101	1,279
Total Operating Expenses	-524	-486	-569	-690	-764
Net Operating Profit	351	263	300	411	515
Provisions	-82	-329	-106	-119	-145
Profit before Taxes & M.I.	269	-66	194	292	370
Taxes*	-33	-9	-66	-83	-74
M.I.	-42	-14	-28	-55	-61
Net Profit	194	-89	100	154	235

Balance Sheet

US\$ millions	2019	2020	2021	2022	2023
Liquid Funds**	5,323	5,378	6,355	6,498	8,888
Marketable Securities	6,343	6,867	9,292	8,670	12,438
Loans & Advances	16,452	15,656	16,716	18,190	19,096
Other	1,950	2,506	2,538	3,281	3,470
Total Assets	30,068	30,407	34,901	36,639	43,892
Customer Deposits	17,065	17,667	21,459	21,831	23,847
Bank Deposits	4,905	4,747	6,399	6,642	11,068
Borrowing	2,080	1,795	1,211	1,297	1,303
Other	1,529	2,054	1,597	2,348	2,870
Total Liabilities	25,579	26,263	30,666	32,118	39,088
Shareholders' Equity	4,031	3,767	3,872	3,705	3,910
Non-Controlling Interest	458	377	363	426	504
Additional / Perpetual Tier-1 Capital	-	-	-	390	390
Total Equity	4,489	4,144	4,235	4,521	4,804
Total Liabilities & Equity	30,068	30,407	34,901	36,639	43,892

Key Metrics

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

* 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 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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