

# YTD Sep 2024

## Results Presentation



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



**Strong revenue momentum, surpassing the \$1 billion threshold for the first time at 9 months stage**

YTD Sep Revenues at \$1bn, a +6% growth YoY reflecting core business momentum and origination across the franchise

**Healthy Balance Sheet T1 Ratio 14.2%, NSFR 119%, LCR 183%**

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

**Net profit US\$215m +17% YoY**

Strong growth driven across many markets, higher average asset volumes and disciplined management of operating expenses and cost of credit

**ROE 7.0%\*, +95bps YoY**

Reflecting the positive momentum to improve return on capital across our core businesses

\*Annualized return on equity, extrapolated YTD Q3 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

## Continued momentum in Executing our Transformation Roadmap in 2024

- / Launched **new Retail digital app** in more Units
- / Released enhancement to our **new WB Digital Banking platform**
- / Published **first Sustainability report**
- / Progressed **new Core Banking** system implementation
- / Launched **new strategic KPIs framework**

*Bridging continents through tailored  
Transaction Banking solutions*

## Best Bank for ‘Transaction Banking in the Middle East’ by The Banker- FT

*The globally-renowned The Banker – Financial Times honours Bank ABC for its excellence in corporate banking demonstrated through strategic transformation and digitisation, double-digit growth and innovative wholesale banking solutions.*



*Innovative banking triumphs again*

# Best Bank for ‘Innovation in Digital Banking in the Middle East’ by The Banker- FT

*Bank ABC was recognized for the accelerated execution of its digital transformation and bespoke innovation programme that have generated significant value for stakeholders and driven then industry forward.*



## Additional awards recognizing the Bank's accelerated strategic transformation and excellence across business disciplines

### Regional

- / **'Best Corporate Cross-Border Payments Solution in the Middle East'** - Global Finance
- / **'Best Bank for Long-term Liquidity Management – Africa'** - Global Finance
- / **World's Best Financial Innovation Labs Award for ABC Labs** – Global Finance
- / **'Best Trade Finance Provider in the Middle East'** – Global Finance
- / **'Best Trade Finance Bank in the Middle East'** – Global Trade Review (GTR)
- / **'Fastest Growing Digital Bank in MENA Central'** for ila Bank - Mastercard
- / **'Best Open Banking APIs in the Middle East'** for ila Bank – Global Finance

### Country

- / **'Best Trade Finance Provider in Bahrain'** – Global Finance
- / **'Best Bank for Cash Management – Tunisia'** - Global Finance
- / **'Best Trade Finance Provider in Tunisia'** – Global Finance
- / **'Best Bank for Cash Management – Bahrain'** - Global Finance
- / **'Best Bank for Cash Management – Tunisia'** - Global Finance
- / **'Bahrain's Best Digital Bank'** - Euromoney Awards for Excellence
- / **'Best Islamic Financial Institution in Bahrain'** for ABC Islamic- Global Finance
- / **'Bahrain's Most Transformed Islamic Bank'** - Euromoney
- / **'Best Islamic Bank in 2023'** - IFN Best Banks Polls
- / **'Best Digital Bank in Bahrain'** for ila Bank – MENA Banking Excellence Awards by MEED
- / **'Best Consumer Digital Bank in Bahrain'** for ila Bank – Global Finance
- / **'Best in Innovation'** for ila Bank – Global Finance
- / **'Best in Social Media & Marketing Services'** for ila Bank – Global Finance
- / **'Best in Transformation'** for ila Bank – Global Finance
- / **'Best in User Experience Design'** for ila Bank – Global Finance
- / **'Best Opening Banking APIs in Bahrain'** for ila Bank – Global Finance

### Deals

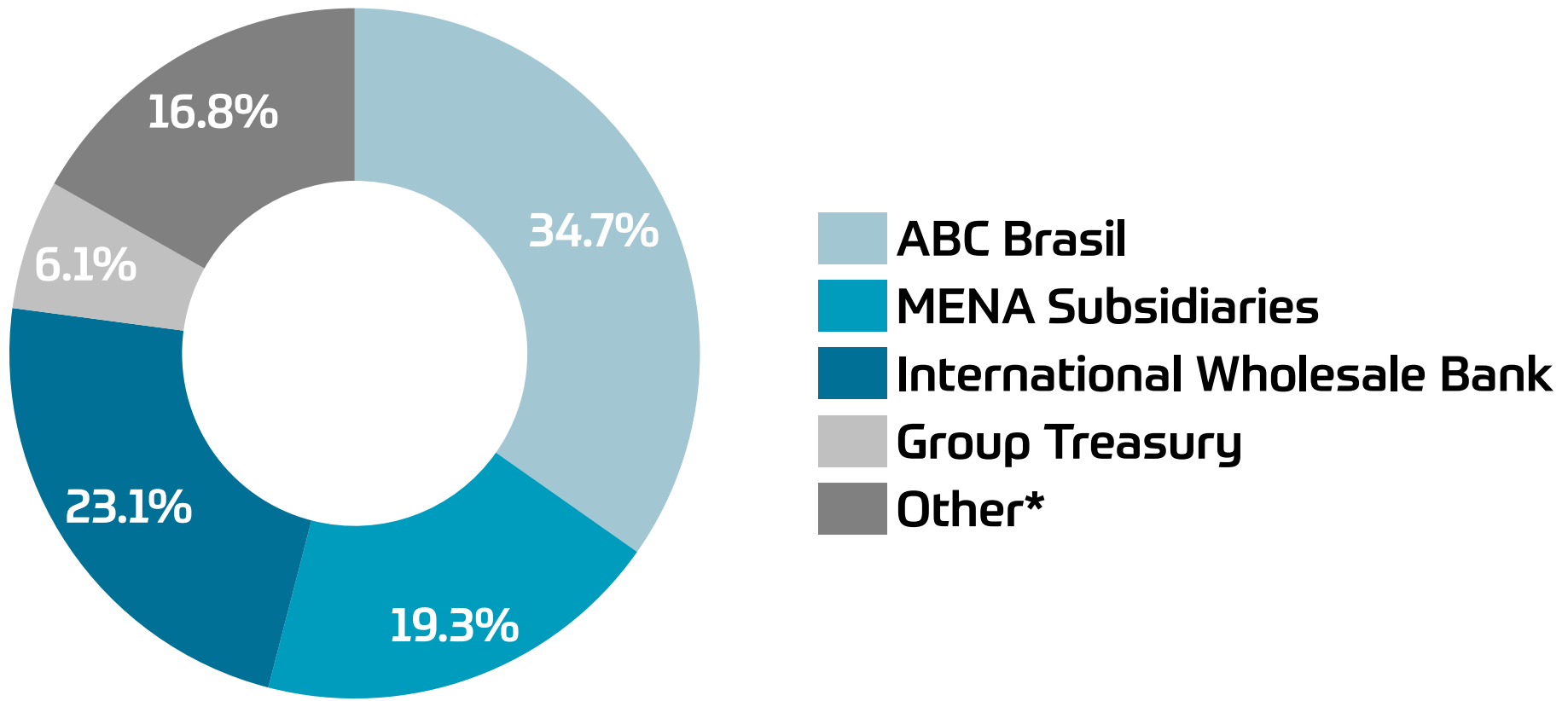
- / **'Global Sovereign Sukuk Deal of the Year'** for Bank ABC's role as JLM & Bookrunner in US\$ 1 billion Sukuk for Ministry of Finance & National Economy, Bahrain – BLS Middle East
- / **'IFN Hybrid Deal of the Year'** for ABC Islamic's role as JLM & Bookrunner in US\$1 billion hybrid Ijarah- Tawarruq Sukuk transaction for Energy Development Oman – IFN News
- / **'Global Corporate Sukuk Deal of the Year'** for Bank ABC's role as JLM & Bookrunner in US\$ 1 billion Sukuk transaction for EDO Gas – BLS Middle East
- / **'Islamic Finance Deal of the Year' – North America'** for Bank ABC's role as JLM & Bookrunner in US\$ 600 million corporate Sukuk transaction for Air Lease Corp. – Euromoney Islamic

/ TOI reached US\$1 billion YTD Sep 2024, +6% higher on a YoY basis, and was well diversified across our markets and business lines

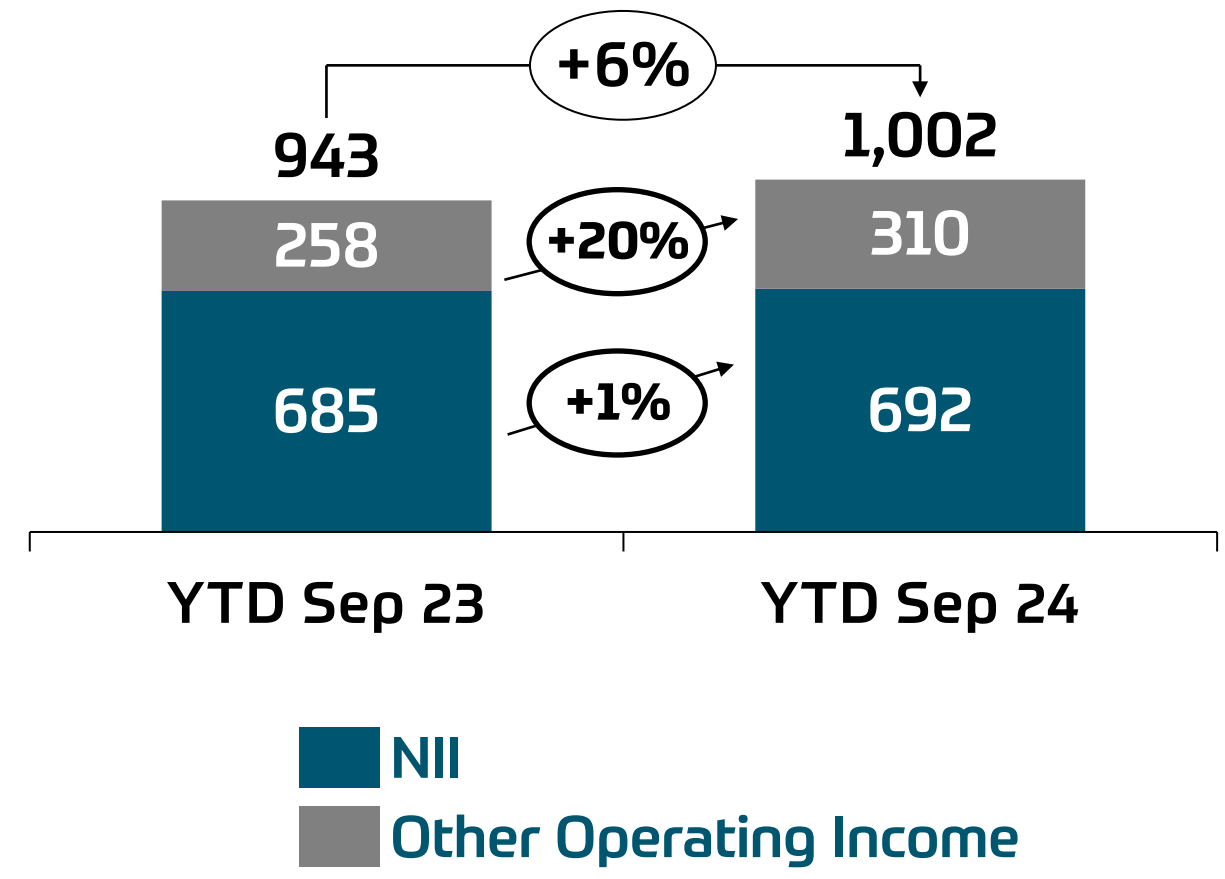
/ Net interest income at US\$692m +1% year on year reflecting broad based underlying growth across almost all the core markets, absorbing some margin compression

/ Other operating income up a strong 20% YoY reflecting increasing client cross sell and ancillary fee income

## YTD Sep 2024 TOI by business



## YTD Sep 2024 NII vs Other income, US\$m



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

## Performing while transforming and maintaining robust cost disciplines

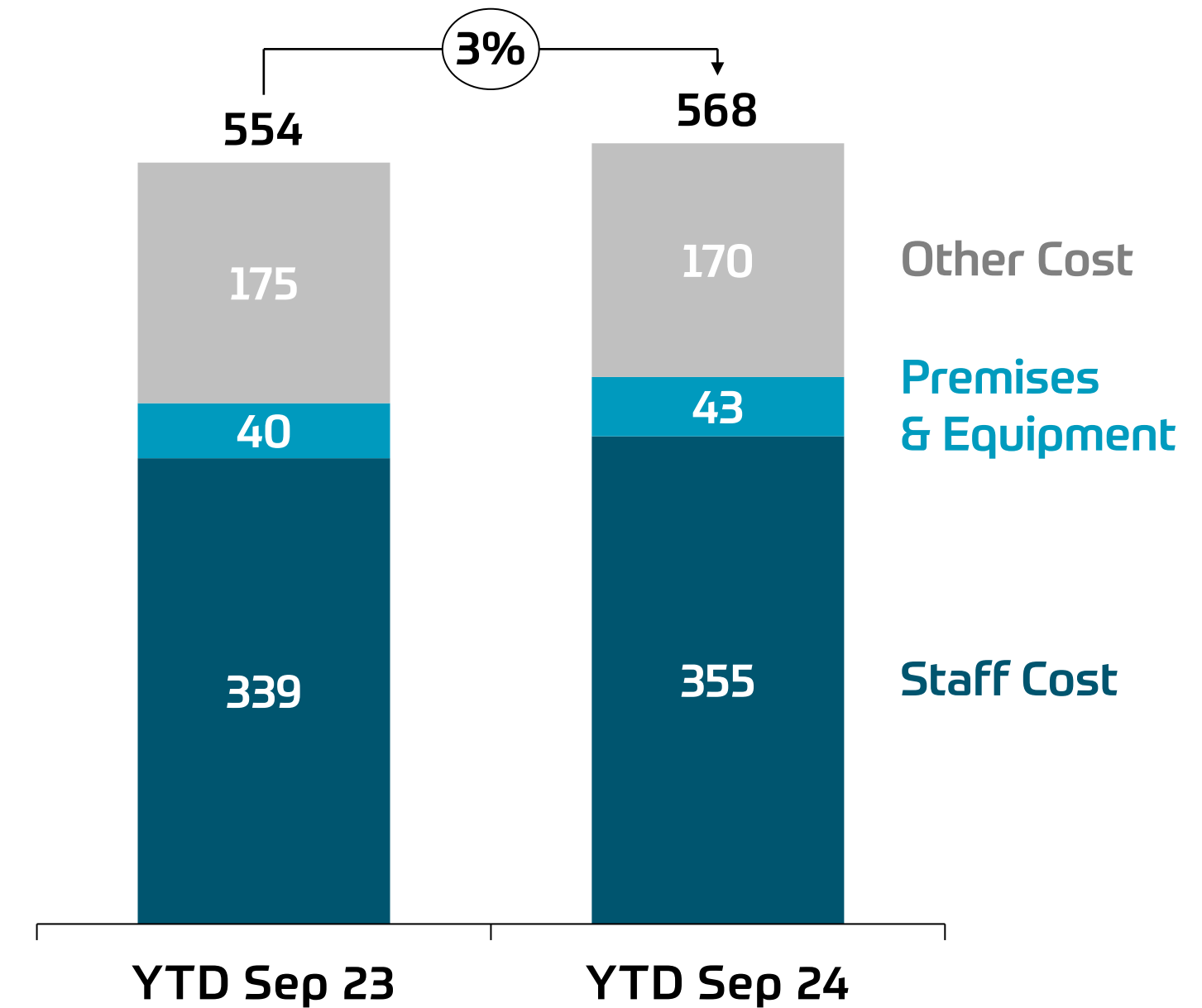


/ The Group continues to enforce appropriate cost discipline without compromising on investments into the Group’s digital transformation and strategic initiatives to build its “Bank of the Future”.

- / +6% increase in TOI YoY
- / +3% increase in costs YoY
- / +3% “positive jaws”

/ Cost to income ratio continues to improve by 210bps to 56.7% on a headline basis and 51.7% when adjusted for ongoing investment in digital initiatives

## Operating Expenses and Cost to Income Ratio



C/I ratio	58.8%	56.7%
C/I Ratio (ex-Digital)	54.1%	51.7%



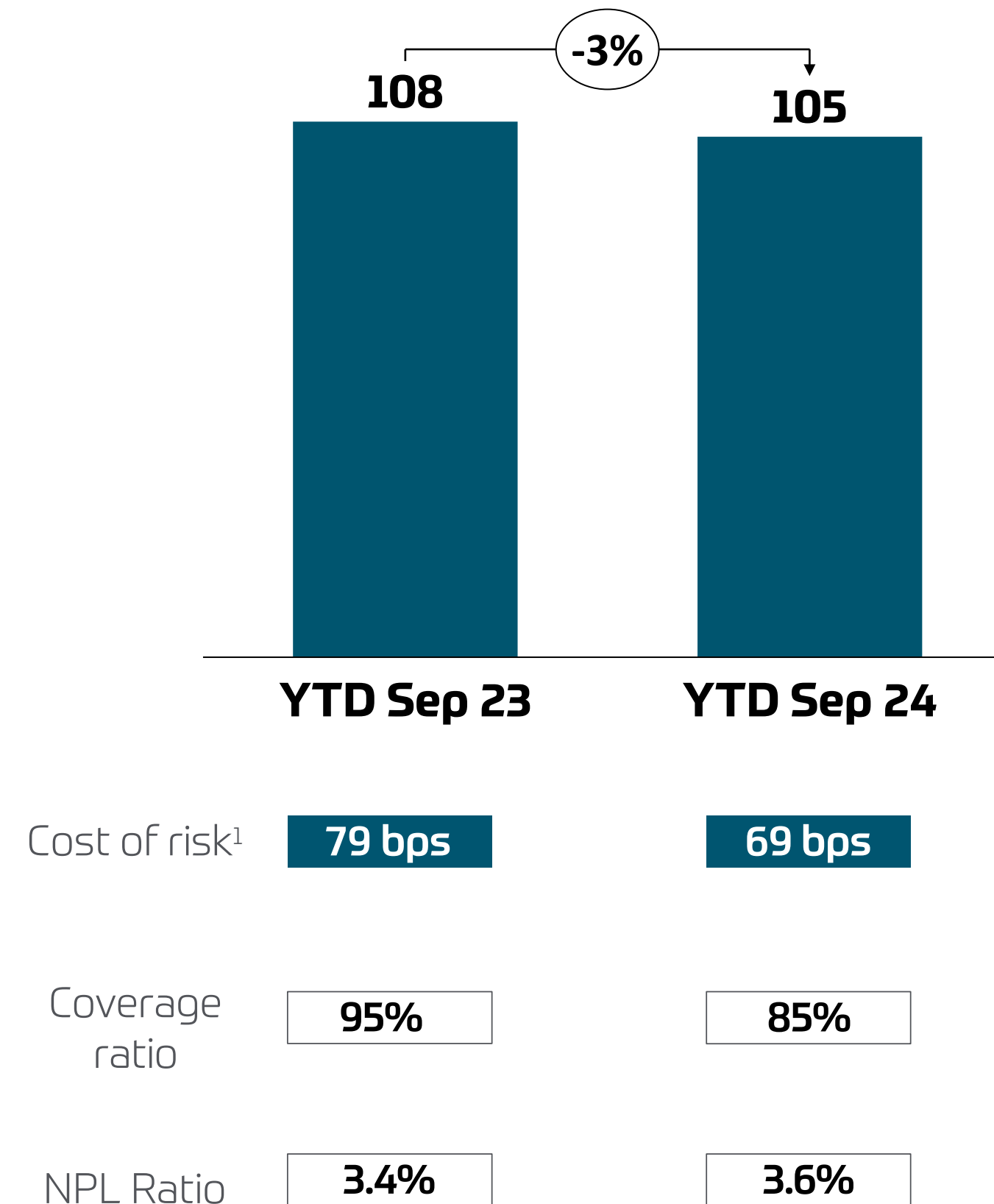
**Business growth  
being prudently  
managed by a  
healthy level of  
risk appetite and  
risk frameworks**

/ ECL charge slightly lower  
-3% YoY to US\$105m  
YTD Sep 2024 reflecting  
the contained cost of  
credit

/ Headline Cost of risk at 69bps  
lower than YTD Sep 2023

/ NPL Ratio and Coverage  
ratio remain at  
consistent levels

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



1. Credit Loss expense / Gross Loans

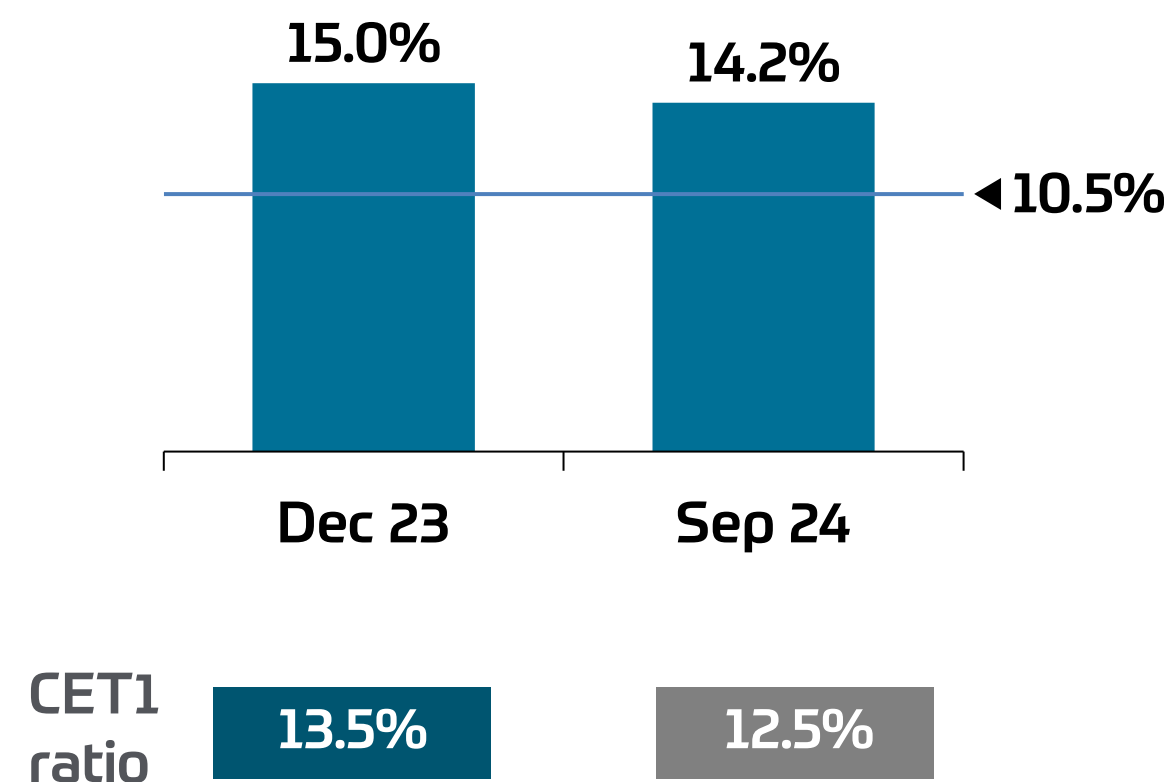
## Overview

- / Capital base remains strong
- / CET 1 Ratio (12.5%) comprises the majority of Tier 1 Ratio

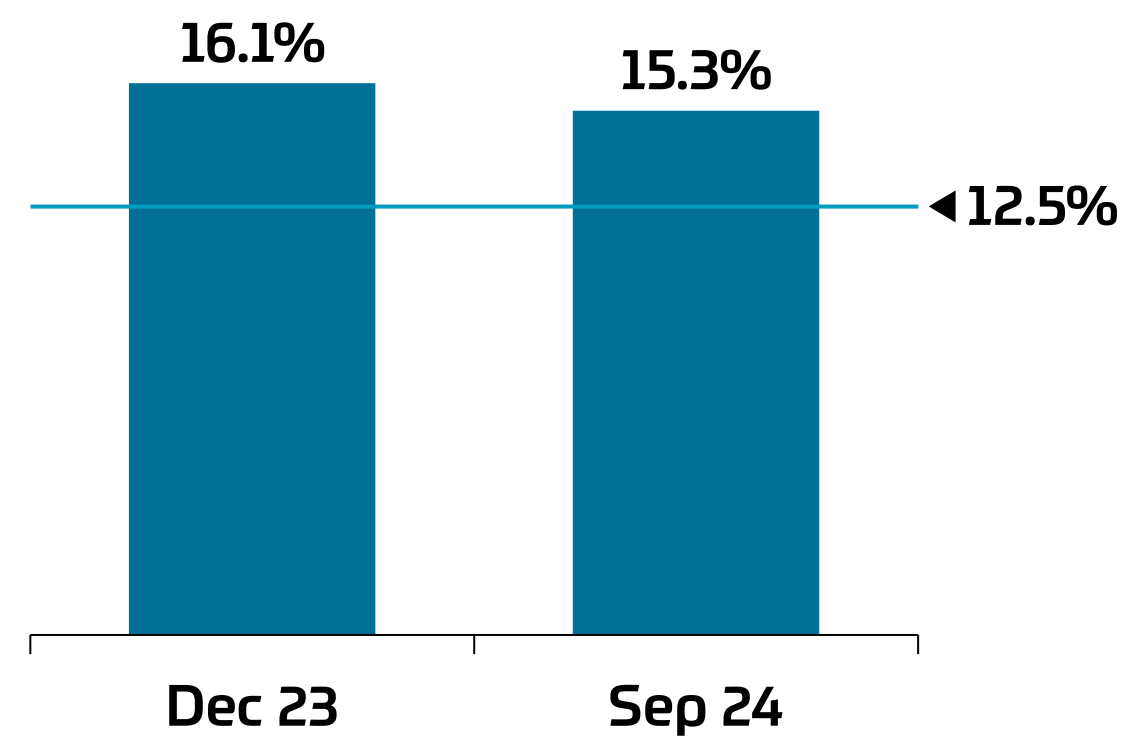
- / Total CAR of 15.3% as of Sep 2024

- / RWA stood at US\$31.8bn as of Sep 24, increasing by 5.2% over Dec 23, reflecting business growth across the franchise

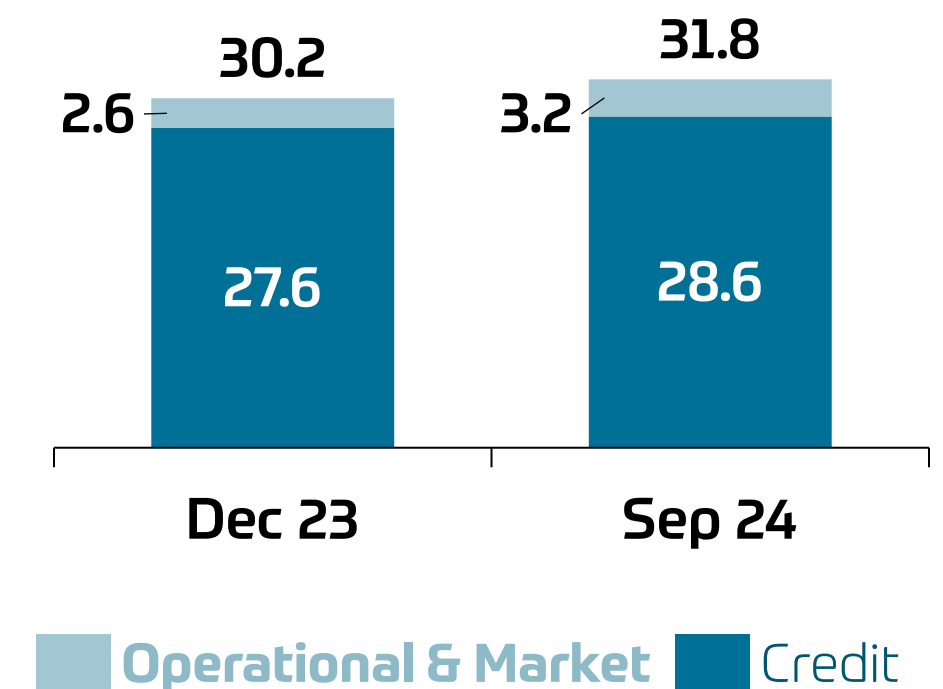
## CET1 and Tier 1 Ratios, %



## Total CAR, %



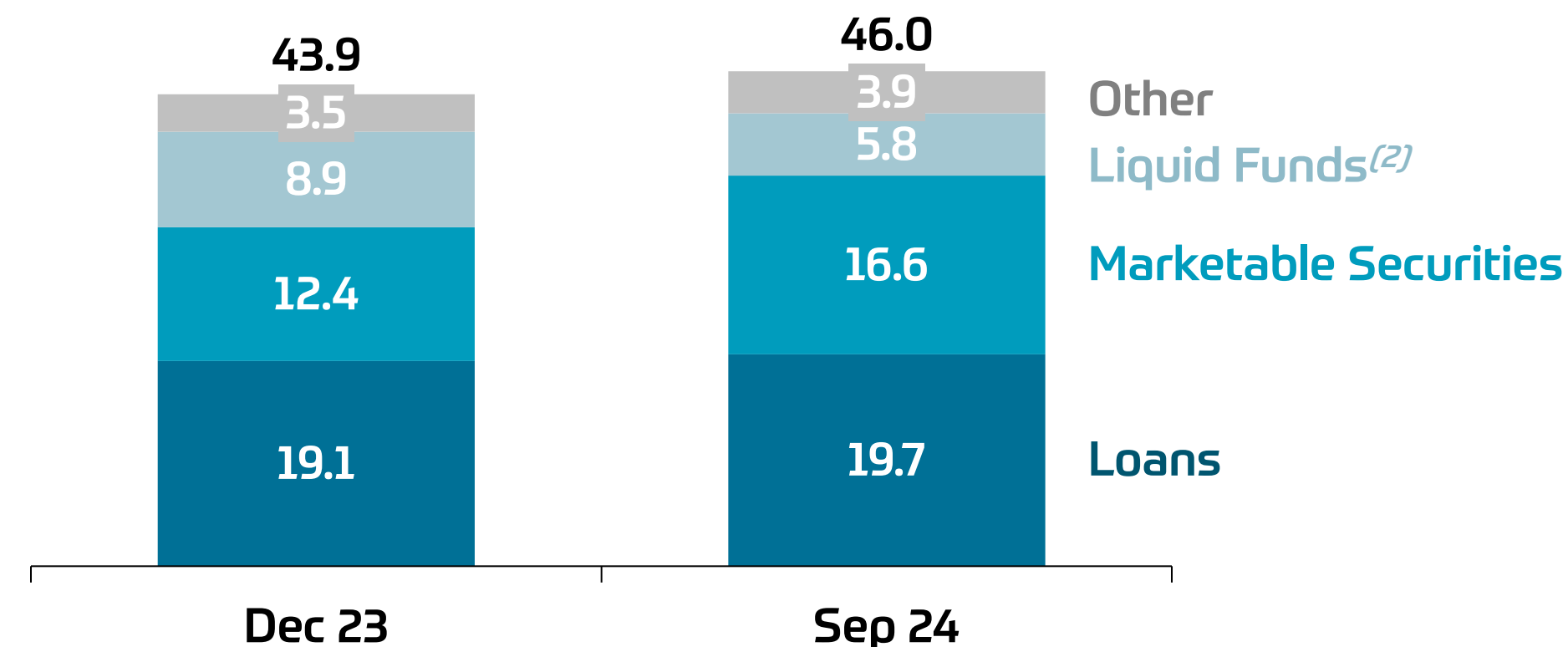
## RWA by Type of Risk, US\$bn



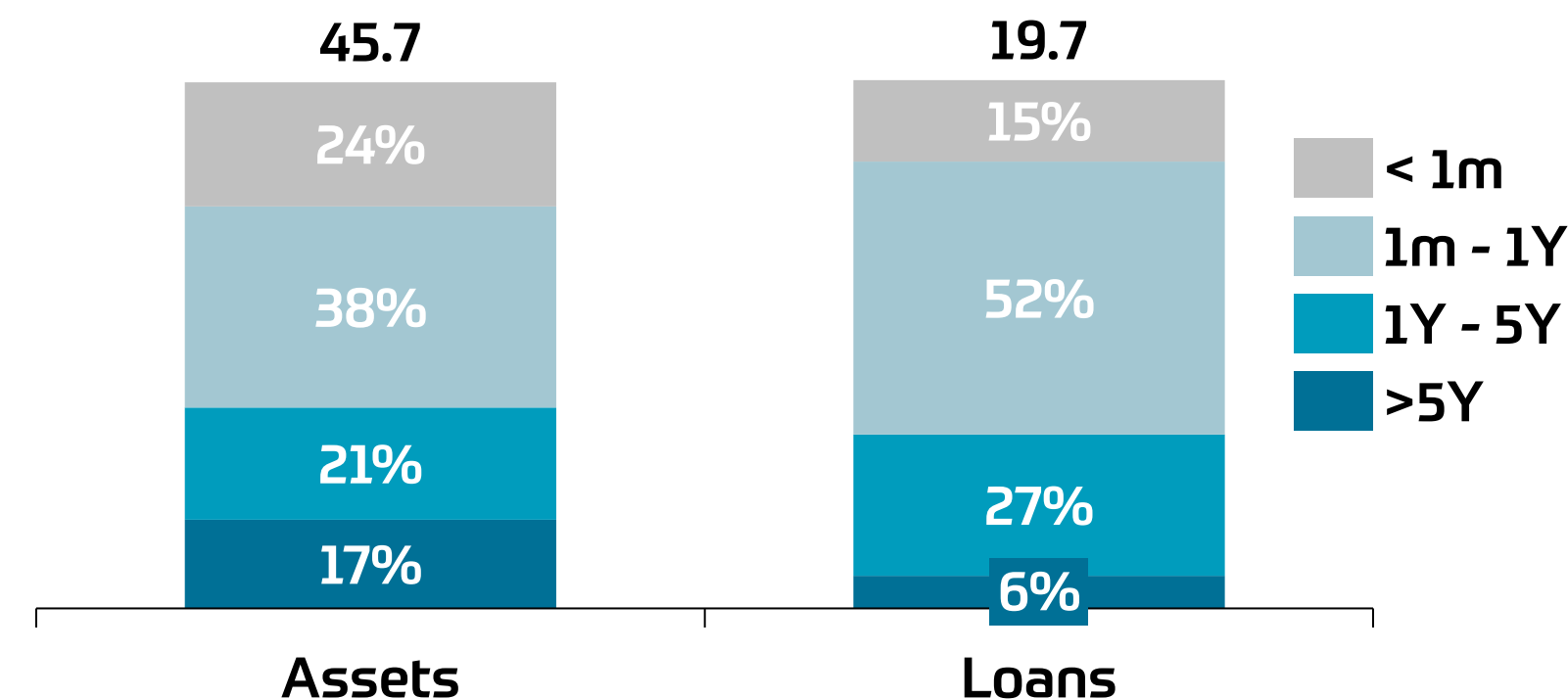
- / Total Assets of US\$46.0bn at the end of Sep 2024, compared to US\$43.9bn at the 2023 year-end, a 5% increase, driven by growth in loans and securities
- / Book weighted to short-term with 62% of Total Assets maturing within 1-year
- / Loans up 3% compared with 2023 year end, comprised 43% of Total Assets, with a strong deal pipeline across the franchise for the remainder of the year
- / Net loans to customer deposits ratio at 85%
- / Strong liquid funds position with LCR of 183%<sup>1</sup> and NSFR of 119%

<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.

## Sep 2024 Assets by Instrument, \$bn



## Sep 2024 Assets by Maturity, \$bn



**Strong YTD Sep 24  
results reflect  
continued  
momentum and  
delivery of  
Bank ABC's  
refreshed  
Group Strategy**

**Strong momentum continued in 2024 with 6% YoY growth in revenues** surpassing the \$1 billion threshold for the first time at 9 months stage, backed by core business momentum and origination across the franchise

**Operating expenses were at US\$568m**, positive jaws of 3% with C/I ratio improvement by ~2% to 56.7% as the Group continues to enforce cost discipline without compromising on investments into its strategic transformation agenda

**Net profit at US\$215m +17% YoY**, reflecting a continued robust earnings growth trajectory for the Group

**ROE annualized at 7.0%**, reflecting improved return on capital

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

# Appendix: Normalized Financials

## Profit or Loss

US\$ millions	2019	2020	2021	2022	2023	YTD Sep 23	YTD Sep 24
Net Interest Income	564	516	592	786	935	685	692
Non-Interest Income*	311	233	277	315	344	258	310
<b>Total Operating Income (TOI)*</b>	<b>875</b>	<b>749</b>	<b>869</b>	<b>1,101</b>	<b>1,279</b>	<b>943</b>	<b>1,002</b>
Total Operating Expenses	-524	-486	-569	-690	-764	-554	-568
<b>Net Operating Profit</b>	<b>351</b>	<b>263</b>	<b>300</b>	<b>411</b>	<b>515</b>	<b>389</b>	<b>434</b>
Provisions	-82	-329	-106	-119	-145	-108	-105
<b>Profit before Taxes &amp; M.I.</b>	<b>269</b>	<b>-66</b>	<b>194</b>	<b>292</b>	<b>370</b>	<b>281</b>	<b>329</b>
Taxes*	-33	-9	-66	-83	-74	-55	-62
M.I.	-42	-14	-28	-55	-61	-43	-52
<b>Net Profit</b>	<b>194</b>	<b>-89</b>	<b>100</b>	<b>154</b>	<b>235</b>	<b>183</b>	<b>215</b>

## Balance Sheet

US\$ millions	2019	2020	2021	2022	2023	YTD Sep 23	YTD Sep 24
Liquid Funds**	5,323	5,378	6,355	6,498	8,888	7,072	5,802
Marketable Securities	6,343	6,867	9,292	8,670	12,438	12,654	16,618
Loans & Advances	16,452	15,656	16,716	18,190	19,096	17,598	19,721
Other	1,950	2,506	2,538	3,281	3,470	3,937	3,835
<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>41,261</b>	<b>45,976</b>
Customer Deposits	17,065	17,667	21,459	21,831	23,847	21,115	23,329
Bank Deposits	4,905	4,747	6,399	6,642	11,068	11,075	13,275
Borrowing	2,080	1,795	1,211	1,297	1,303	1,298	1,380
Other	1,529	2,054	1,597	2,348	2,870	3,084	3,253
<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>36,572</b>	<b>41,237</b>
Shareholders' Equity	4,031	3,767	3,872	3,705	3,910	3,821	3,860
Non-Controlling Interest	458	377	363	426	504	478	489
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>4,689</b>	<b>4,739</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>41,261</b>	<b>45,976</b>

## Key Metrics

<b>Normalized Cost to Income, %</b>	<b>60%</b>	<b>65%</b>	<b>65%</b>	<b>63%</b>	<b>60%</b>	<b>59%</b>	<b>57%</b>
<b>Tier 1 Ratio, %</b>	<b>16.9%</b>	<b>16.6%</b>	<b>15.9%</b>	<b>15.7%</b>	<b>15.0%</b>	<b>15.4%</b>	<b>14.2%</b>
<b>CET 1, %</b>	<b>16.6%</b>	<b>16.2%</b>	<b>15.5%</b>	<b>14.0%</b>	<b>13.5%</b>	<b>13.7%</b>	<b>12.5%</b>
<b>RoAE, %</b>	<b>4.9%</b>	<b>-</b>	<b>2.9%</b>	<b>3.7%</b>	<b>5.8%</b>	<b>6.0%</b>	<b>7.0%</b>

\* 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.



For more information, contact us on  
[InvestorRelations@bank-abc.com](mailto:InvestorRelations@bank-abc.com)



## Bank ABC Head Office

P.O. Box 5698, Manama Kingdom of Bahrain

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



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