

A blue-tinted background image of a modern city skyline with several skyscrapers. One prominent building has the 'Bank ABC' logo on its facade.

2018 Investor Highlights

Key Messages

Page 2

External Environment

Page 5

Financial Performance

Page 8

Group Strategy

Page 17

Key Deal Successes

Page 20

Key Messages



After a volatile external environment in 2018, outlook remains challenging

- / Global slowdown, trade wars, worries about China & US growth elevate downside risks
- / GCC economy is recovering from slowdown, but still muted due to needed fiscal reforms
- / North African economies somewhat challenged by high unemployment, inflation, debt and deficits
- / Brazil GDP growth is improving and inflation continues to decline



In 2018, Bank ABC operating performance continues positive trend

- / Net profit was \$202m for 2018, 5% higher than last year
- / Operating income growth eroded by currency devaluation but stronger in local currency
- / Impairment charges in 2018 were \$79m, 18% lower than last year
- / ROE continued to uptick, increasing to 5.2% in 2018



Balance sheet remains strong, resilient and well diversified

- / Strong Capital Ratios (Tier 1 ratio: 17.2%, Total CAR: 18.2%)
- / Stable and strong liquidity metrics with 58% of assets with tenor <1 year
- / Positive geographic diversification of assets
- / Provision coverage for impaired exposures at 101%



Refreshed transformation strategy to drive future growth

- / Clear strategic intent and objectives refreshed for next three year cycle
- / Four strategic value drivers to prioritize resources and management focus
- / Positive share valuation trends with further potential ahead

A grayscale photograph of a business meeting. In the foreground, a man in a white shirt is looking at a computer monitor. The monitor displays a line chart with a y-axis ranging from 00000.0 to 00610.0. Another person is partially visible behind him, also looking at the screen. The scene is dimly lit, suggesting an office environment.

External Environment

After a volatile 2018, outlook remains challenging

2018 - A volatile year



GLOBAL

- / Emergence of trade wars & political uncertainty (BREXIT) but strong US helps keeps global growth around 3.7%
- / 4 x 25bps Fed rate hikes & a stronger dollar raise funding costs, pressure emerging markets & drag down stocks
- / A volatile year, but average oil prices up 30% to \$70/b

2019 - Outlook remains challenging

- / Synchronized global slowdown (3.4%), worries about China & a US recession in 2020, continued trade wars
- / A pause/stop in US Fed rate hikes & potentially weaker dollar provide some reprieve, but outlook very uncertain
- / New OPEC+ output cuts help stabilize prices around \$65/barrel



GCC

- / GDP growth generally recovered from 2017 slowdown, aided by rising oil output, but rate still under 2%
- / Higher oil revenues & easing of fiscal policy help, but nonoil sector still struggling with new taxes & reforms
- / After severe market stress, GCC states provide support to Bahrain ensuring peg and public finances are secure
- / Reduced oil output and revenues will drag on GDP growth, although wealthier states will continue spending
- / Dollar pegs are secure, with GCC support for Bahrain, but slow pace of adjustment in Oman is a risk
- / Business still adapting to necessary adjustments to lower oil prices and slower growth trajectories

2018 - A volatile year



NORTH AFRICA

- / Tunisia growth picks up (2.4%), but economy still fragile
- / Algerian policy unorthodoxy & FX reserve drawdown continue with weak growth around 2%
- / Unrest in Jordan prompts GCC support; Egypt's economy continues to improve with growth back above 5%
- / Rising oil revenues materially boost Libya's economy



BRAZIL

- / Generalized EM sell-off & election uncertainty pressure Real & markets – but reversed after Bolsonaro victory
- / Weak recovery continues with growth circa just 1.4%
- / Rate cut cycle ends as inflation ticks-up

2019 - Outlook remains challenging

- / IMF & donors (inc. GCC) will ensure sustained financial inflows, but imbalances remain large & growth weak
- / Egypt's macro-stability is more assured, & growth likely to accelerate, but high public debt still a challenge
- / Elections this year could slow needed reforms in Tunisia & Algeria, with former's IMF program at risk

- / Robust external balances provide support & growth projected to rise above 2% with on target inflation
- / Implementing pension reforms will be key to fiscal & debt sustainability and market perceptions

Financial Performance

Operating performance and balance sheet remains strong despite external conditions

Operating performance remains strong despite external conditions (1/2)

2018 Performance

NET PROFIT

\$202m Steady profitability improvement

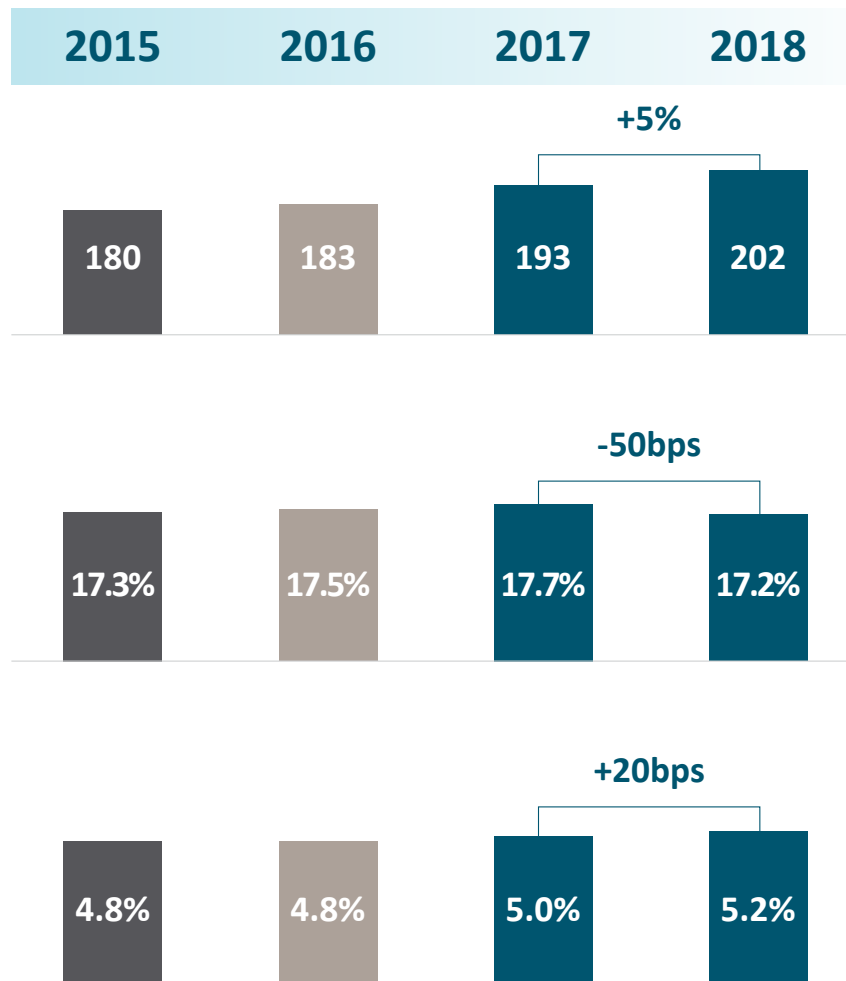
T1 CAPITAL RATIO

17.2% Strong with room for growth

ROE

5.2% Continued return uptick

last 4 years performance

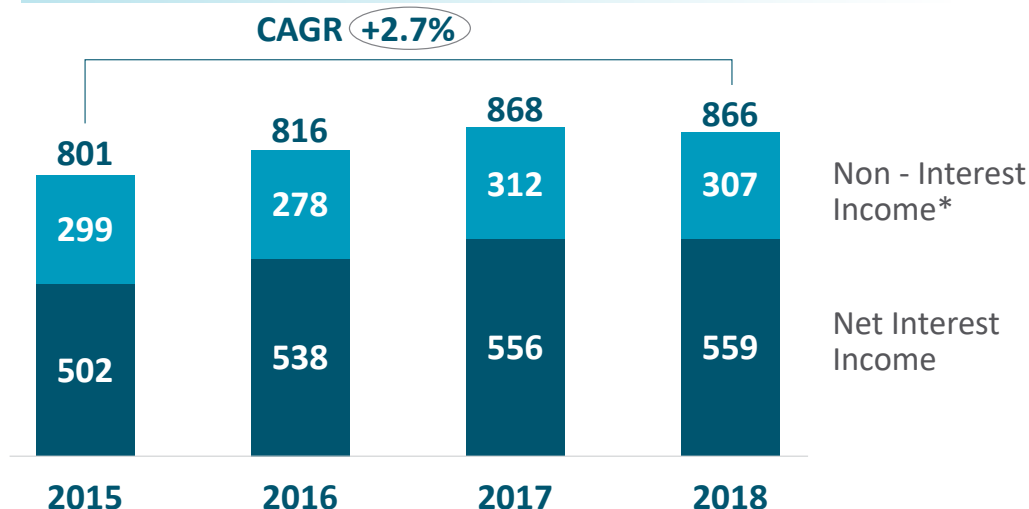


Operating performance remains strong despite external conditions (2/2)

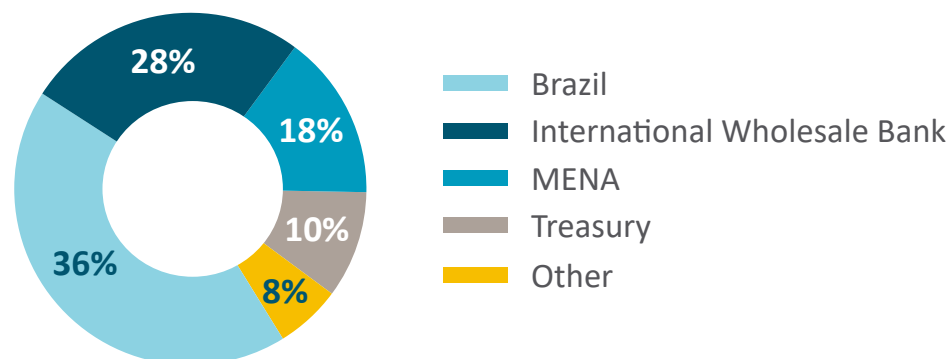
Overview

- / On a normalized basis total operating income (TOI) for 2018 was \$866m compared to \$868m for 2017, affected by FX impact and other one off non core items (the normalized income adjustments are explained in page 11)
- / TOI is comprised of Net Interest Income (65%), and Non-Interest Income* (35%)
- / Income is broad based and diversified across various business units supporting a steady improvement in ROE
- / Income is however affected by USD strengthening vs local currencies as shown on page 10

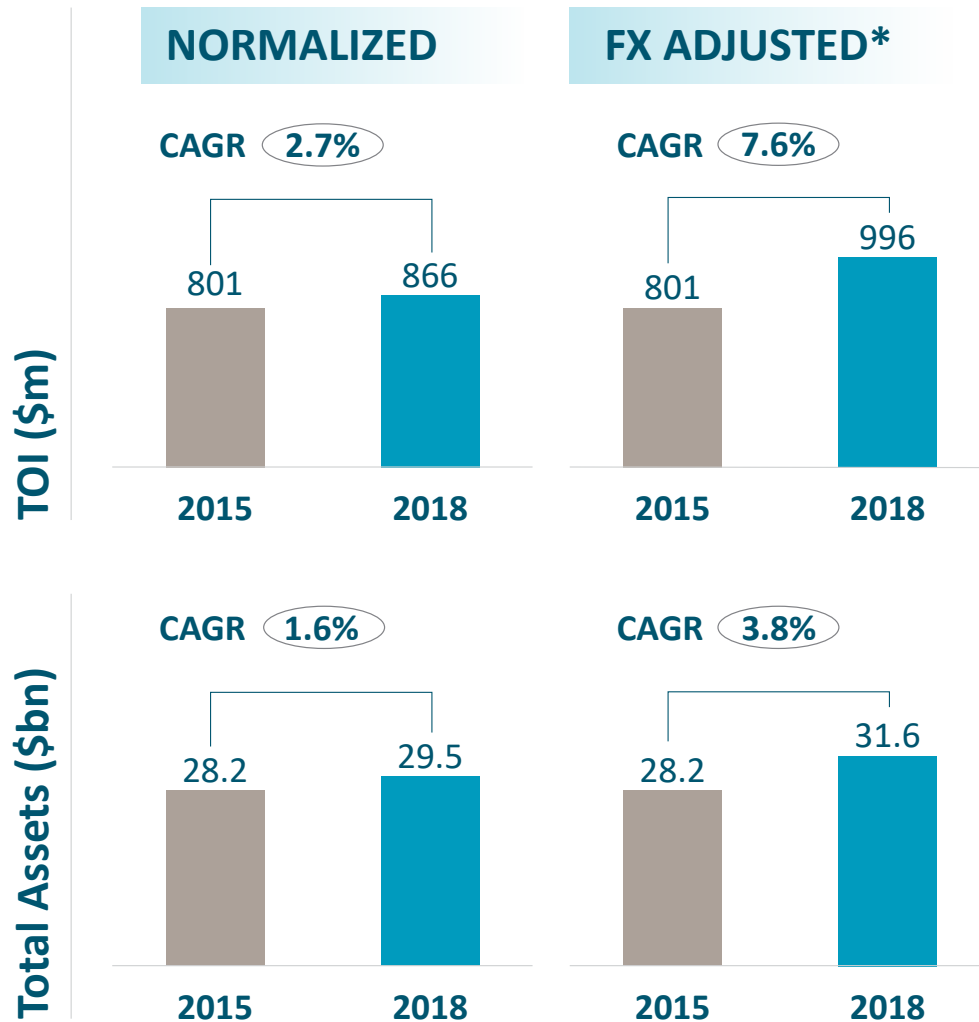
Total Operating Income(TOI) Breakdown, \$m



2018 TOI by business, %



*Non Interest Income is mainly comprised of fees and gains from disposal of assets/securities



Assets and Income would be significantly higher without FX devaluation in our key markets

Top 5 currency movements
FX Rate - Local Currency/USD

Country	2015 Average	2018 Average	Devaluation
Egypt	7.71	17.91	-57%
Tunisia	1.96	2.90	-33%
UK	0.65	0.78	-16%
Algeria	100.3	118.6	-15%
Brazil	3.33	3.86	-14%

*2018 Normalized TOI/Total Assets adjusted to remove the impact of currency devaluation. TOI (P&L) adjustment based on average FX rate for the year. Assets (Balance Sheet) adjustment based on year end rates.

	2017		2018	
	TOI	Tax	TOI	Tax
As Reported	\$869m	-\$58m	\$817m	-\$16m
Currency Hedge	+\$4m	-\$4m	+\$51m	-\$51m
Other one off non core items	-\$5m		-\$2m	
Normalized	\$868m	-\$62m	\$866m	-\$67m

Cayman Branch

Banco ABC Brasil (BAB) USD assets held at its Cayman branch, exposing its P&L to currency fluctuations

BAB therefore hedges their USD net open position with futures contracts

Tax Anomaly

According to Brazilian Tax laws, the revaluation on branch capital position is tax exempt (both m-t-m gains and losses)

However, the equivalent gains/ losses from the futures hedging is taxable

Because of this mismatched treatment, hedging of futures with nominal value same as branch capital gives lesser economic hedge (considered after tax)

Overhedge

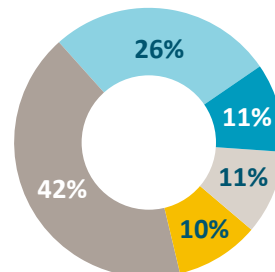
To protect against this anomaly, BAB 'Overhedges' the USD position/ If the BRL/USD move is significant, this revaluation also will be significant resulting in distorting the TOI and Tax while net profit will be hedged

Overview

- / Total assets have remained broadly stable and stood at \$29.5bn as at of YE 2018
- / Bank ABC's asset base is widely diversified by geography, industry, & product types. Fitch's latest report (October 2018) includes ABC's "diversified geographical operating environment in MENA, Western Europe and North America" as a rating strength
- / More than half the Book maturing within 1-year
- / Loans and advances have been prudently growing by c. 4-5% per annum from 2015 – 2017. Recent decline mainly due to strengthening of USD against BRL

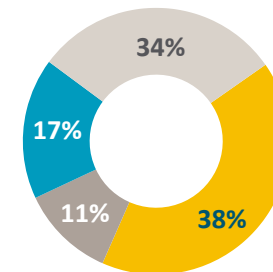
2018 Assets

By Geography (100% = \$29.5b)



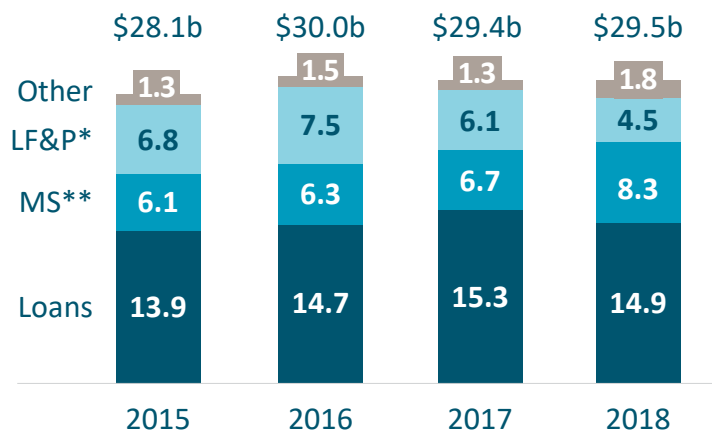
- Arab World
- Latin America
- Western Europe
- North America
- Other

By Industry (100% = \$29.5b)

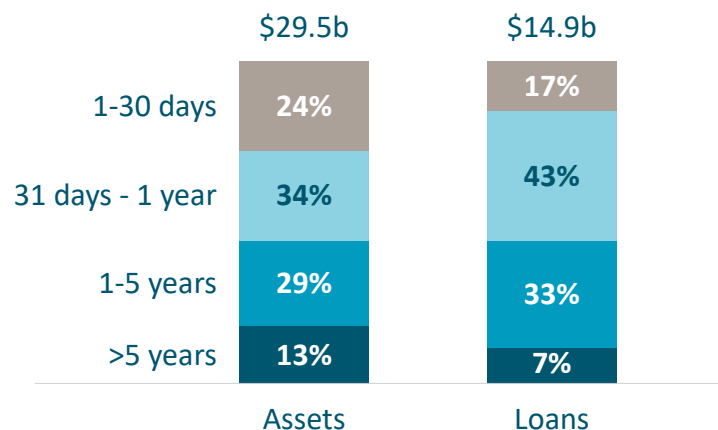


- Manufacturing
- Government
- Financial
- Other

Assets by instrument, \$b



Assets by Maturity 2018, \$b

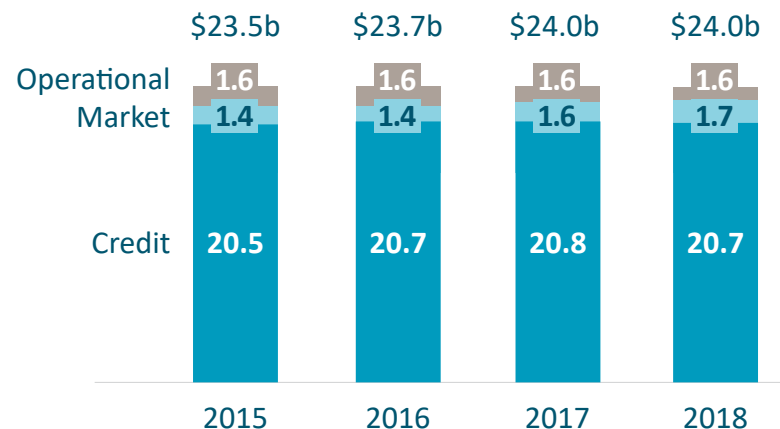


*L&P: Liquid Funds & Placements **MS: Marketable Securities

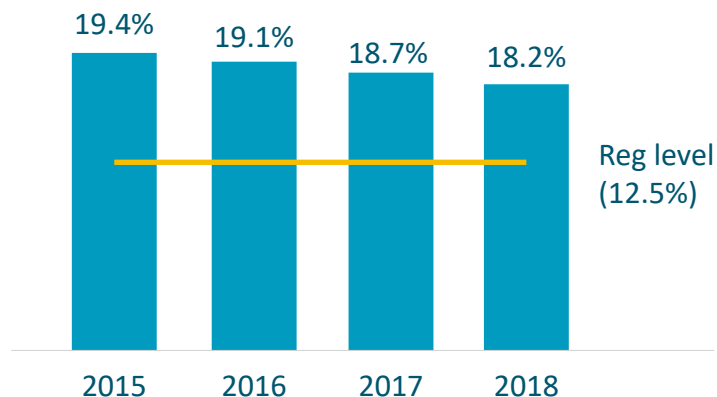
Overview

- Central Bank of Bahrain introduced Basel III in Jan 2015 for CAR
- Bank ABC's capital base remains very strong, with a capital adequacy ratio of 18.2% as at year-end 2018
- CET 1 Ratio (17.0%) comprises the majority of Bank ABC's Tier 1 Capital Ratio (17.2%)
- Since 2015 Bank's Tier 2 CARs have decreased with a reduction of Tier 2 bonds outstanding (at Group and Banco ABC Brasil level)
- Bank ABC is prioritizing returns as well as asset growth, using origination and distribution capabilities to leverage its capital capacity and build sustainable growth momentum

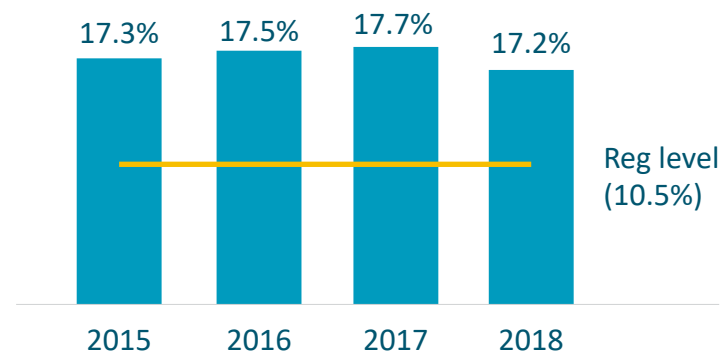
RWA by type of risk, \$b



Capital Adequacy Ratio, %



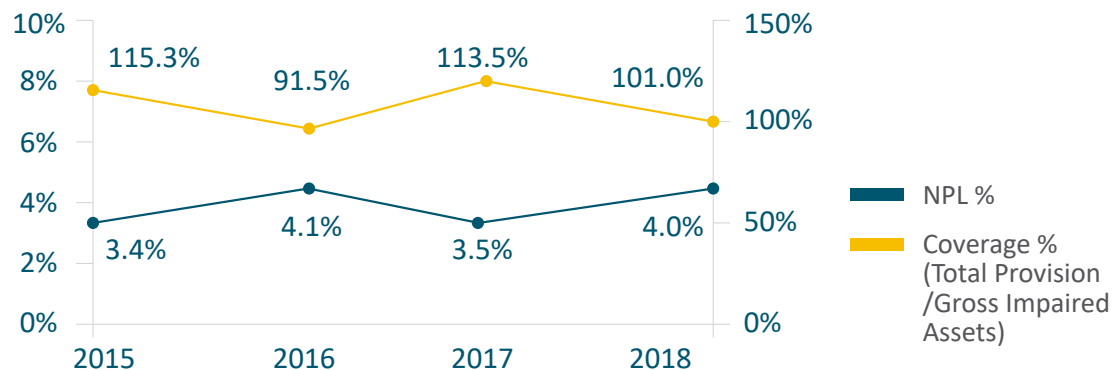
Tier 1 ratio, %



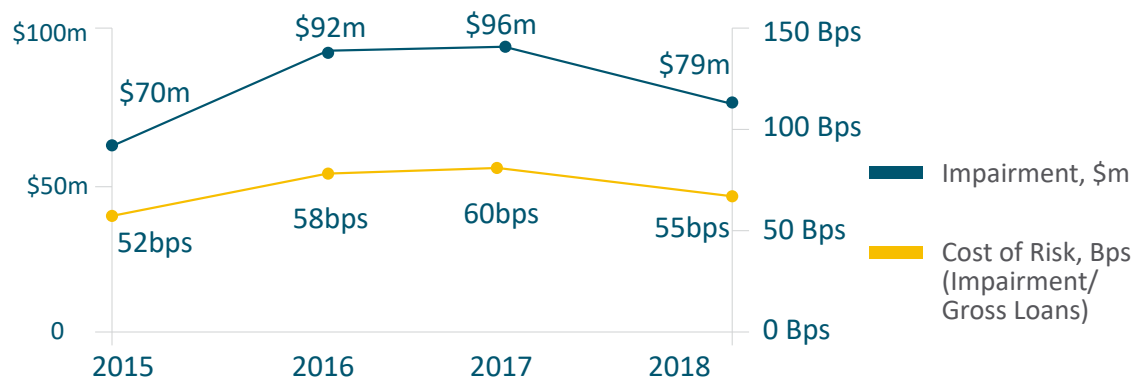
Loans and Advances

- ABC maintains resilient asset quality through conservative underwriting and effective credit monitoring, also holding an investment portfolio of predominantly highly rated securities
- ABC actively manages provisioning and currently maintains a conservative coverage ratio of over 101% (adjusted for legacy loans)
- Ratio of non-performing loans to gross loans at 4.0% compared to 2017 year-end levels of 3.5%, and normalizes to 3.1% when fully provided legacy loans are adjusted for (slightly increased primarily as loan growth affected by FX)
- For 2018, impairment charges were reduced to \$79m compared with the \$96m last year. This led to a drop in the cost of risk from 60 Bps to 55 Bps

NPLs and Coverage Ratio



Cost of Risk



Bank ABC stock price in 2018, USD



- / Improved stock liquidity in 2018 thanks to new market making arrangement
- / P/B suggests upside potential
- Among the strongest dividend yield in the MENA region (~7%)

P/B **0.23x**

0.33x

Group Strategy

*Refreshed transformation strategy
to drive future growth*



Four Strategic Value Drivers to prioritize resources & management focus



Grow our Corporate clients base

- / Enhance coverage model (Client centric)
- / Improve value proposition (Full product suite)
- / Improve sales focus (KPIs)



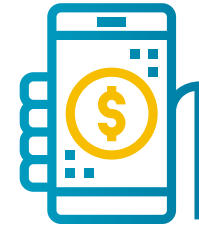
Build Transaction Banking

- / Harmonize/globalize core Trade business
- / Modernize/digitize Trade
- / Build Cash Management in MENA



Globalize & optimize FI

- / Optimize our Global FI portfolio
- / Diversify FI revenues streams
- / Globalize & enhance FI operating model



Digitize the Bank

- / Modernize/digitize our platforms
- / Launch Neo bank
- / Develop AFS into Fintech provider

Key Deals Successes

The background of the slide is a blue-tinted collage. It features a large, semi-transparent image of two hands shaking in a firm grip, symbolizing a business deal. In the background, there are silhouettes of a city skyline and a person in a suit shaking hands with another person. The overall aesthetic is professional and modern.

Debt Capital Markets

2018 MENA & Turkey USD Issuances*

Rank	Bank	Issues	Market share
1	Standard Chartered Bank	59	15.28%
2	HSBC	46	10.57%
3	Citi	40	9.14%
4	JP Morgan	31	8.00%
5	First Abu Dhabi Bank PJSC	25	3.53%
6	Emirates NBD PJSC	16	1.39%
7	BNP Paribas	15	2.19%
8	Bank ABC	13	1.16%
9	Dubai Islamic Bank	12	1.23%
10	Deutsche Bank	11	6.99%

Source: Bloomberg

Loan Syndications

2018 MENA League Tables

Rank	Bank	Total Deals	Volume (USD Million)
1	FAB	20	5,634
2	SCB	13	3,014
3	Mizuho	12	4,725
4	HSBC	11	4,472
5	Bank ABC	9	841
6	Citi	9	3,233
7	Sumitomo	9	5,102
8	ENBD	7	670
9	Mitsubishi	7	3,797
10	SG	6	2,657

By number of deals; source: Thomson Reuters | LoanConnector

Debt Capital Markets



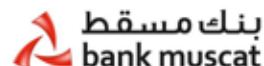
USD 1,500,000,000 JLM / Bookrunner
Dual Tranche
Conventional Bond
Apr 2018



USD 1,000,000,000 JLM / Bookrunner
Sukuk
Jan 2018



USD 1,000,000,000 JLM / Bookrunner
Dual Tranche Bond
Oct 2018



USD 500,000,000 JLM / Bookrunner
Bond
Mar 2018

Loan Syndications



USD 600,000,000 IMLA / Bookrunner
3yr Term Loan
Facility
May 2018



USD 300,000,000 MLA / Bookrunner
5yr Term
Financing
Apr 2018



USD 250,000,000 Joint Coordinator/
3yr Term Loan
Facility
IMLA / Bookrunner
Jul 2018



USD 242,600,000 IMLA/Bookrunner
8.5 yr Senior Term
Loan Facility
Jun 2018



External environment challenges continued in 2018 with mixed growth outlook



2018 operating performance continued positive trend



Balance sheet is strong, resilient and well diversified



Our clear transformation strategy positions ABC for future growth

For more information, contact us on InvestorRelations@bank-abc.com



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