






A photograph of a modern, curved glass skyscraper, likely a Bank ABC building, with a blue color overlay. The building's facade is curved and features large windows. A banner on the building reads 'Banking Corporation is now Bank ABC' and 'Bank ABC committed to your success'. Two flags are visible in front of the building.

# Q3 2018 Investor Highlights

 <b>Key Messages</b>	<i>Page 3</i>
 <b>External Environment</b>	<i>Page 4</i>
 <b>Q3 Financial Performance</b>	<i>Page 5</i>
 <b>Group Strategy</b>	<i>Page 11</i>
 <b>Key Deal Successes</b>	<i>Page 12</i>

## External environment in 2018 presents challenges with some areas of improvement

- *Global growth slowing amid geopolitical strains*
- *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*

## Bank ABC operating performance for Q3 continues positive trend

- *Net profit was \$159m for first 9 months 2018, 5% higher than prior respective period*
- *Impairment charges for the period were \$62m, 9% lower than prior respective period*
- *ROE continued to uptick, increasing to 5.5% in the nine months to September 2018*

## Balance sheet is strong, resilient and well diversified

- *Strong Capital Ratios (Tier 1 / CET1 ratio: 17.5% , Total CAR: 18.5%)*
- *Stable and strong liquidity metrics with 56% of assets with tenor <1 year*
- *Positive geographic diversification of assets*
- *Provision coverage for impaired exposures at 98%*

## Clear transformation strategy positions Bank ABC for future growth

- *Unlocking the full potential of our Wholesale Bank – multiple deal successes*
- *Enhancing our organization health & operating platforms*
- *Continuing to grow our Primary Markets: MENA & Brazil*
- *Digitizing the Bank*

# External environment in 2018 presents challenges with some areas of improvement

## Global Outlook

- *Growth slowing amid geopolitical strains, particularly US/China trade wars, BREXIT*
- *Rising rates & strong dollar pressure EMs but improve USD earnings*
- *Average oil prices up 30%, and may hold at \$70-80/barrel*

## GCC outlook

- *Macro-stability and USD pegs likely secure*
- *Growth recovering from slowdown, but still muted*
- *Needed fiscal adjustments still a headwind to growth*
- *Saudi Arabia, UAE and Bahrain introducing VAT and on path to fiscal reform*

## North Africa outlook

- *In general, high unemployment, debt, deficits, remain challenges*
- *IMF Arab Fund supports financial inflows*
- *However, Egypt in particular showing sign of stability and improvement*

## Brazil Outlook

- *GDP growth is improving and inflation at low rate*
- *Foreign exchange reserves and debt management lowers financial risk*
- *Real has strengthened post October 30th 2018 presidential elections*

***While deal volumes may be reduced, Bank ABC is conservatively placed on its risk management and positioned to capture growth opportunities***



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

9 months 2018 YTD

**Net Profit\***

**\$159m**

steady profitability improvement

**T1 Capital**

**17.5%**

Strong with room for growth

**ROE**

**5.5%**

Continued return uptick

last 3 years (9 months)

Sept 15    Sept 16    Sept 17    Sept 18

144    150    151    159

+5.3%

Sept 15    Sept 16    Sept 17    Sept 18

17.5%    17.3%    18.2%    17.5%

-70bps

Sept 15    Sept 16    Sept 17    Sept 18

5.0%    5.2%    5.1%    5.5%

+10bps

Last 3 years (Full year)

2015    2016    2017

180    183    193

+5.5%

2015    2016    2017

17.3%    17.5%    17.7%

+20bps

2015    2016    2017

4.8%    4.8%    5.0%

+20bps

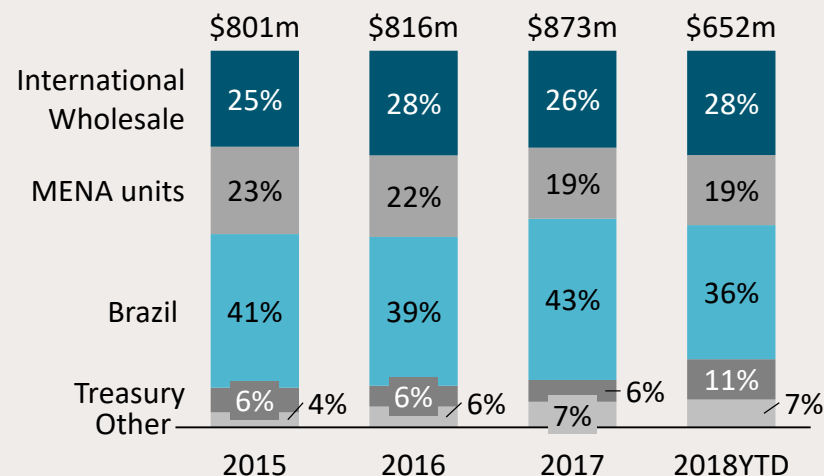
\*Includes effect of currency hedges in BAB that have an offsetting tax impact (see page 12)

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

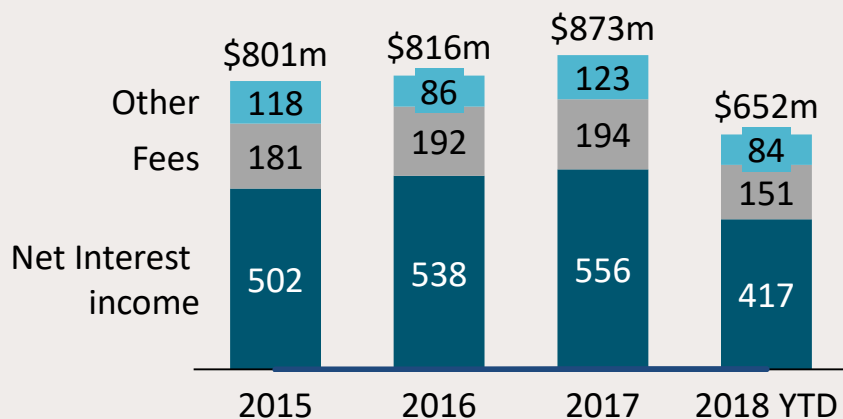
## Overview

- On a normalized basis total operating income (TOI) for the nine months ended Sept 2018 was \$652m compared to \$644m for the same period in the previous year affected by FX impact (the normalized income adjustments are explained in page 12)
- Expenses for the same period were \$352m compared to \$339m last year (translating into a normalized Cost to Income ratio of 53%)

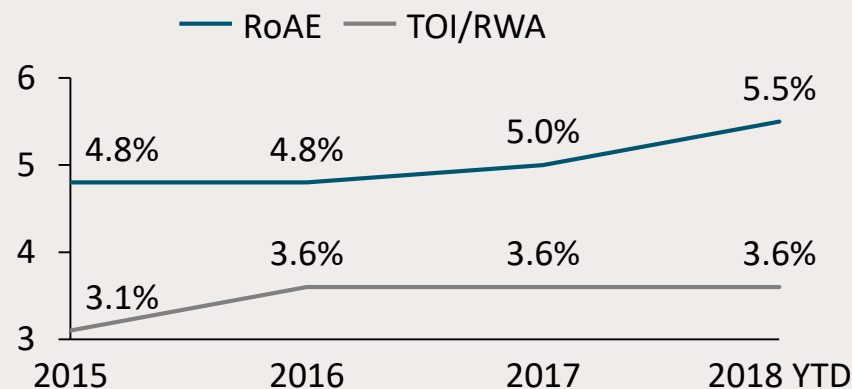
## Total Operating income breakdown by business, %



## Operating Income Breakdown, \$m



## Total Income/RWA & ROE, %



# Strong & well diversified Balance Sheet

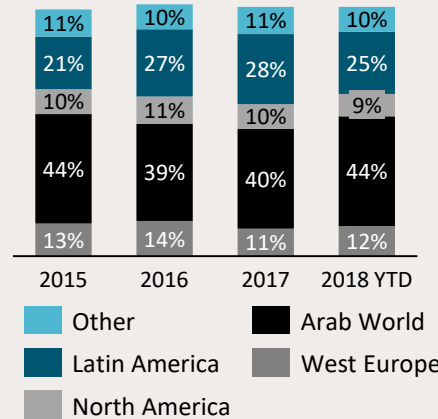


## Overview

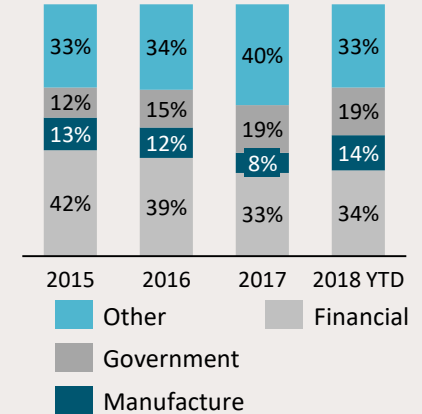
- Total assets have remained broadly stable and stood at \$27.9bn as at Sept 2018
- Bank ABC's asset base is widely diversified by geography, industry, & product types
- More than half the Book maturing within 1-year
- Loans and advances have been prudently growing by c. 4-5% per annum from 2015 – 2017. Recent decline mainly due to strengthening of USD against BRL
- Major positive ratings factors in S&P's latest report (May 2018) include ABC's "above average geographic diversification" as a rating strength

## Asset by geography and industry

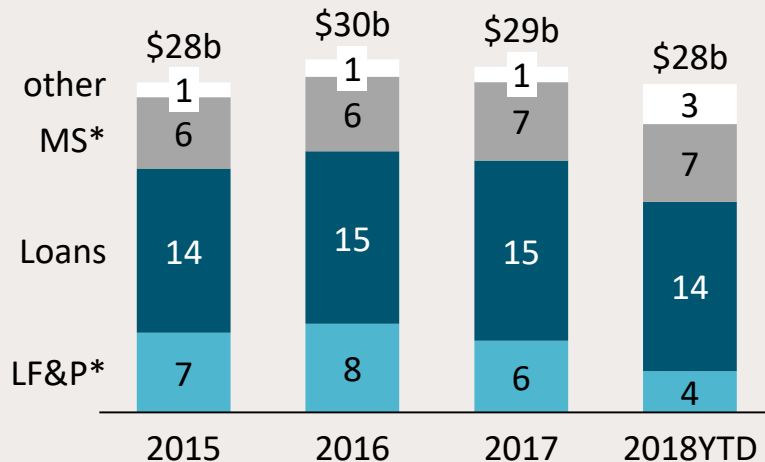
### By Geography



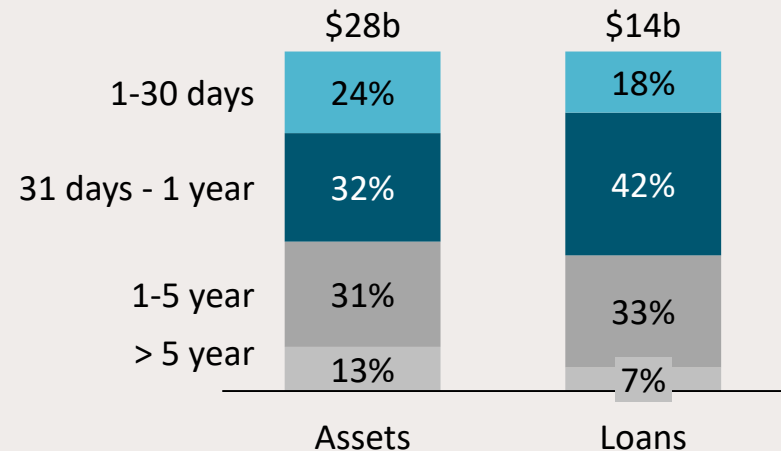
### By Industry



## Assets by instrument, \$m



## Assets by Maturity (Sept 2018)



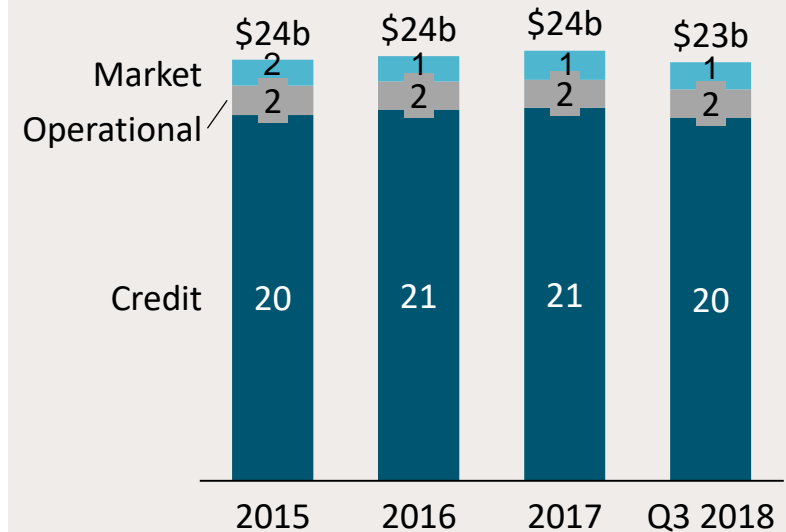
# Robust Capital Adequacy with room for growth



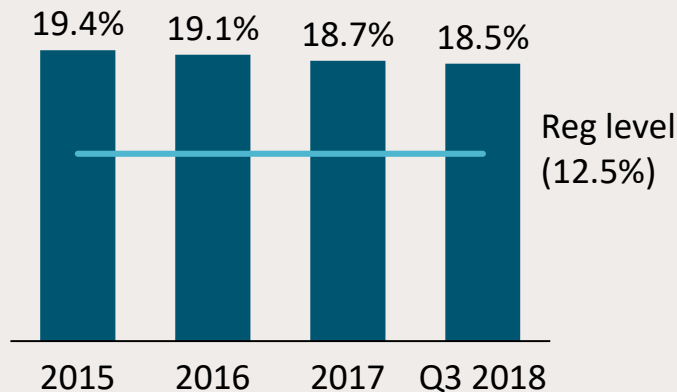
## Overview

- Central Bank of Bahrain introduced Basel III in Jan 15 for CAR
- Bank ABC's capital base remains very strong, with a capital adequacy ratio of 17.5% as at Q3 2018
- CET 1 comprises the majority of Bank ABC's Tier 1 Capital – the Bank's CET 1 ratio is also c. 17.5% as at Q3 2018
- Since 2014 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

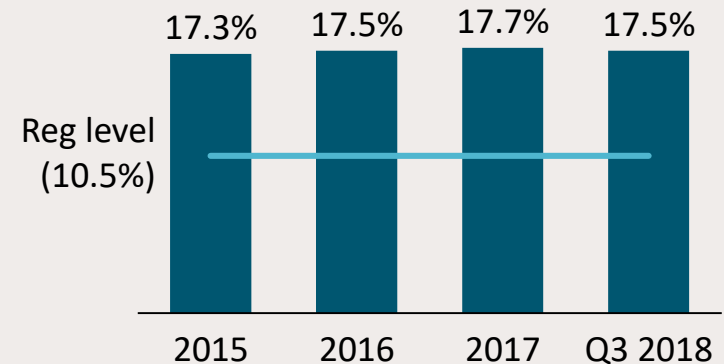
## RWA by type of risk



## Capital Adequacy Ratio, CAR %



## Tier 1 ratio - %





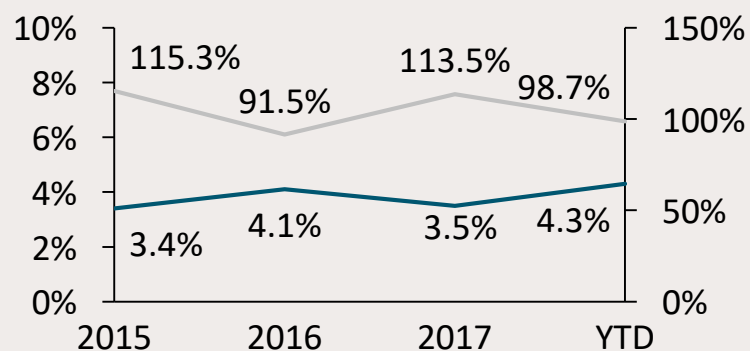
# Resilient Asset Quality & Conservative Investment Portfolio



## 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 provisioning coverage ratio of over 98% (adjusted for legacy loans)
- For the nine months to September 2018, impairment charges for the period were reduced to \$62m compared with the \$67m reported for the same period last year
- Ratio of non-performing loans to gross loans at 4.3% compared to 2017 year-end levels of 3.5%, and normalises to 3.3% when fully provided legacy loans are adjusted for, and broadly in line with expectations given credit conditions

## Non-Performing Loans and Coverage Ratio



— NPL % (LHS)

— Coverage % (Total Provision/Gross Impaired Assets)

## Investment Portfolio (Sept 2018)

Portfolio	Market Value, \$m	%
AAA rated debt	653	12%
A- to AA+ rated debt	3,313	60%
Other IG rated debt	987	18%
Non-IG rated debt	561	10%
Equity	9	0%

# Normalized TOI higher by 10% due to BRL hedge

## Cayman Branch

*/ Banco ABC Brasil (BAB) USD assets held at its Cayman branch, exposing it 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*

Q3 9 months 2017		Q3 9 months 2018	
TOI (as reported)	Tax (as reported)	TOI (as reported)	Tax (as reported)
\$653m	-\$53m	\$592m	+\$19m
Currency Hedge adjustment		Currency Hedge adjustment	
-\$9m	+\$9m	+\$60m	-\$60m
Normalized TOI	Normalized Tax	Normalized TOI	Normalized Tax
\$644m	-\$44m	\$652m	-\$41m

## Unlocking our Wholesale Bank

- / Expanding our Corporate Client base
- / Extending network – UAE & Asia
- / Reinforced Product capabilities (CM, FM, TB)
- / Improved MIS/Performance management

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## Growing our Primary Markets: MENA/Brazil

- / Deepening local client relationships
- / Continuing franchise investments
- / Managing risks effectively

## Digitizing the Bank

- / Modernizing/digitizing our platforms
- / Launching Neo bank
- / AFS as Fintech provider


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## Enhancing Organizational Health

- / Improved Balance sheet management /  
Corporate Treasury
- / Improved Risk management
- / Robust compliance function
- / More centralized operations


Leading capital markets platform demonstrated by our standing in league tables

## DCM USD Issuances<sup>1</sup>

Rank <sup>2</sup>	Bank	Issues	Volume (USD million)
1	Standard Chartered Bank	49	11,436
2	HSBC	38	7,845
3	Citi	34	6,880
4	JP Morgan	27	6,129
5	First Abu Dhabi Bank PJSC	22	2,679
6	Emirates NBD PJSC	15	1,118
7	Sumitomo Mitsui Financial	10	2,083
7	Dubai Islamic Bank	10	925
9	 Bank ABC	9	746
9 <sup>3</sup>	Barclays	9	1,546

Source: Bloomberg

## Loan Syndications

Rank	Bank	Total Deals	Volume (USD million)
1	FAB	9	1699
2	 Bank ABC	8	783
3	HSBC	8	2886
4	Citi	8	2676
5	SCB	7	2113
6	Mizuho	6	2838
7	ENBD	6	612
8	SMBC	5	3057
9	SG	5	2103

By number of deals; source: Thomson Reuters | LoanConnector



## DCM

 <p><b>NBO</b> البنك الوطني العماني</p> <p><b>National Bank of Oman</b> USD 500,000,000 Bond</p>  <p>JLM / Bookrunner Sep 2018</p>	 <p><b>Omantel</b> عمانتل</p> <p><b>Oman Telecommunications Company</b> USD 1,500,000,000 Dual Tranche Conventional Bond</p>  <p>JLM / Bookrunner Apr 2018</p>	 <p><b>Sharjah Islamic Bank</b> مصرف الشارقة الإسلامي</p> <p>USD 500,000,000 Sukuk</p>  <p>JLM / Bookrunner Apr 2018</p>	 <p><b>Bank Muscat</b> بنك مسقط</p> <p>USD 500,000,000 Bond</p>  <p>JLM / Bookrunner Mar 2018</p>	 <p><b>Dubai Islamic Bank</b> بنك دبي الإسلامي</p> <p>USD 1,000,000,000 Sukuk</p>  <p>JLM / Bookrunner Jan 2018</p>	 <p><b>APICORP</b> إبيكروب</p> <p>USD 500,000,000 Sukuk</p>  <p>JLM / Bookrunner Oct 2017</p>	 <p><b>nogaholding</b> الشركة القابضة للتجارة والتمويل</p> <p>USD 1,000,000,000 Bond</p>  <p>JLM / Bookrunner Oct 2017</p>
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## Loan Syndication

 <p><b>EGPC</b></p> <p><b>Petroleum Export VI Limited</b> USD 1,000,000,000 5yr Pre-export Finance Facility</p>  <p>MLA Jun 2018</p>	 <p><b>Emirates Healthcare</b></p> <p><b>Emirates Healthcare Group</b> USD 300,000,000 5yr Term Financing</p>  <p>MLA / Bookrunner Apr 2018</p>	 <p><b>UNITED ARAB BANK</b> البنك العربي المتحد</p> <p>USD 1,000,000 2yr Term Loan and Murabaha Financing Facility</p>  <p>MLA / Bookrunner July 2018</p>	 <p><b>Bank Sohar</b></p> <p><b>Bank Sohar S.A.O.G.</b> USD 250,000,000 3yr Term Loan Facility</p>  <p>Joint Coordinator / IMLA / Bookrunner Jul 2018</p>	 <p><b>Egyptian Electricity Holding Company</b></p> <p>USD 616,800,000 EUR 240,000,000 5yr Term Facility</p>  <p>IMLA / Bookrunner Jun 2018</p>	 <p><b>National Bank of Egypt</b> البنك الأهلي المصري</p> <p>USD 600,000,000 3yr Term Loan Facility</p>  <p>IMLA / Bookrunner May 2018</p>	 <p><b>alBaraka</b></p> <p><b>Al Baraka Turk</b> USD 245,000,000 &amp; EUR 60,000,000 1yr Syndicated Murabaha Financing Facility</p>  <p>Coordinator / IMLA / Bookrunner</p>
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- ✓ External environment presents challenges with some improvements
- ✓ Q3 operating performance continues positive trend
- ✓ Balance sheet is strong, resilient and well diversified
- ✓ Our clear transformation strategy positions ABC for future growth

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