

Bank ABC Announces nine-months 2018 Net Profit of US\$159 Million, +5% Attributable to the Shareholders of the Parent

Manama, Bahrain: Bank ABC (Arab Banking Corporation B.S.C.) - Bahrain Bourse Trading Code "ABC" - today announces its results for the nine months of 2018:

Business Performance (nine-month period):

- Consolidated net profit, attributable to the shareholders of the parent, for the first nine of 2018 was US\$159 million, 5% higher compared to US\$151 million reported for the same period previous year evidencing improving operating performance and cost of credit despite external headwinds.
- Profit before Taxation was US\$178 million, 28% lower compared to US\$247 million in the nine months of 2017, and normalises to a positive 1% growth, after adjusting for effects of foreign currency hedging transactions in Banco ABC Brasil ("BAB"), which have an offsetting tax charge impact and other one-off non-core items.
- On a headline basis, total operating income was US\$592 million against US\$653 million reported for the nine months of last year, and normalises to 2% growth year on year, after adjustments as mentioned above.
- Earnings per share for the period remained stable at US\$0.05 compared with the same period of 2017.
- Operating expenses were at US\$352 million, US\$13 million higher than the nine months of 2017, mainly due to continuing investment costs into the new geographies and strategic initiatives whilst maintaining tight grip on the business as usual costs.
- Impairment charges for the period were US\$62 million compared with the US\$67 million reported for the same period last year, mainly indicating the generally improving market conditions in select markets where we operate and is largely in line with our expectations for cost of credit. Impairment for the period is now computed on IFRS 9 basis covering the entire portfolio.
- Total comprehensive income attributable to the shareholders of the parent was US\$24 million compared to US\$196 million reported for the same period of 2017, primarily due to depreciation in BRL against USD impacting the Foreign exchange translation adjustments in equity.
- Ratio of non-performing loans to gross loans increased to 4.3% compared to 2017 year-end levels of 3.5%, and normalises to 3.3%, when legacy fully provided loans are adjusted for. Provisions coverage of the impaired exposures remained comfortable at 98%.
- Tax credit (savings) of US\$19 million, compared to the charge of US\$53 million for the nine months of 2017 (the variance largely arising from the tax treatment of

currency hedges in BAB noted above). Effective tax charge remains at comparable levels, after adjusting for the currency impact noted above.

Business Performance (three-month period):

- Consolidated net profit, attributable to the shareholders of the parent, for third quarter was US\$46 million, 6% lower compared to US\$49 million in Q3 2017.
- Profit before Taxation for the quarter was US\$59 million, 34% lower compared to US\$89 million in Q3 2017, and normalises to 8% reduction, after adjusting for effects of foreign currency hedging transactions in Banco ABC Brasil ("BAB"), which have an offsetting tax charge impact.
- On a headline basis, total operating income was US\$203 million against US\$221 million reported for the same period last year, and normalises to 3% growth year on year, after adjustment as mentioned above.
- Impairment provisions for the quarter at \$32 million was higher compared to the third quarter of the previous year, although remained in line with targeted levels on a year-to-date basis.
- Total comprehensive income attributable to the shareholders of the parent was US\$38 million compared to US\$80 million reported for the same period of 2017.
- Earnings per share for the quarter was US\$0.01, compared to US\$0.02 in the third quarter of the previous year.

Balance Sheet:

- Total assets stood at US\$27.9 billion at 30 September 2018, compared to US\$29.5 billion at the 2017 year-end.
- Deposits at the end of the period were US\$19.6 billion slightly lower than the US\$20.2 billion at 2017 year-end, mainly due to decrease in deposits from customers.
- The decline in total assets and deposits predominantly arose from the effect of USD strengthening, against Brazilian Real (BRL).
- Liquidity ratios strong with LCR and NSFR on a Basel III basis exceeding 100% with comfortable buffer and liquid assets to deposits ratio healthy at 56%.
- Capital Ratios strong: Tier 1 17.5% and total capital adequacy ratio (CAR) 18.5%.

Bank ABC's Group Chairman, Mr. Saddek Omar El Kaber, commented that *"We are pleased with the Group's core business performance as the year draws to its last quarter while we continue to retain focus on maintaining a strong balance sheet, with healthy capital and liquidity levels. Our strategic initiatives to build on our franchise strengths and transform the bank are progressing well. We have already started seeing the results of some of these initiatives."*

Press Release

4/11/2018

Bank ABC is a leading player in the region's banking industry and provides innovative wholesale financial products and services that include corporate banking, trade finance, project and structured finance, syndications, treasury products and Islamic banking. It also provides retail banking services through its network of retail banks in Jordan, Egypt, Tunisia and Algeria.

The full set of the financial statements and the press release are available on Bahrain Bourse' website.

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Bank ABC (Arab Banking Corporation B.S.C.) is licensed as
a conventional wholesale bank by the Central Bank of Bahrain

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بنك ABC (المؤسسة العربية المصرفية ش.م.ب.)
مرخص كبنك جملة تقليدي من قبل مصرف البحرين المركزي