

Bank ABC Announces 2017 Results Net Profit of US\$193 Million, +6% YoY and 3% Dividend Attributable to the Shareholders of the Parent

Manama, Bahrain: Bank ABC (Arab Banking Corporation B.S.C.) today announces its results for the year ended 31 December 2017

Financial Highlights – FY 2017

Business Performance

- Consolidated net profit, attributable to the shareholders of the parent, for the year 2017 was US\$193 million, 6% higher compared to US\$183 million reported for the previous year
- Net profit for fourth quarter was US\$42 million, 27% higher compared to US\$33 million in Q4 2016.
- On a headline basis, total operating income was US\$869 million against US\$865 million reported for the last year, and normalises to a 7% growth, after adjusting for effects of foreign currency hedging transactions in Banco ABC Brazil ("BAB"), which have an offsetting tax charge impact.
- Operating expenses were at US\$462 million, US\$26 million higher than last year, due to continuing investment costs as well as some currency translation impact.
- Impairment charges for the year were US\$96 million compared with the previous year's US\$92 million, resulting from the after impact of recessionary conditions in Brazil although these have been stabilising more recently.
- Ratio of non-performing loans to gross loans at 3.5% improved from 2016 year-end levels of 4.1%, and normalises to 2.6%, when legacy fully provided loans are adjusted for.
- Tax charge US\$58 million, compared to the charge of US\$103 million for 2016 (the variance largely arising from the tax treatment of currency hedges in BAB noted above).

Balance Sheet

- Total assets stood at US\$29.5 billion at the end of 2017, comparable to US\$30.1 billion at the 2016 year-end, as the Group continues to prioritise asset quality and returns.
- Deposits at the end of the year were US\$20.2 billion similar to 2016 year-end.
- Customer deposits increased by US\$2.5 billion during the year, resulting from repositioning the composition of liabilities.
- 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 55%.
- Capital Ratios strong: Tier 1 17.7% and total capital adequacy ratio (CAR) 18.7%.

On this occasion, the Board of Directors recommend, for approval at the Annual General Meeting to be held on 25 March 2018 in Bahrain, a cash dividend distribution of 3% of the issued share capital (US\$0.03 per share), translating to approximately 48% of the net profit for the year, attributable to the shareholders of the parent, amounting to US\$93,300,000.

Bank ABC's Group Chairman, Mr. Saddek Omar El Kaber, commented that *"We are pleased to see the continuing progress of the Group with improved growth in profitability of 6% year on year. This year also saw the expansion of our network footprint to Dubai and Singapore as new branches were opened, underpinning our strategic intent to be MENA's leading international bank. In addition, we are making advances with our digital transformation in a number of areas. We are cautiously optimistic on the positive signals emerging in many of our core markets, which should build momentum into our businesses. Our balance sheet and risk metrics continue to remain one of our key focus areas and benchmark well against regional and international standards."*

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.

- Ends -

For more information please contact

Brendon Hopkins, Group CFO, Manama, Kingdom of Bahrain, tel. +973 17543223 or fax +973 17531311.