

Gulf International Bank B.S.C.

Investor Presentation

Q2 2024

GIB

بنك الخليج الدولي

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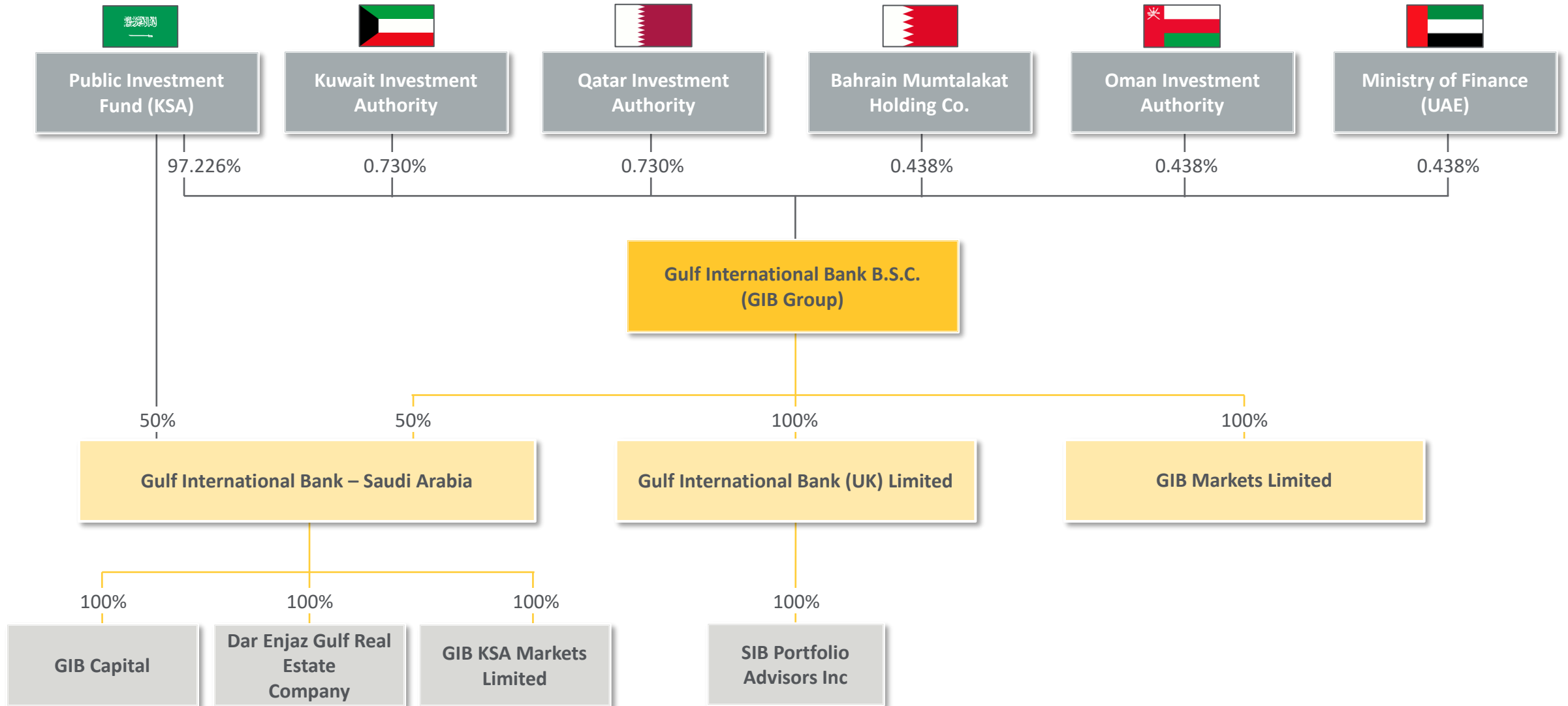
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1. GIB Profile



Overview

- Established in November 1975 and regulated by the Central Bank of Bahrain.
- Active across the regional and international markets through its subsidiaries GIB Saudi Arabia, GIB Capital, and GIB (UK) Ltd and its branches in the UAE, Oman, London, New York, and rep office in Dubai.

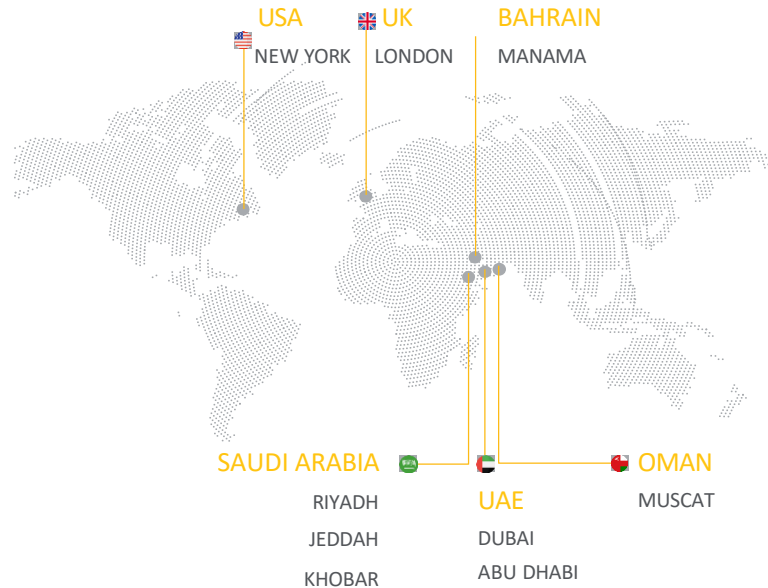
Core business lines

- Wholesale banking
- Investment banking
- Digital retail banking (meem)
- Asset management
- Treasury and global markets
- Wealth management

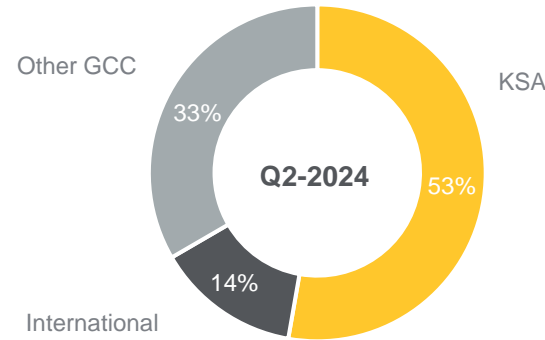
Customers and clients

- GCC government agencies
- Top-tier corporations
- High net worth individuals
- GCC-active MNCs
- Financial institutions
- Retail

Presence



Income by Geography



Sustainable Development Goals:

Our Commitment: We are committing to reducing our bank's net carbon emissions by 2.5% annually for the next 5 years.



Gender Equality:

Ambition: To contribute to female empowerment



Competitive advantages

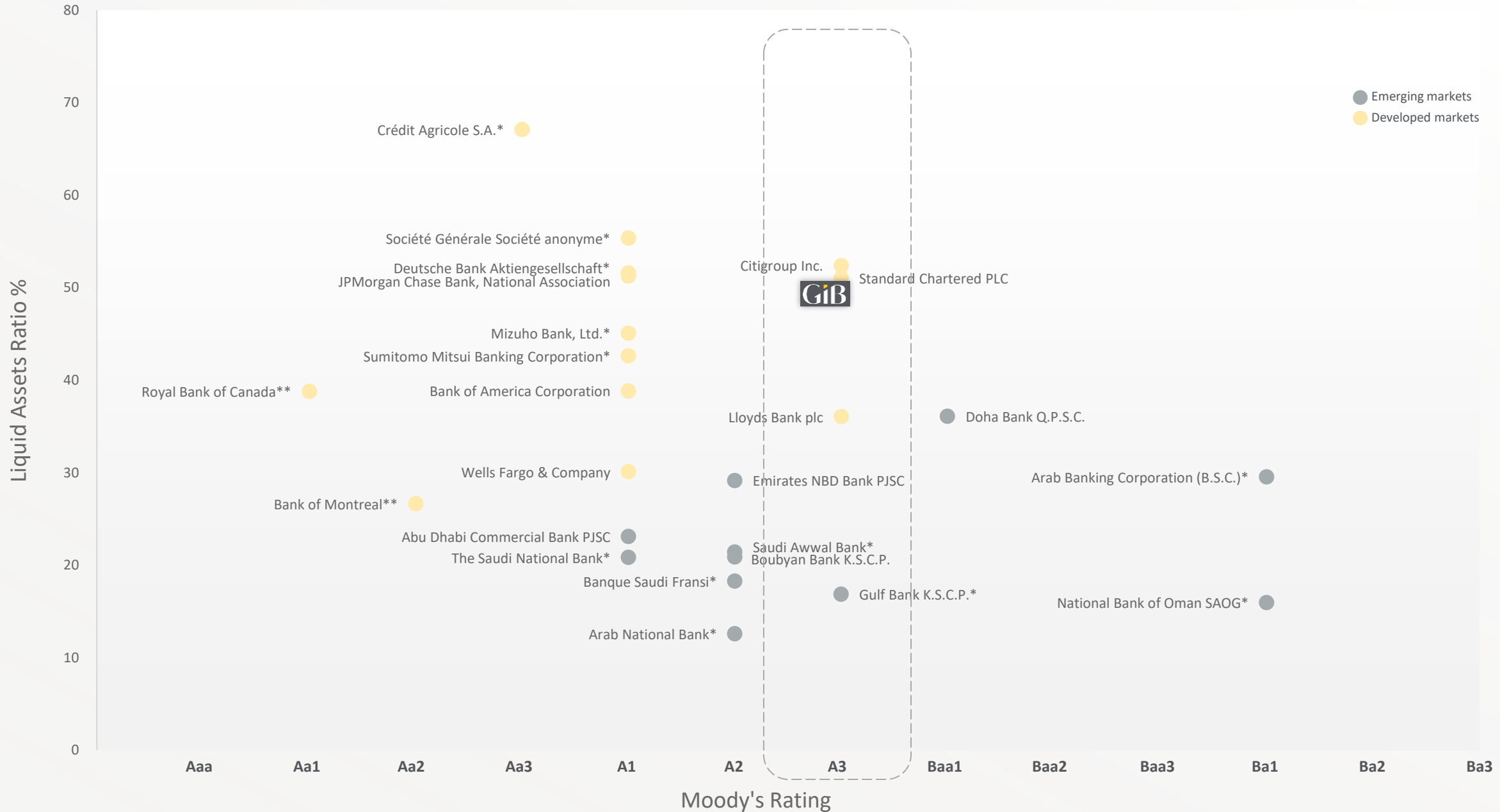
- | Global outreach | Professional expertise | Ownership / governance | Unique regional presence | Long standing institutional relationships | Leading franchise in structured / syndicated finance |
|--|------------------------|------------------------|--------------------------|--|---|
| <ul style="list-style-type: none"> Leveraging its international network, offerings, and expertise to capitalize on financial flows between the GCC and the global market. Business expansion propelled by the application of digital expertise in retail banking, transaction banking, and, most recently, the Open Banking arena. | | | | <ul style="list-style-type: none"> Expanding access to stable funding sources by fostering robust client relationships and offering competitive deposit products, thereby optimizing the cost of funds. | <ul style="list-style-type: none"> Integrating sustainability throughout operations by providing clients with ESG offerings and expertise. |

Credit ratings

	Rating Action and Date	Long-Term Issuer Default Rating	Short-Term Issuer Default Rating	Viability Rating	Outlook
MOODY'S	Upgrade 27 Sept. 2023	A3	P-2	ba1	Positive
FitchRatings	Affirmed 10 June 2024	A-	F-2	bbb-	Stable
CI CAPITAL intelligence	Affirmed 13 Aug. 2024	A+	A1	bbb-	Stable



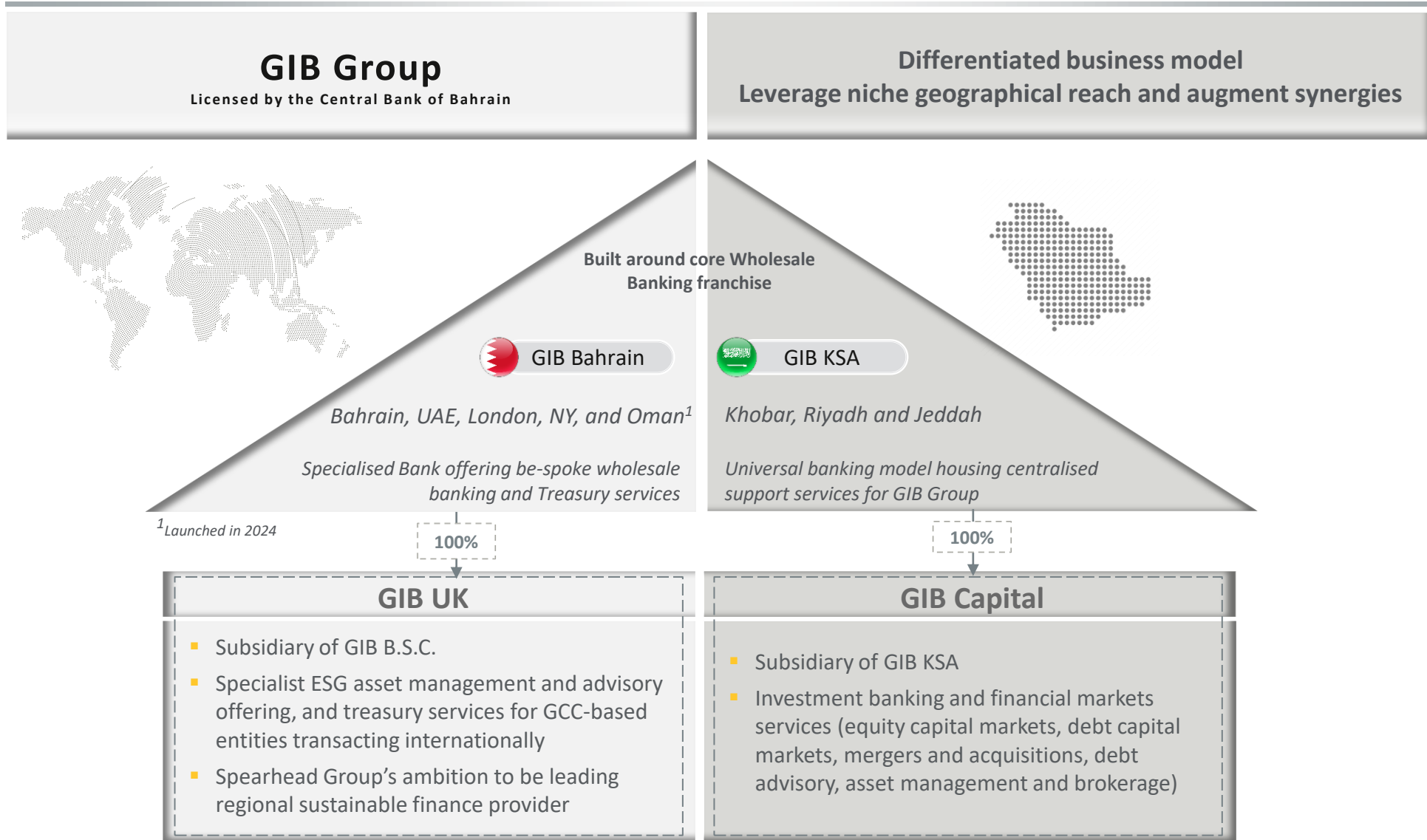
Amongst the most Liquid Highly Rated Banks



Source: S&P Global Market Intelligence
Based on latest data available (**April 2024, *March 2024 or June 2024)

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2. Strategy



Vision

A regional industry leader
with global reach offering differentiated world-class products and services to its clients

Value preservation



...moving towards..



Value accretion

Mission

Deliver **differentiated value-accretive** solutions, meeting clients' needs and **contributing** to the **region's economic development**

Generate **competitive shareholder returns** by selectively expanding existing offerings and investing in capital-life businesses

Execute on our **revised digital retail strategy**

Embed **sustainability and responsible banking** principles in everything we do

Attract, develop and retain **distinguished local talent**

Core Values

Perceptiveness

Collaboration

Integrity

Agility

Strategic priorities

Reduce reliance on NII
via differentiated fee generative products and services

Increase and diversify revenues
via cross-sell across divisions and entities

Enhance client acquisition, experience and service
target key segments with enhanced product offerings

Maintain an effective funding profile
optimising cost of funding and reducing deposit concentration through innovative offerings

Optimize capital deployment and RoA
improve returns and capital utilization

Strategic enablers



Talent acquisition and retention
focus on merit, diversity and development



Effective governance
agile decision making and robust risk management framework



Digital focus to accelerate our transformation journey



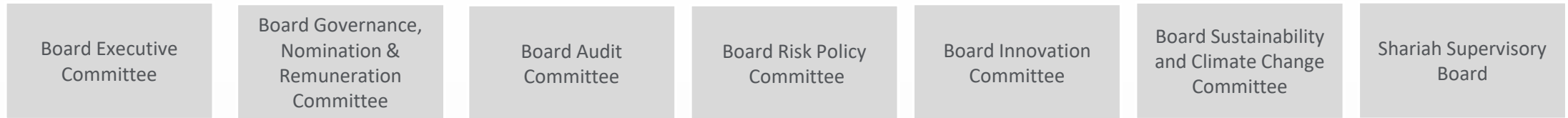
Operational excellence
optimizing infrastructure and streamlining processes



3. Governance

Board Level

Board of Directors



1st Level Management Committees

Management Committees





4. Sustainability and Awards



Achievements

Asian Banking & Finance Awards 2024

- Green Deal of the Year – Bahrain

EMEA Finance Annual Achievement Awards 2023

- Best Sustainability-Linked Loan in EMEA

Bonds, Loans & Sukuk Middle East Awards 2023

- ESG Loan Deal & ESG Bond Deal of the Year

Asset Triple A Islamic Finance Awards 2023

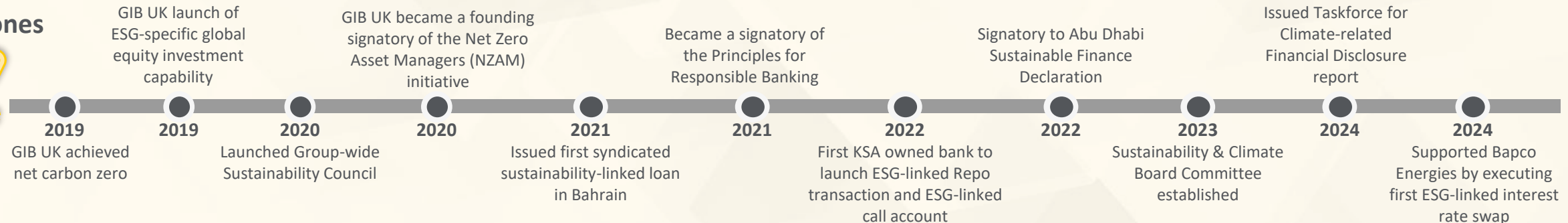
- Best Sustainability-Linked Loan
 - Joint lead manager and bookrunner for the **Emirate of Sharjah's \$1bn** sustainable bond for the year 2023
 - Provided SAR 1 billion (USD 288 million) green financing to Almutlaq Real Estate Investment Co. to support its joint venture with **Red Sea Global**
 - Laid foundation for carbon trading through partnering in PIF's new **Voluntary Carbon Market**
 - Participated in the second voluntary carbon auction by the **Regional Voluntary Carbon Market Company**

Sustainable Finance is an integral part of the GIB Group Mission statement:
 “Embed sustainability and responsible banking principles in everything we do”
 Sustainability is a key strategic enabler, business driver and competitive differentiator for GIB

The Bank recognises its **responsibility as a leading financial institution to contribute to economic, social and environmental sustainability.** Hence, we offer our clients a number of sustainable finance products including:

- Use of proceeds financing
- Sustainability-linked financing
- ESG-linked call accounts
- ESG-linked repos
- Sustainable asset management funds
- Green issuance advisory

Milestones





The Asset Triple A Islamic Finance Awards 2023

- Best Sustainability-linked Loan Aluminum Bahrain US\$710 million sustainability-linked syndicated senior ijara facility



Global Finance Innovators Awards 2023

- Best API Banking Initiative



Bonds, Loans & Sukuk Middle East Awards 2023

- ESG Loan Deal of the Year
- Metals & Mining Deal of the Year
- ESG Bond Deal of the Year



EMEA Finance Treasury Services Awards 2023

- Best Payment Services in the Middle East



EMEA Finance Ceremony 2023

- Best Islamic Finance facility



Global Finance World's Safest Banks 2023

- Safest Bank in Bahrain



The Digital Banker Global Transaction Banking Innovation Awards 2023

- Best Bank for Supply Chain Finance in Bahrain
- Best Bank for Supply Chain Finance in Saudi Arabia
- Best Bank for Trade Finance in Bahrain
- Best Bank for Trade Finance in Saudi Arabia



Saudi Trade Finance Awards 2023

- Best Transaction Banking Team 2023 Saudi Arabia
- Best Supply Chain Finance Bank 2023 Saudi Arabia
- Customer's Choice Trade Finance Bank 2023 Saudi Arabia
- Best Trade Finance Bank 2023 Saudi Arabia



EMEA Finance 2023

- Best Islamic Finance Facility (for Nogaholding: Mandated Lead Arranger and Bookrunner)



Emirates Labour Market Awards (Ministry of Human Resources and Emiratisation)

- Establishment - Best HR Practices
- Work Force – Ali Ahmadi's Contribution to UAE Business and the Community



Capital Markets & ESG Finance Saudi Arabia Awards 2024

- Transport Finance Deal of the Year
- Syndicated Loan Deal of the Year
- Ground-breaking Deal of the Year
- Oil & Gas Finance Deal of the Year



EMEA Finance Middle East Banking Awards 2023

- Best Local Investment Bank in Bahrain
- Best Local Debt House in Bahrain
- Best loan house in Saudi Arabia
- Best loan house in Bahrain
- Best loan house in Oman
- Best foreign bank in Oman



Asian Banking & Finance Awards 2024 - Wholesale Banking

- UAE International Cash Management Bank of the Year
- Saudi Arabia International Cash Management Bank of the Year
- Bahrain Domestic Foreign Exchange Bank of the Year
- Bahrain Domestic Cash Management Bank of the Year



Asian Banking & Finance Awards 2024 - Corporate and Investment Banking

- Green Deal of the Year – Bahrain
- Debt Deal of the Year - Bahrain



The Digital Banker Awards 2024

- Best API Initiative - Middle East & Africa
- Best ERP Integration Initiative – Middle East & Africa
- Best Virtual Account Initiative – Middle East & Africa
- Best Digital Treasury Management Initiative - Middle East & Africa
- Best Bank for Payments & Collections – Regional Middle East & Bahrain
- Best Bank for Cash Management – Bahrain
- Best Bank for Supply Chain Finance - Bahrain



EMEA Finance Annual Achievement Awards 2023

- Best Syndicated Loan House in the Middle East
- Best Sustainability-Linked Loan in EMEA
- Best Sub-Sovereign Syndicated Loan in the Middle East
- Best Syndicated Loan in the Middle East



5. Financial Performance



Ongoing commitment to becoming a leading regional player and boosting shareholder returns, highlighting GIB's dedication to increasing shareholder value and supporting client growth.



Substantial expansion in net fees and commissions is attributed to heightened activity in loan underwriting and distribution, trade finance, and retail banking.



Transiently high level of year-end customer deposits decreased the balance sheet.



The investment book is characterized by its high quality, with over 91% of assets rated A- and above.



A strong loan portfolio with NPL ratio at 1.7% and coverage ratio of 168%.



Diversified and expanding deposit base, marked by a growing franchise of CASA.



A wholesale banking branch was inaugurated in Muscat, Oman by Q1-2024, signifying a significant milestone in GIB's expansion strategy within the GCC.



Successfully issued a \$500m 5-year bond under its Euro Medium Term Programme EMTN programme, receiving strong demand from regional and international investors.

Balance Sheet

Total Assets

\$45.7bn

-3%
vs Dec 2023

Investment Securities

\$6.9bn

+3%
vs Dec 2023

Loans & Advances

\$13.9bn

+2%
vs Dec 2023

Income Statement

Profit

\$106.3mm

+10%
YoY

Revenue

\$350.3mm

+4%
YoY

Fee & Commission

\$64.4mm

+35%
YoY

Key Risk & Performance Metrics

NPL Ratio

1.7%

-0.1%
vs Dec 2023

NPL Coverage Ratio

168.4%

+10.9%
vs Dec 2023

Cost to Income

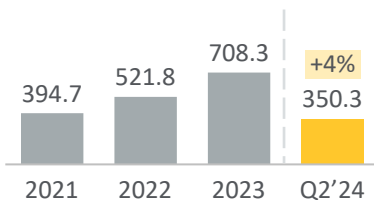
60.2%

+6.3%
YoY

Value accretion

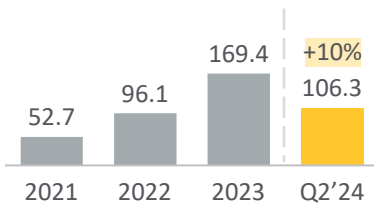
Revenues (USDm)

% variance from Q2 2023

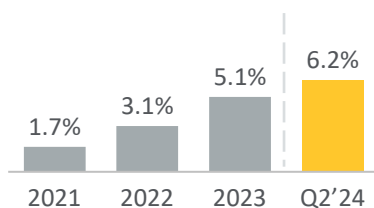


Net Income (USDm)

% variance from Q2 2023



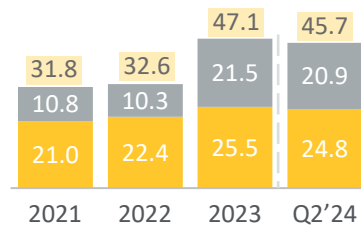
ROAE annualized



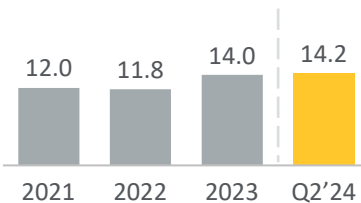
Strong balance sheet

Assets (USDbn)

Group (yellow), GIBUK (grey), Other entities (orange)

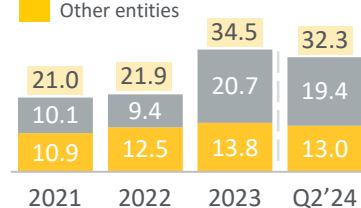


Gross loans (USDbn)



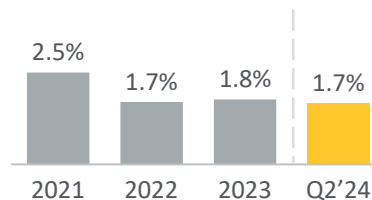
Customer deposits (USDbn)

Group (yellow), GIBUK (grey), Other entities (orange)

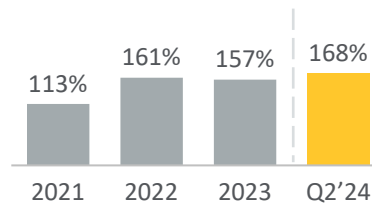


Credit quality and capital structure

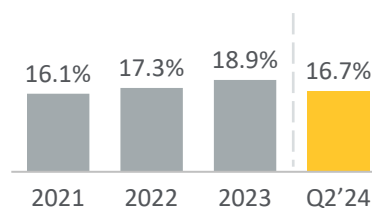
Non-performing Loans ratio



Provisions coverage ratio



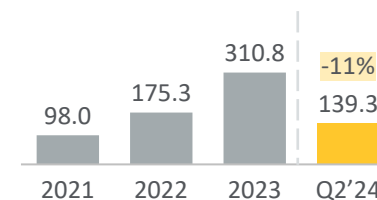
Capital adequacy ratio



Enhanced financial performance

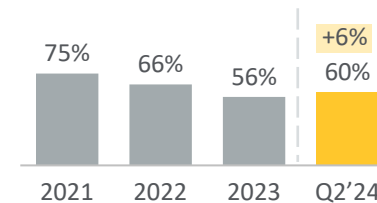
Operating Income (USDm)

% variance from Q2 2023



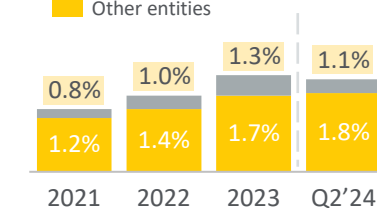
Cost-to-income ratio

% variance from Q2 2023



Net interest margins

Group (yellow), GIBUK (grey), Other entities (orange)



Profitability

- Resilient growth trajectory driven by enhanced and diversified core revenues delivering improved shareholder returns.
- Consistent performance, revenue surges, increased net interest margins and annualized ROAE up at 6.2% by June 2024.
- Improved net interest margins to 1.76% (Group excluding UK) driven by higher benchmark interest rates and well managed funding cost.



Balance sheet

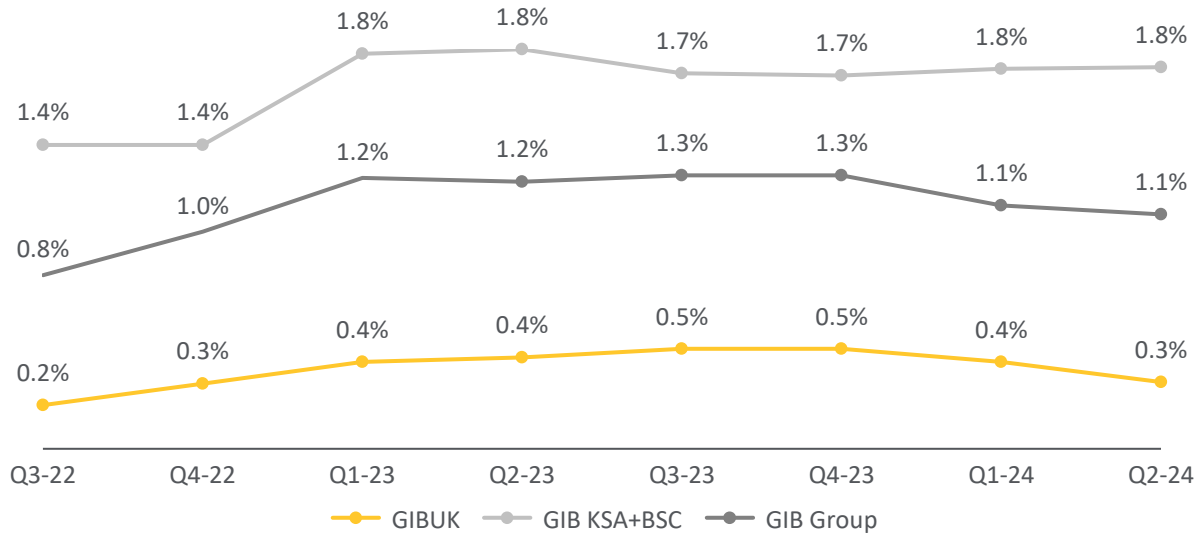
- Strong balance sheet at \$45.7bn as of June 2024.
- Diversified deposit with increased franchise CASA, which grew by 6% or \$0.3bn during last three years reflecting the success of GTB and Retail liability propositions.
- Robust asset quality and prudent approach to risk management: NPL ratio declined to 1.7% and provisions coverage ratio soars to 168% by end of June 2024.

Income statement, USDm	2021	2022	2023	Jun-23	Jun-24
Net interest income	246.1	345.8	498.5	239.2	260.0
Non-net interest income	148.6	176.0	209.8	98.8	90.3
Total income	394.7	521.8	708.3	338.0	350.3
Operating expenses	(296.7)	(346.5)	(397.5)	(182.2)	(211.0)
Net income before provisions and tax	98.0	175.3	310.8	155.8	139.3
Provisions charge for expected credit losses	(44.5)	(71.6)	(112.0)	(47.6)	(16.8)
Impairment of leased assets	(1.2)	-	-	-	-
Net income before tax	52.3	103.7	198.8	108.2	122.5
Tax	0.4	(7.6)	(29.4)	(11.7)	(16.2)
Net income	52.7	96.1	169.4	96.5	106.3
Net interest margins – excluding GIBUK	1.16%	1.40%	1.72%	1.70	1.76%
Cost-to-income (CIR) ratio	75%	66%	56%	54%	60%
Balance sheet, USDbn	2021	2022	2023	Jun-24	
Total assets	31.8	32.6	47.1	45.7	
Gross loans	12.0	11.8	14.0	14.2	
Deposits	22.0	22.4	35.4	33.7	
<i>of which GIBUK</i>	<i>10.3</i>	<i>9.7</i>	<i>20.9</i>	<i>20.3</i>	
CASAs – excluding GIBUK	5.1	5.7	5.9	5.4	
NPL %	2.5%	1.7%	1.8%	1.7%	
Provisions coverage ratio %	113%	161%	157%	168%	
ROE %	1.7%	3.1%	5.1%	6.2%	

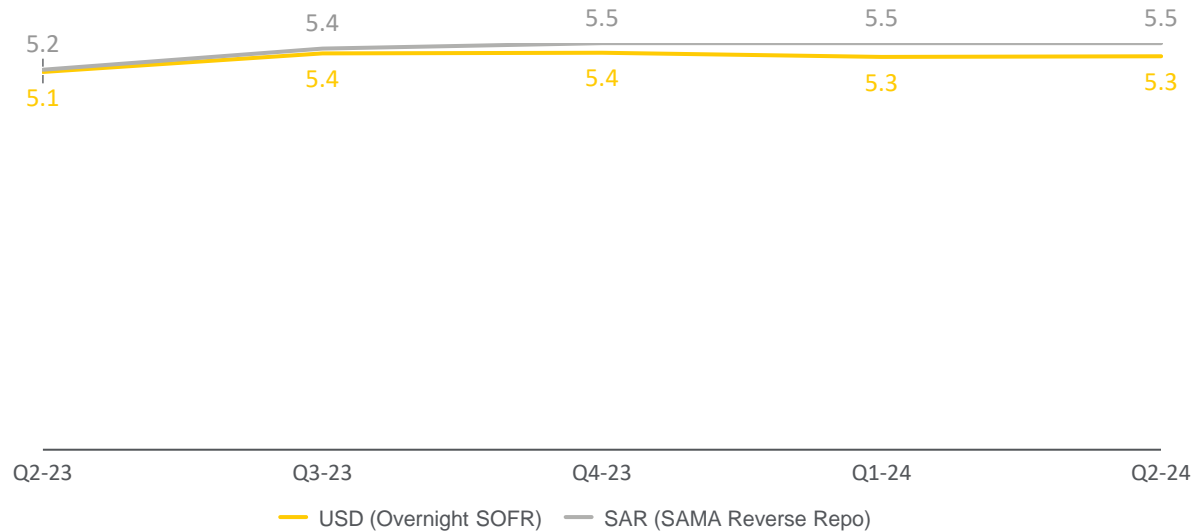
Key highlights

- A notable compounded annual growth rate (CAGR) of 34% in total income from 2021 to 2023, with momentum sustained into Q2 2024, marked by a further 4% year-on-year surge in June 2024.
- A controlled 16% CAGR in expenses from 2021 to 2023, attributed to heightened investment in digital, technology, and governance initiatives.
- Notable 35% increase in fee and commission income driven by increased activity in loan underwriting and distribution, trade finance and retail banking.
- Prudent provisioning policy, effective management of legacy portfolio which resulted in the annualized cost of risk of 25 bps in Q2 2024 compared to 91 bps for the year 2023.
- A cost to income ratio of 60% in Q2 2024.
- Continuing core loan and deposit growth mirrors stronger client relationships and expanded product capabilities.
- Effective liability initiatives drive CASA growth, enhancing funding diversity and lowering cost of funds.
- Prudent risk underwriting and credit governance strategies drive prudent expansion of the loan portfolio, leading to improved earnings quality, a low NPL ratio, and a robust coverage ratio.

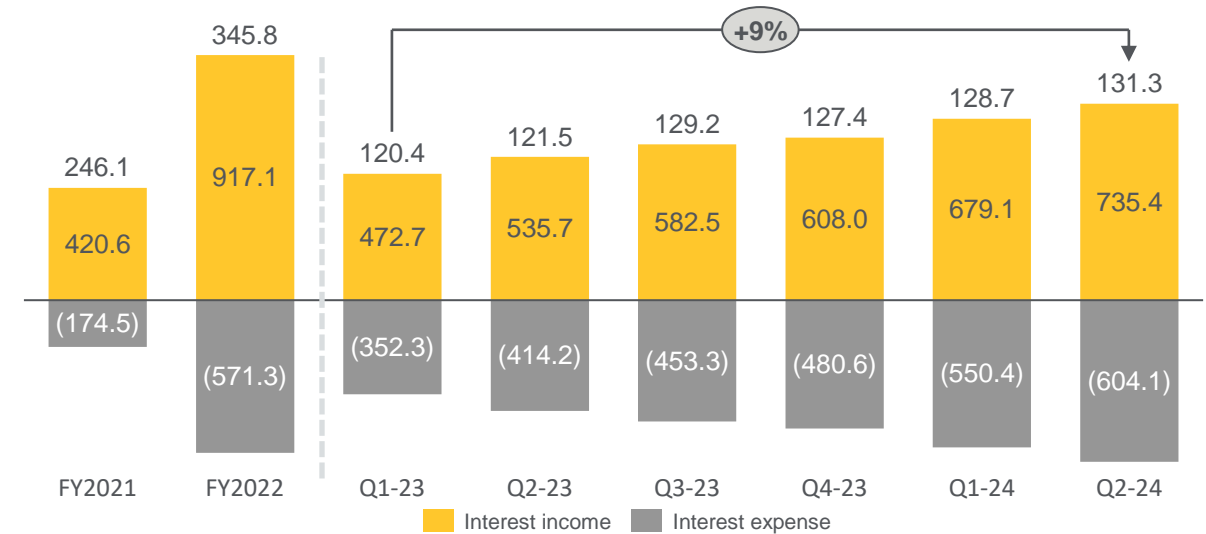
Net interest margins



Average interest rate trends over the last 12 months (%)



Net interest income breakup (USDm)*

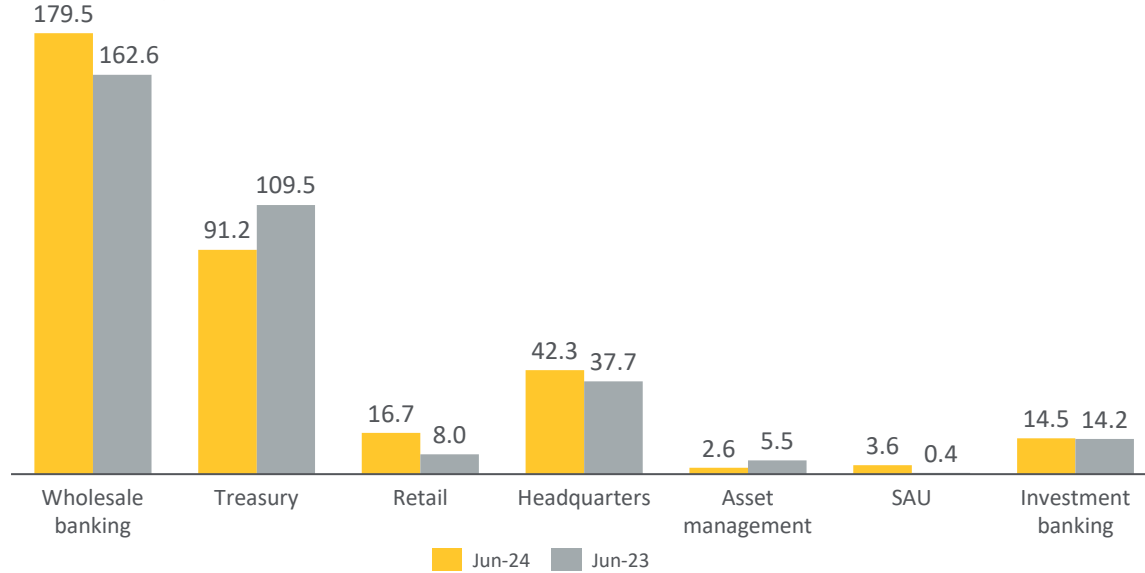


Key highlights

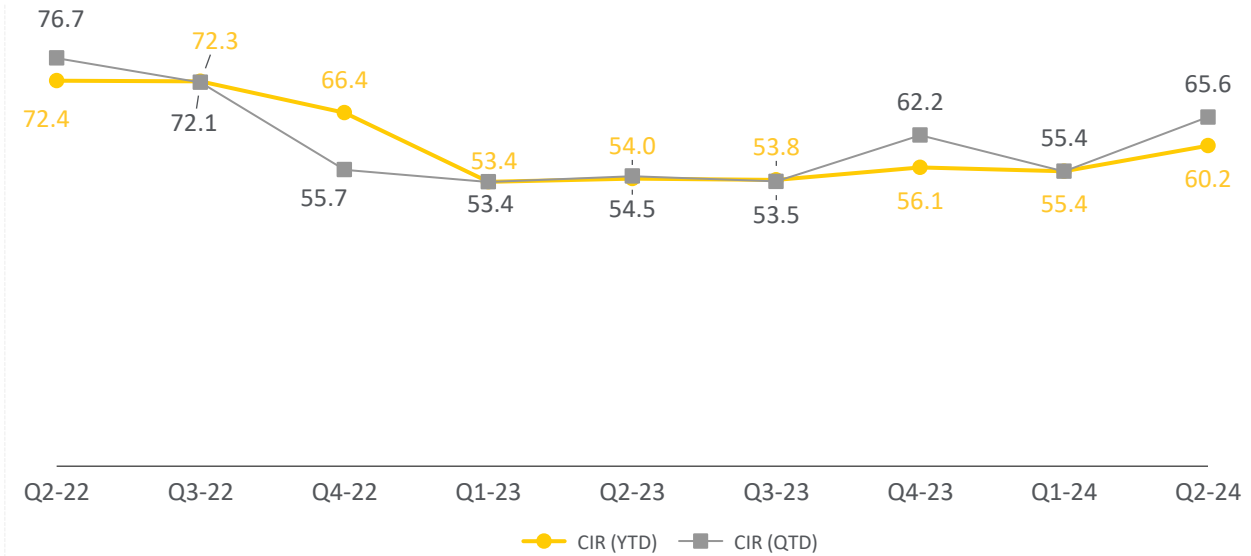
The Bank is dedicated to enhancing its net interest margins through the implementation of the following strategic initiatives:

- Expanding the digital retail "Banking as a Service" offering and increasing operational accounts in Global Transaction Banking to diversify deposits.
- Ensuring diversification of the loan portfolio while maintaining prudent risk management practices and upholding a high-quality credit portfolio.
- Actively managing the Bank's assets and liabilities, including the implementation of effective hedging strategies to mitigate the impact of interest rate fluctuations.
- Transitioning toward an arrange-structure-underwrite-distribute (ASUD) model.
- Introducing innovative financial products and services aimed at attracting and retaining customers.
- Cultivating strong customer relationships to drive deposit growth, cross-selling opportunities, and customer loyalty.

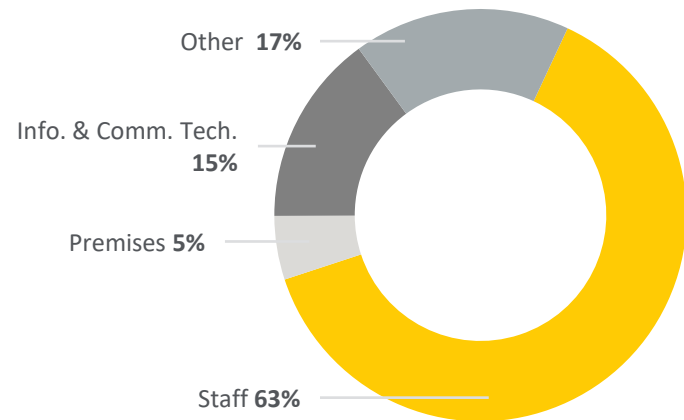
Revenues by business line as of June 2024 (USDm)



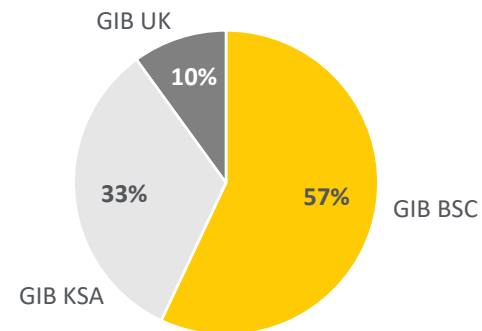
Cost to income ratio (%)



Operating expenses June 2024



Net income by entity June 2024



Key highlights

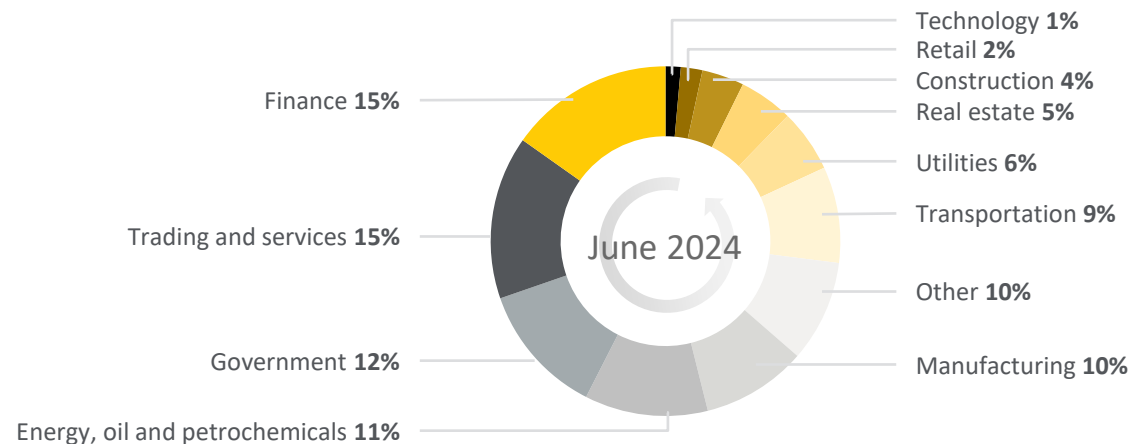
- As the Bank progresses its strategy, it is beginning to reap the benefits of actions taken in recent years. Investments in human capital, innovation, technology, and client-centric approaches are resulting in year-over-year growth in transactions and profitability across all business segments.
- The three key operations in Bahrain, KSA, and the UK consistently demonstrate exceptional performance.



6. Asset Profile

Net loans by sector (%)

(Concentration mix in line with prior years)

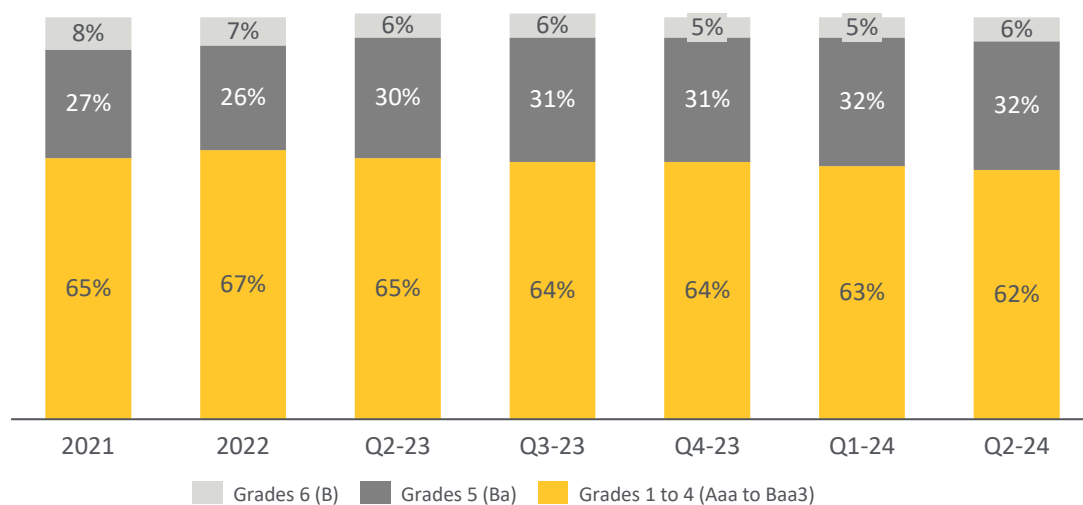


Key highlights

- The Bank's loan portfolio remains strong and well diversified across industries.
- Strong credit governance has led to significant asset quality improvement, with 62% of the loan portfolio now rated investment grade.
- 58% of the Group's lending is to KSA clients, with the wider GCC region comprising 95% of the loan portfolio.
- The loan book is well-diversified and of high-quality, primarily driven by growth among top-tier GCC corporate clients and GREs.

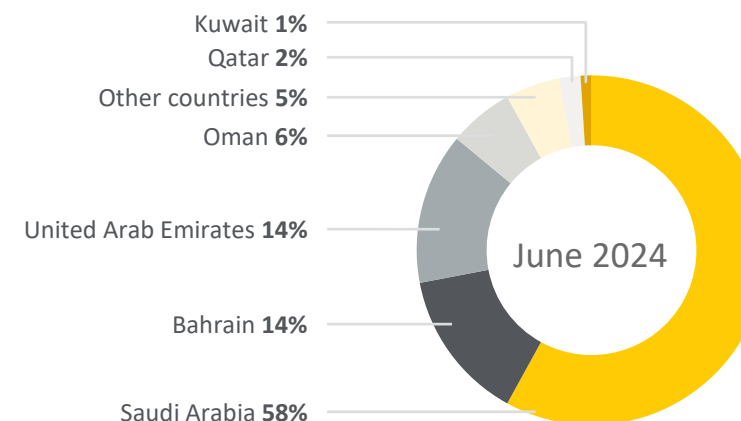
Net loans by rating (%)

(Stable loan ratings)



Net loans by geography (%)

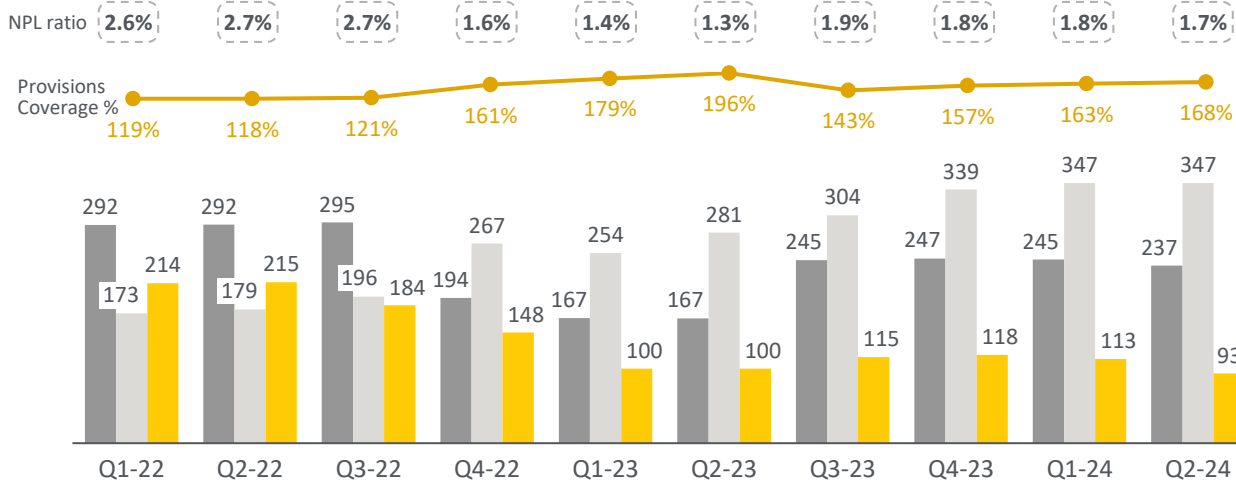
(Consistent geographical distribution)



Impaired loans and allowances (USDm)

NPL ratio (%)
● Provision coverage (%)

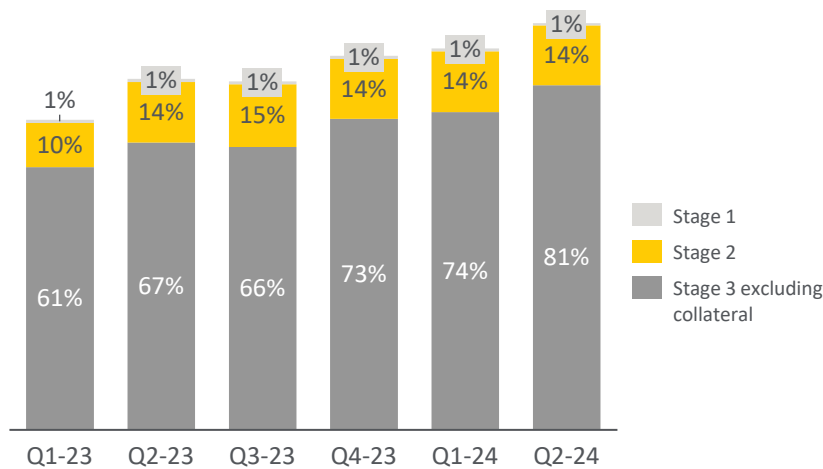
NPL
 Provision
 Collateral



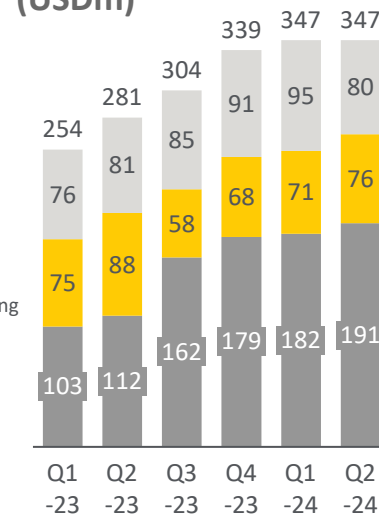
Key highlights

- The establishment of an independent unit to manage distressed asset and enhance recoveries, combined with a strong risk management framework, have improved significantly asset quality ratios with NPL ratio down to 1.7% with total provision coverage ratio reaching 168%.
- The heightened ECL coverage by stage aligns with asset growth, industry peers and the Bank's prudent approach to risk management.

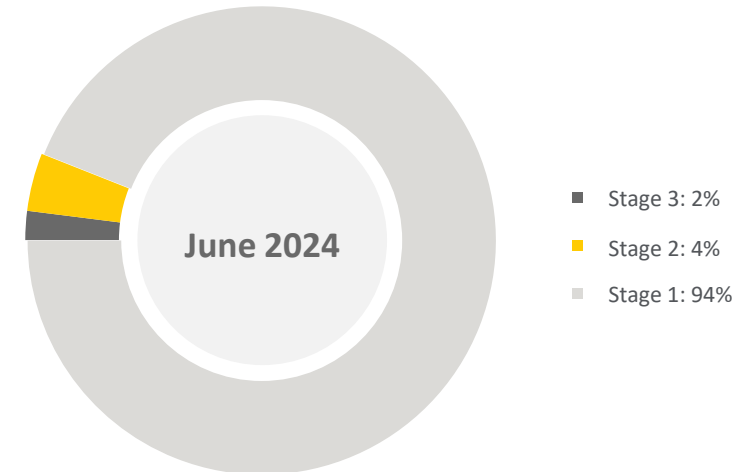
Coverage ratio by stage



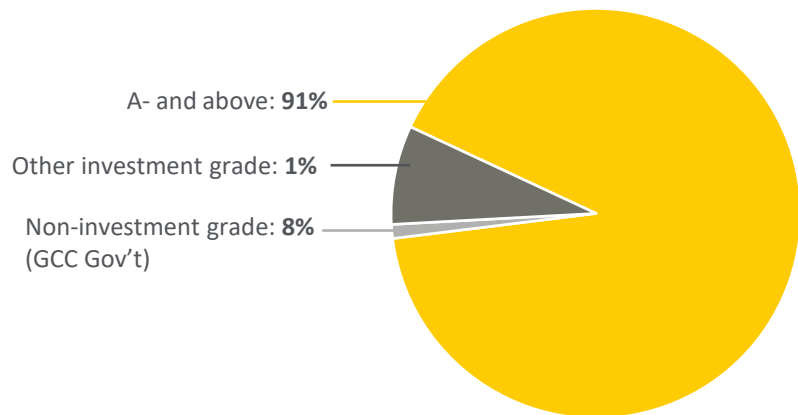
ECL allowance by stage (USDm)



Gross loans by stage



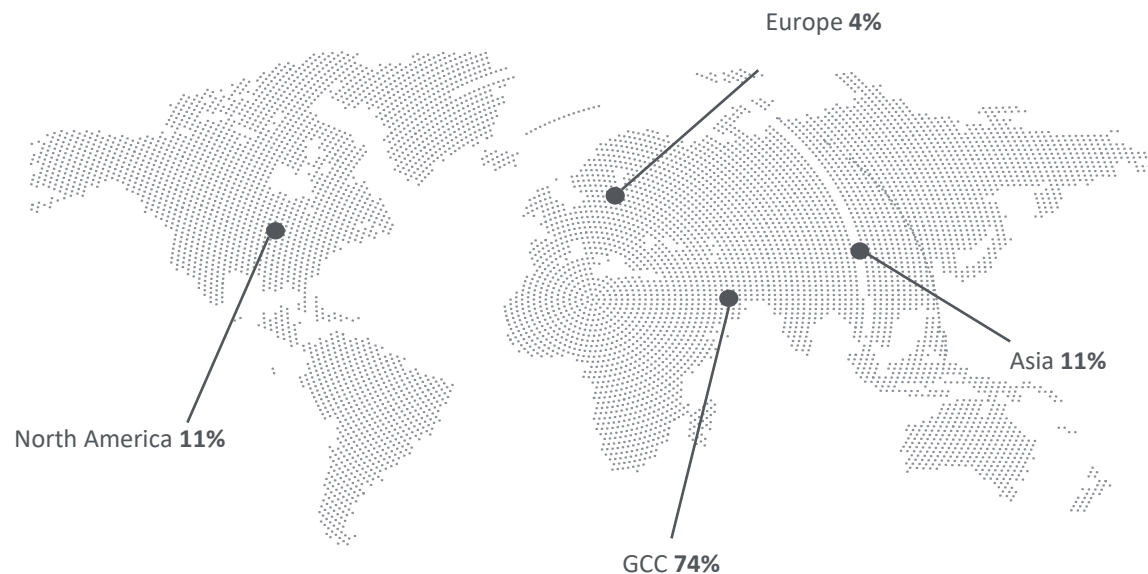
Debt securities by rating – June 2024



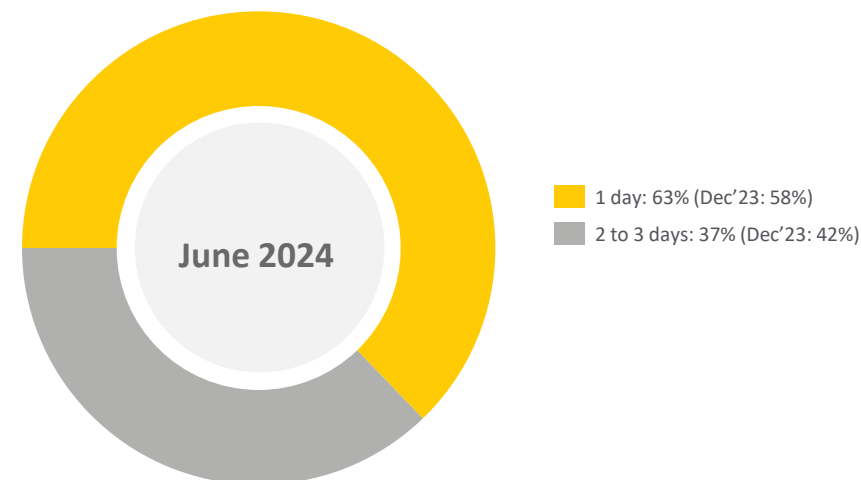
Key highlights

- The Group holds a \$6.9 billion investment securities portfolio primarily consisting of highly liquid debt securities.
- Debt investment portfolio is of high quality, with 92% of its securities being rated investment grade.
- 74% of the securities exposure is to stable GCC economies, mainly GCC sovereigns.
- The portfolio carries minimal interest rate risk, except for \$2.2 billion fixed income portfolio, which is funded and naturally hedged by the capital.

Securities by geography – June 2024



Debt securities by liquidation tenor

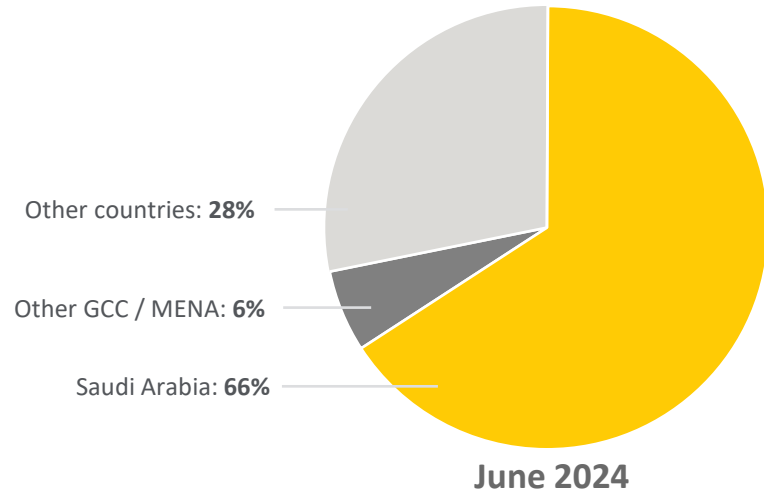




7. Funding and Capital

Deposits by geography

(No material change from prior year)

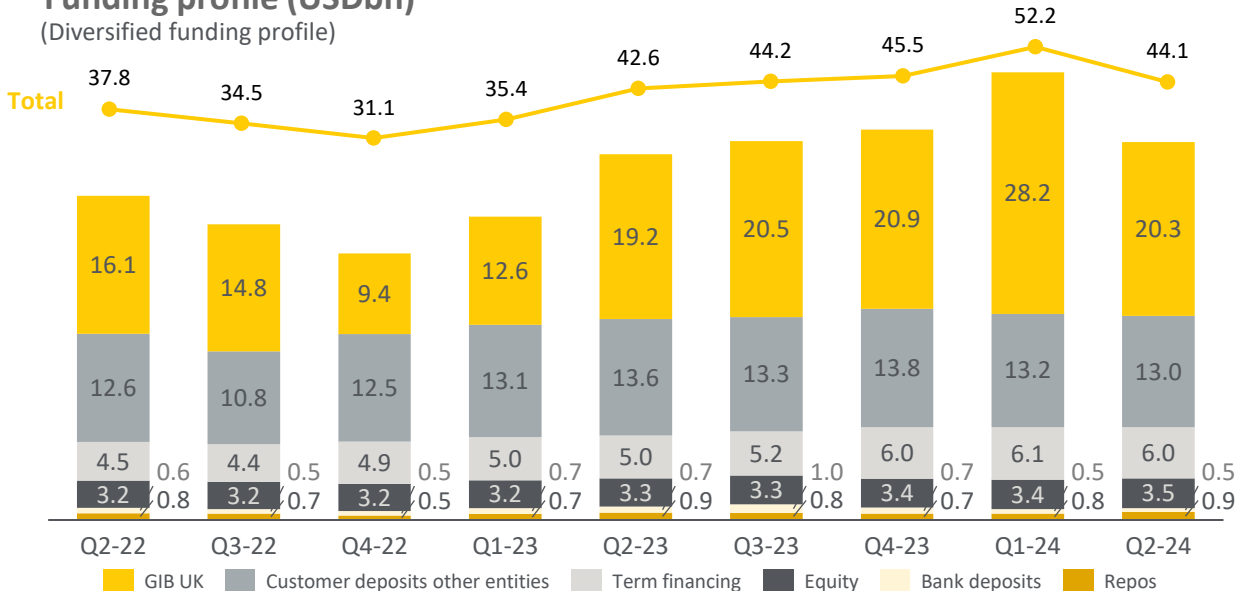


Key highlights

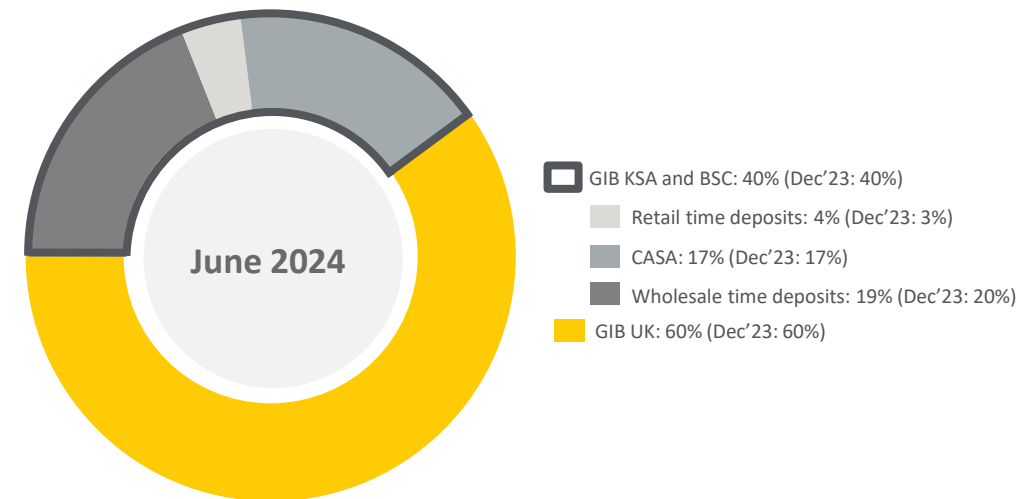
- Capital and term finance constitute 21% of the Bank’s funding base, providing stability due to their longer-term nature.
- Enhanced and diversified funding sources, including an increase in GTB and Retail CASAs.
- A regularly tested contingency funding plan is in place, with the ability to utilize a significant portion of securities to secure repo funding if needed.
- Successfully issued a 5 year \$500mm bond at 130 bps over treasuries due in 2029 under the \$2.5bn Euro Medium Term Programme (EMTN) for general funding purposes.

Funding profile (USDbn)

(Diversified funding profile)



Customer deposits by entity

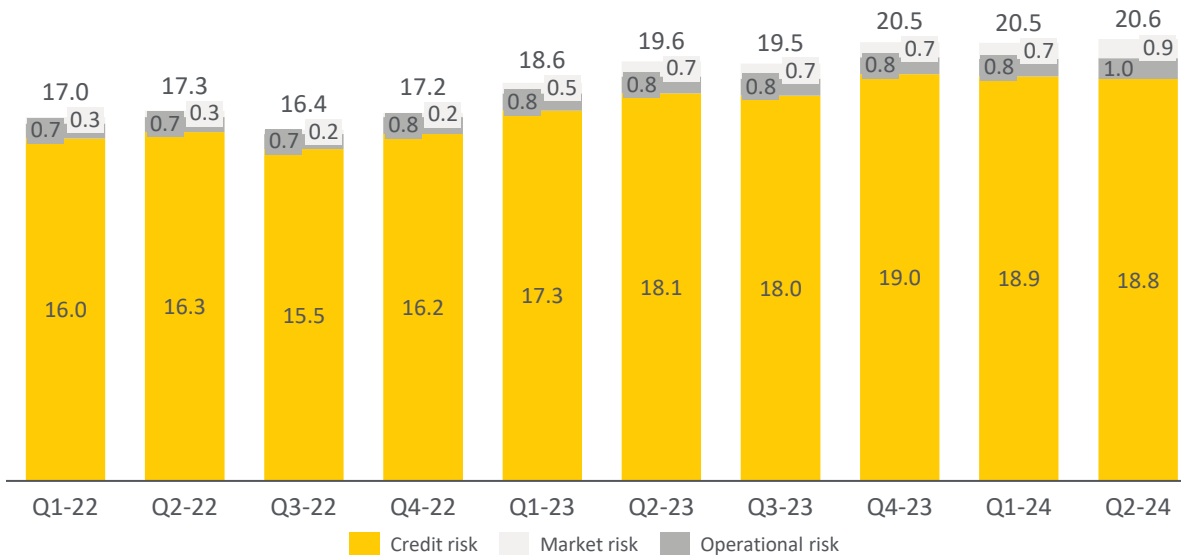


Equity and Regulatory Capital (USDbn)

Equity:	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24	Q2-24
Share capital	2.5	2.5	2.5	2.5	2.0	2.0	2.0	2.0	2.0	2.0
Reserves	0.4	0.5	0.4	0.4	0.2	0.2	0.2	0.2	0.2	0.2
Retained earnings	(0.8)	(0.8)	(0.7)	(0.7)	-	0.1	0.1	0.1	0.2	0.2
Total	2.1	2.2	2.2	2.2	2.2	2.3	2.3	2.3	2.4	2.4
Non-controlling interest	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total equity	3.1	3.2	3.2	3.2	3.2	3.3	3.3	3.4	3.4	3.4

Regulatory Capital	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24	Q2-24
Tier 1	2.4	2.5	2.5	2.5	2.6	2.7	2.7	3.3	3.3	3.0
Tier 2	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.4
Total Regulatory Capital:	2.8	2.9	2.9	2.9	3.1	3.2	3.2	3.9	3.9	3.4

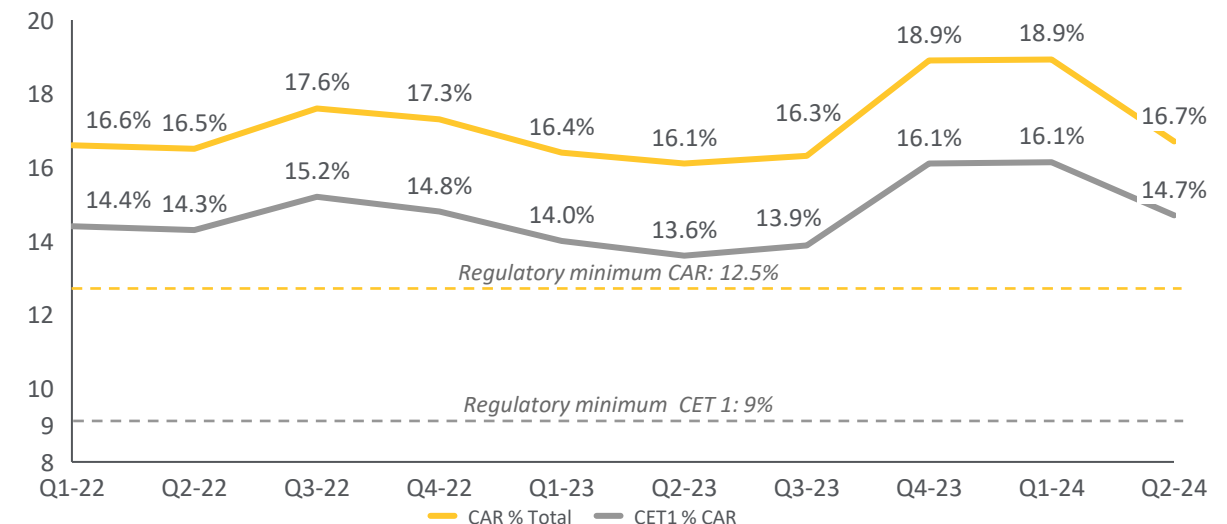
Risk weighted assets (USDbn)



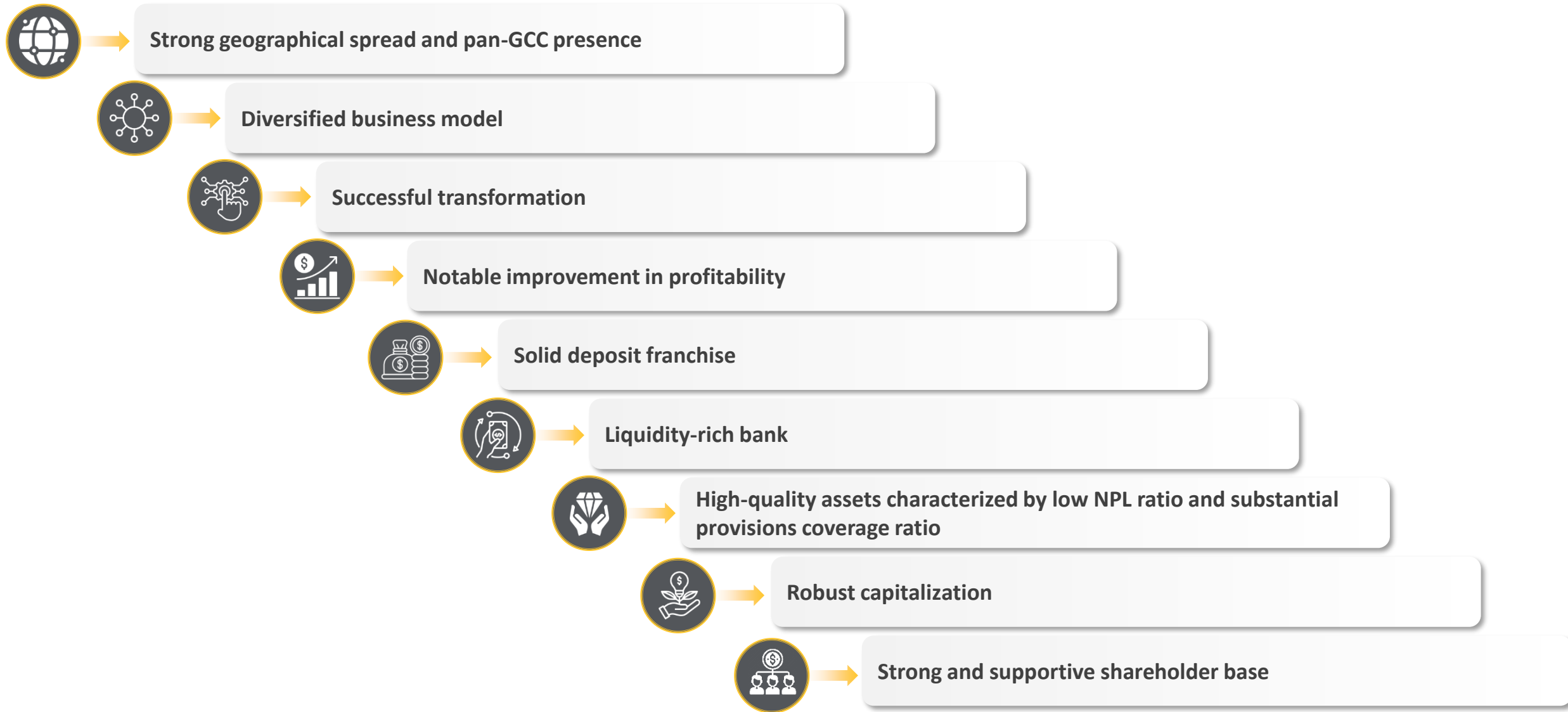
Key highlights

- Capital adequacy ratio remains robust and well above regulatory thresholds, reflecting the Group's strong position for anticipated growth despite the regulatory challenges posed by the implementation of Basel IV and FRTB effective January 2023.
- The rise in RWAs is primarily to blue-chip companies and GREs.
- Capital ratios remain solid and in line with industry peers.

Capital Adequacy Ratio



Note: Effective June 2024, the calculation of the Eligible Capital for Capital Adequacy has been updated in accordance with the Central Bank of Bahrain directives. This update changes the method of eligible capital from full aggregation to applying regulatory consolidation rules, particularly concerning minority interests held by third parties.

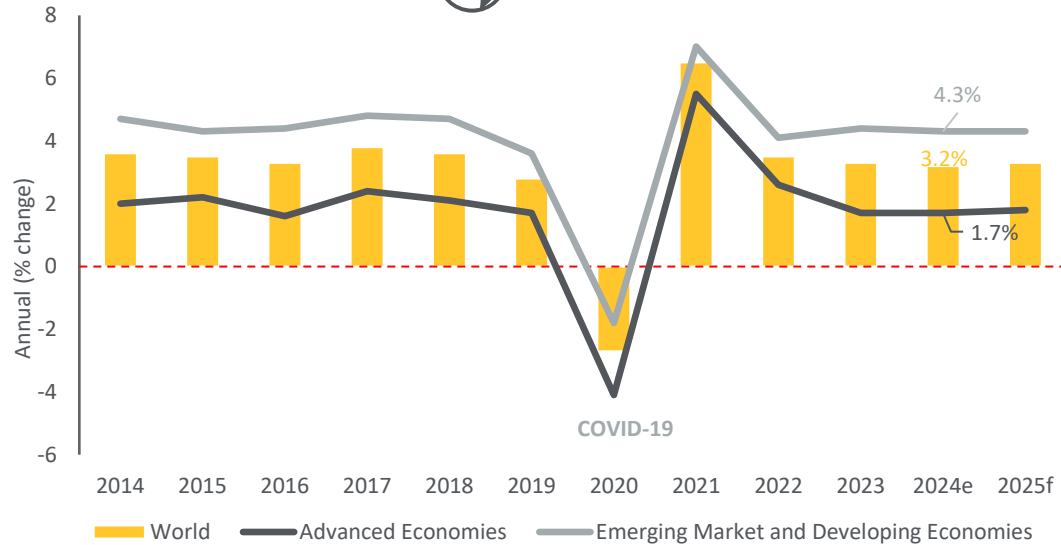


8. Appendix – Economic Landscape

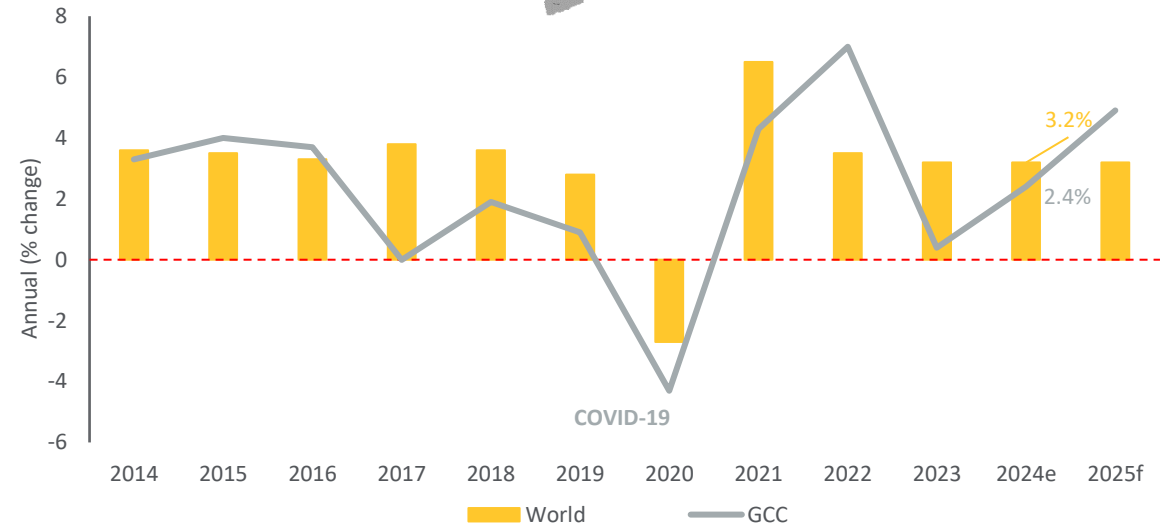
Forecasted Growth Trajectory

Source: International Monetary Fund (IMF)

Global



GCC



World GDP (2024^e)

USA	26%
China	17%
Japan	4%
Germany	4%
India	4%
UK	3%
Rest of world	42%
World GDP : \$109.5tn (2024^e)	

GCC GDP (2024^e)

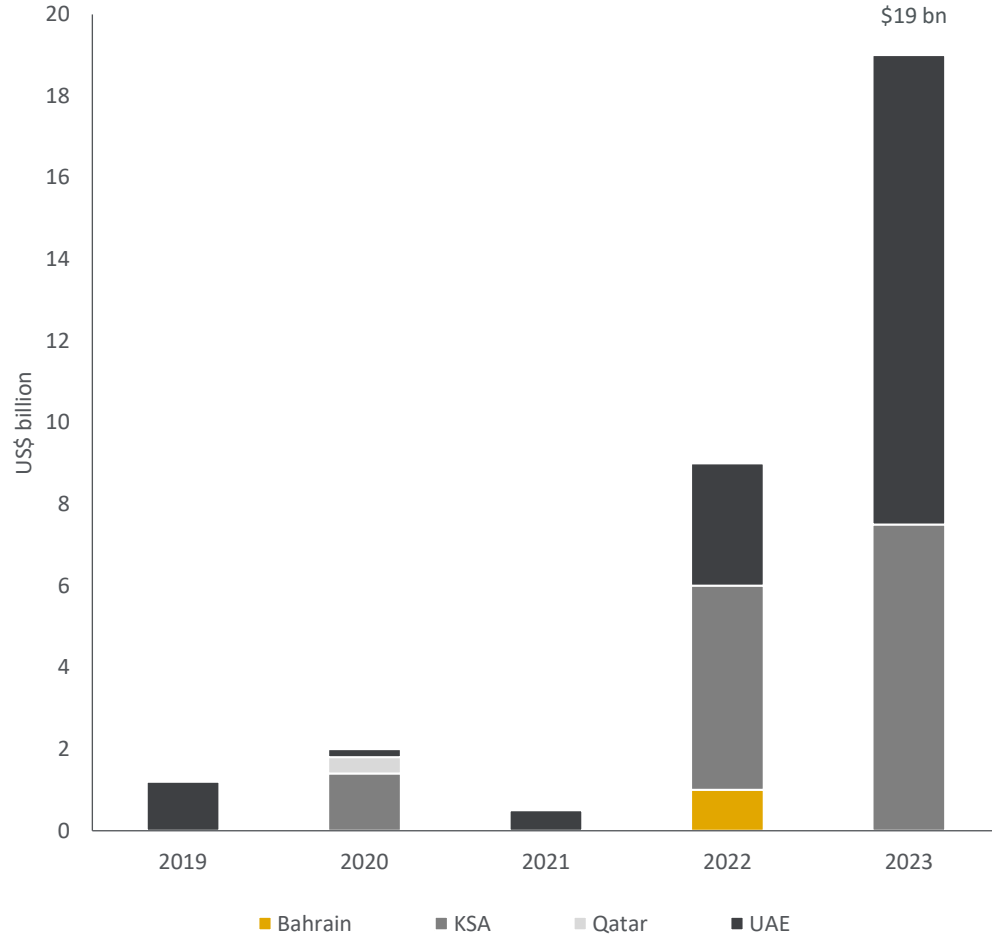
Saudi Arabia	51%
UAE	24%
Qatar	11%
Kuwait	7%
Oman	5%
Bahrain	2%
GCC GDP : \$2.1tn (2024^e)	

GCC Sustainability Trends

Source: Bloomberg & MEED



Green Bond Issuance



Renewable Energy Projects & Targets

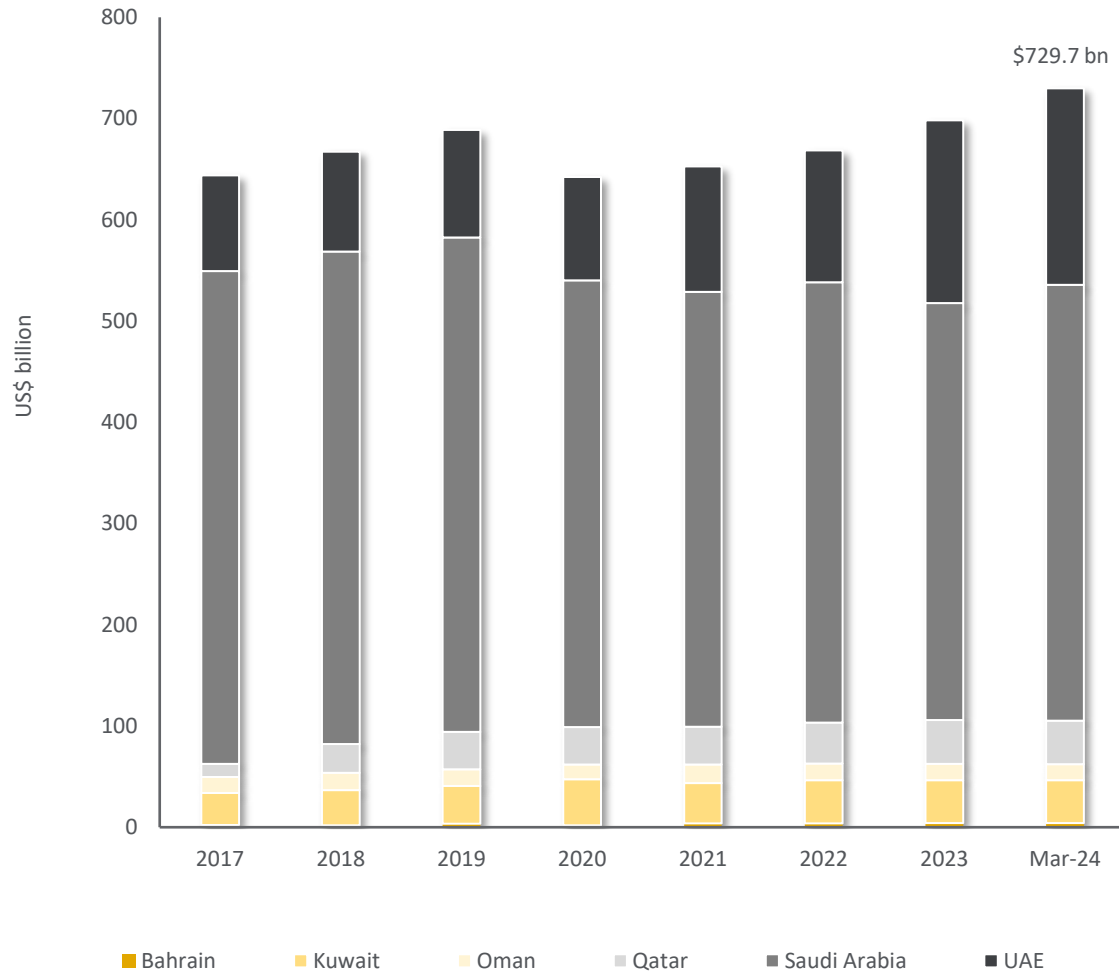
	Installed Renewables Capacity (MW)	Projects Under Execution (US\$ million)	Projects in Pre-Execution (US\$ million)	Target Energy Share by 2030
Bahrain	12	12	1,300	10%
Kuwait	106	N/A	6,530	15%
Oman	688	860	3,000	30%
Qatar	824	464	1,260	20%
Saudi Arabia	443	10,109	35,475	30%
UAE	3,058	7,802	18,160	44%

GCC Foreign Exchange Reserves & Public Foreign Assets

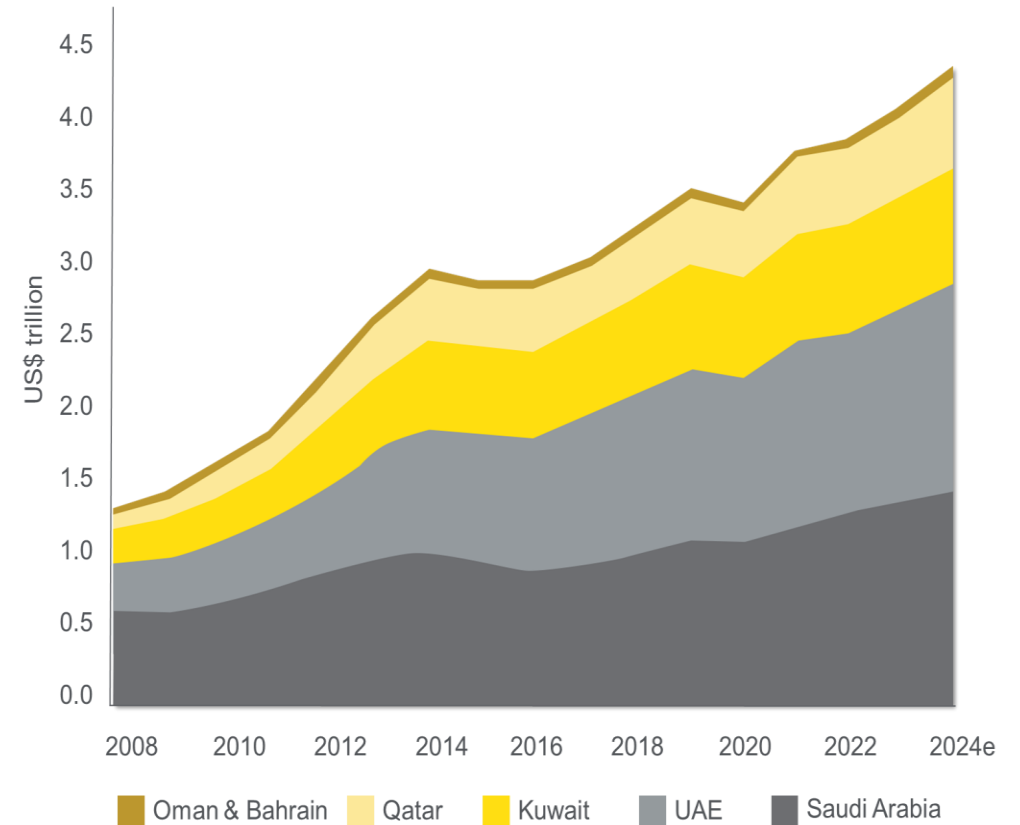
Source: International Monetary Fund (IMF) & Moody's Investor Service



Foreign Exchange Reserves



Public Foreign Assets*



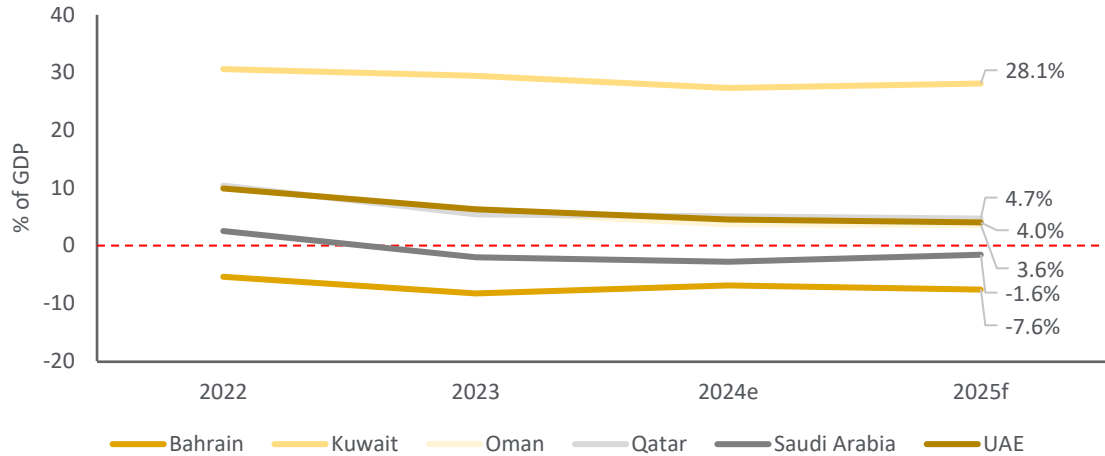
* Foreign Exchange Reserves & Sovereign Wealth Fund Assets

GCC Manufacturing, Trade & Borrowing

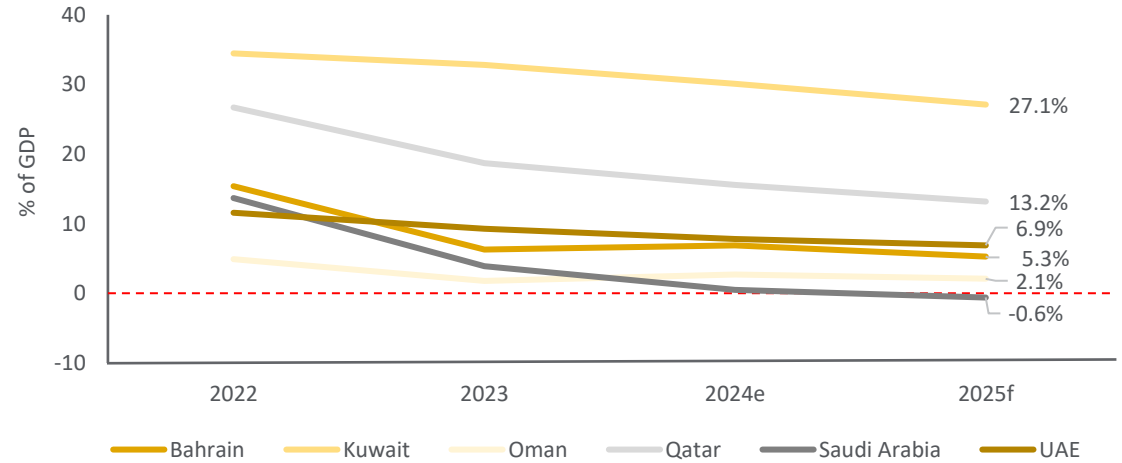
Source: International Monetary Fund (IMF) & Bloomberg



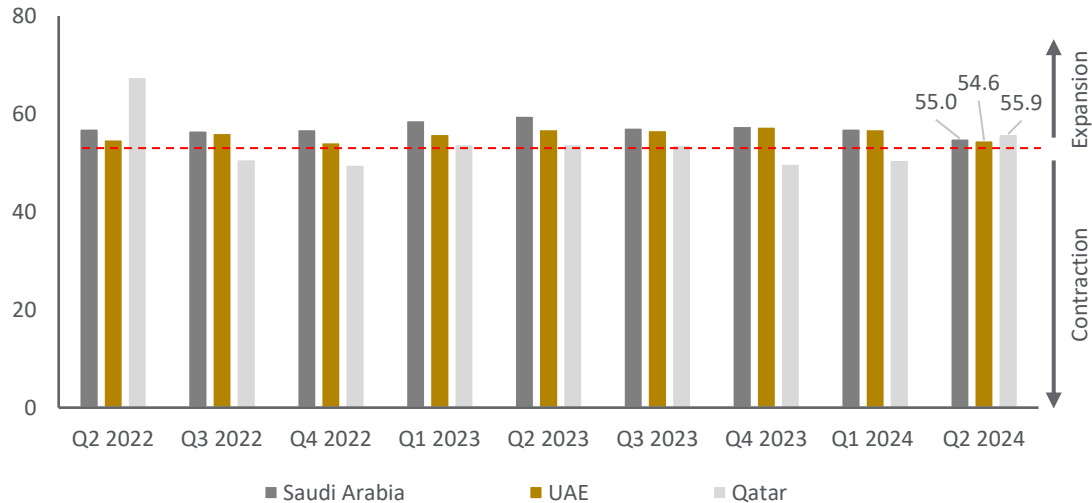
Fiscal Balance



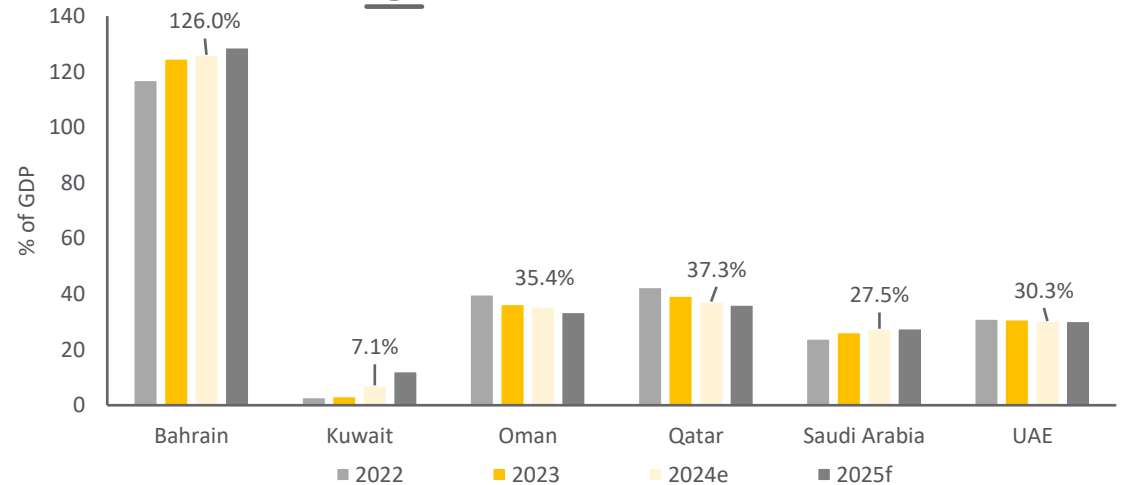
Current Account Balance



Purchasing Managers Index (PMI)

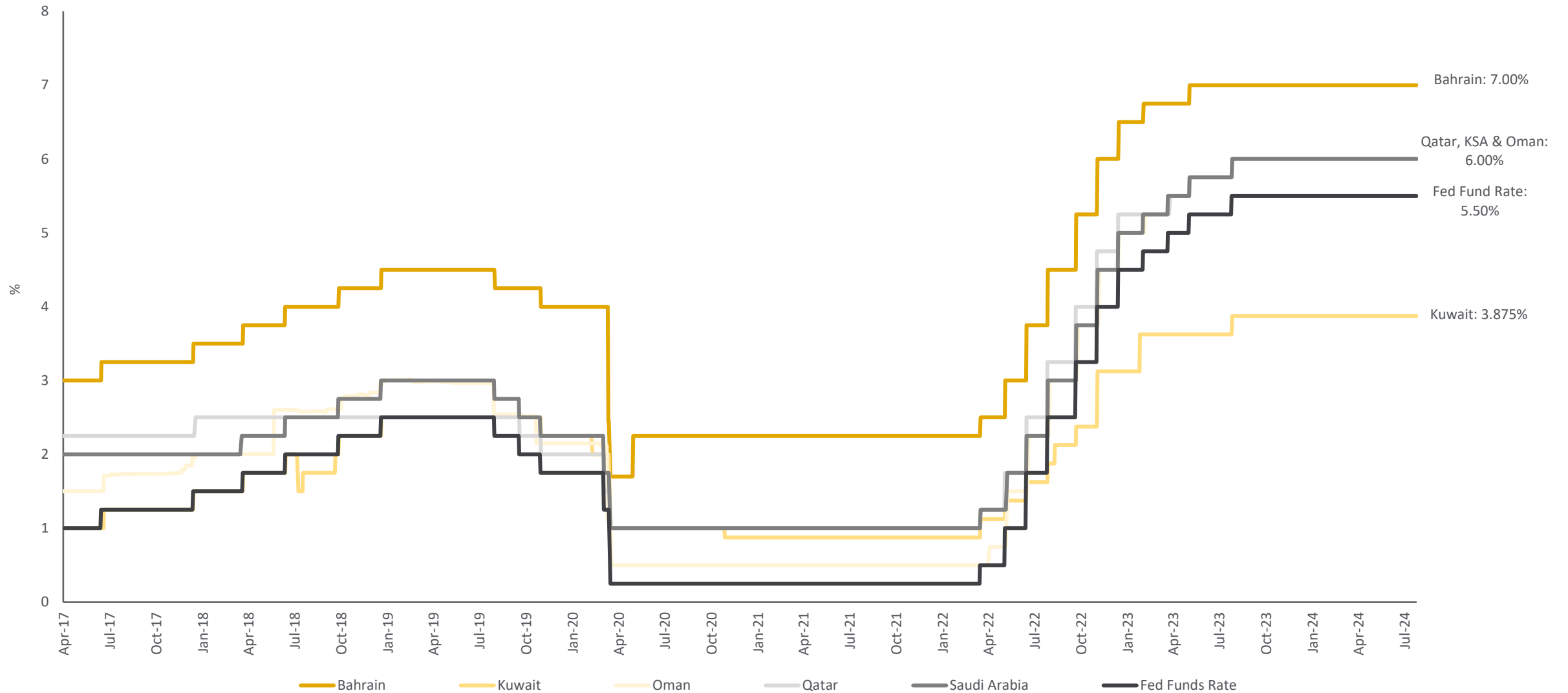


General Government Debt



GCC Policy Rates & Federal Funds Rate

Source: Bloomberg





Term	Description
BHD	Bahraini Dinar
bn	Billion
Bps	Basis Points
BSC	Bahrain Shareholding Company
CAGR	Compound Annual Growth Rate
CAR	Capital Adequacy Ratio
CASA	Current Accounts and Savings Accounts
CET1	Regulatory Capital Base
CIR	Cost-to-Income Ratio
ECL	Expected Credit Loss
ESG	Environmental, social, and governance
FRTB	Fundamental review of the trading book
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GIB	Gulf International Bank
GRE	Government-Related Entities
GTB	Global Transaction Banking
KSA	Kingdom of Saudi Arabia
m or mm	Million
MENA	Middle East and North Africa
MNC	Multi-National Corporation

Term	Description
MSME	Micro, Small and Medium Enterprise
NII	Net Interest Income
NPL	Non-Performing Loan
NY	New York
NZAM	Net Zero Asset Managers
PIF	Public Investment Fund
QTD	Quarter-to-date
Repo	Repurchase agreement
RoA	Return on Asset
RoAE	Return on Annualised Equity
ROE	Return on Equity
RWA	Risk weighted asset
SAMA	Saudi Arabian Monetary Authority
SAR	Saudi Arabian Riyal
SAU	Special Assets Unit
SOFR	Secured Overnight Financing Rate
tn	Trillion
UAE	United Arab Emirates
UK	United Kingdom
USD	United States Dollar
YTD	Year-to-date