

Investors Call Transcript

Q1 2026

Hisham Abu Alfateh (Moderator):

بسم الله الرحمن الرحيم، السلام عليكم ورحمة الله وبركاته، الله يعطيكم العافية جميعاً

Dear NBB group stakeholders and shareholders, welcome to our investors' meeting that is going to demonstrate our financial and non-financial results and accomplishments for the first quarter of the year 2026. We are delighted to conduct this meeting after we had recently published the group's financial results in addition to the required documents that were uploaded onto the bank and Bahrain Bourse's websites and published on the media. Representing NBB group in this meeting as speakers are the Group Chief Executive Officer Mr. Usman Ahmed, the Group Chief Financial Officer Mr. Mohsin Rahim, and the Group Chief Strategy and Sustainability Officer Mrs. Zaina Al Zayani. My name is Hisham Abu Alfateh, I am NBB's Chief Corporate Communications Officer, and I will be the meeting's moderator.

And I would like to make the following points before we start. This meeting is conducted in English language. The presentation of this meeting will be published on Bahrain Bourse's website after the meeting. All questions are welcome and they are required to be written in the questions and answers section or in the chat. All remarks and observations are also welcome, but they will also be required to be written in the chat area. We will now start the investors meeting with NBB's Group Chief Executive Officer Mr. Usman Ahmed. Usman, the floor is yours."

Usman Ahmed (Group CEO):

"Thank you Hisham. Good afternoon and a very warm welcome to all our investors and shareholders and thank you so much for dialing in today. I'd like to start by giving an overview of our key initiatives and execution against our key strategic initiatives across our main business lines and illustrate some of the highlights of the quarterly performance for the first quarter of 2026. This quarter was not like any other we've experienced before. As you're aware, there was a major disruption to business as a result of the geopolitical developments and regional conflict. So, we have focused extremely hard on doubling down on customer value proposition, customer service, and continuity of business in the last three months.

What I would like to quickly highlight in this context is that our core strategic focus on customer experience has paid us off extremely well in light of regional developments. So, we continued to make sure that we were available, open, and fully operational in a highly liquid as well as in a supportive posture for our customers across retail as well as corporate and business banking. The numbers that you see on the screen are simply a consequence of that customer focus. So, 4% growth in retail loans, 5% growth in retail deposits, 10% growth in corporate and business banking loans, and 15% growth in corporate and business banking deposits.

Now, beyond the point I made about resiliency and continuity of business and customer focus, we've been looking at certain specific strategic initiatives that enable this growth. On the retail banking side, we remain laser-focused on attracting low-cost deposits through our flagship Thara'a Prize and salary account products. We are cross-selling across retail and corporate banking to maximise the potential of a one NBB approach towards winning workplace banking and salary mandate accounts. This is resulting in a growth in our low-cost and CASA deposit base, which is core to our central objective of improving our balance sheet mix as well as ensuring that we are enhancing our net interest margin in the process.

At the same time, another key hallmark of our strategy remains digital adoption. We have witnessed through that digital-first orientation and focus a 31% year-over-year growth in digital transaction volume and a 20% year-over-year growth in new retail accounts that are opened digitally. This has been an area of focus for us now for the last two to three years in particular, and as a result of that, this incremental growth is particularly significant because we're coming from a continuous period of successive quarters of growth in terms of digital adoption.

And that approach actually greatly facilitated us in terms of execution of our customer relief measures as well. We launched an optional customer relief programme that was essentially under the direction of the Government of the Kingdom of Bahrain and the Central Bank of Bahrain to enable impacted customers to opt for three-month deferrals on their repayments. On the retail side, we were able to do that through a fully automated digital platform, and I would say that was the one platform that is perhaps the best in class in the market today based on all the overwhelming customer feedback and satisfaction that we registered.

On the corporate and business banking customers, we continued with the same focus to execute against our strategy. Our positive momentum continues on the Bahrain banking market as well as overseas, which I'll talk more about in a minute. We are supporting our key customers through this period of crisis. At the same time, we are also prioritising where we allocate liquidity and how we make sure that we are protecting the balance sheet and maintaining portfolio quality in the process. The growth in deposits is again not unique to retail; corporate banking continued to witness growth in deposits as well. As I mentioned, in fact, a very



strong double-digit growth of 15%, and that is a result of all the focus and traction that we've had on cash management solutions including our DigiCorp corporate online banking platform, our host-to-host solution DigiConnect, which is all coming together to support a higher wallet share from our corporate and business banking customers.

Moving on, I think from a customer satisfaction perspective, we also saw a 16% increase in our net promoter score, which is a measure of customer advocacy. Now, we launched a new wealth management business last year. This business has been extremely successful in the short period that we've seen it in existence so far. Our year-over-year revenue growth in the first quarter of 2026 was 103%, reflecting continued strong momentum even in a period of crisis during the first quarter. Our structured deposits, assets under management have increased very significantly as well on a year-over-year basis by 174%, driven by higher client engagement and successful migration to digital investment channels. An example of that is what we launched in terms of a digital platform for clients to subscribe to Treasury bills. And now, just in a short period of time since we've launched this, we see 70% of our T-bill subscription is happening through our digital channels. So, this wealth offering will continue to expand, and we will continue to add additional asset classes under the wealth management's product umbrella. And this is going to be a key driver for our fee income growth in 2026, driven by what our clients require and driven by what is most suitable in the current global, regional, and local macroeconomic outlook.

Our focus on diversifying away from Bahrain and deeper into regional markets with strong connectivity to Bahrain remains. The Kingdom of Saudi Arabia witnessed continued execution against our clear roadmap to establish sustainable growth and profitability. Our loans increased during the last 12 months in Saudi Arabia by 135% on a year-over-year basis. We are being very selective in the segments and the clients that we bank. We are also ensuring that we are getting adequately rewarded for the risk and from a risk and return perspective, and the environment currently is allowing us to price loans better than what we were able to do perhaps a couple of years ago. So, we do expect to see a strong delivery and year-over-year improvement from our KSA business, and we continue to invest in the future of this business. An example of that is again digital corporate online banking; we are expecting to go live on that latest by the third quarter of this year, and that solution will effectively give us a regional cash management platform because we've already rolled out the same offering in UAE and in Bahrain. As we build out these systems, as we focus more and more and seed our balance sheet investments in the overseas markets, we expect the corridor business and the network effect to fully come into play for the NBB group. In UAE we continued to sustain profitable growth in the first quarter of 2026 with loans and deposits growing by 7% and 40% respectively. Of particular note here is the deposit growth, and that demonstrates, as we've talked about earlier, how much focus we are giving at this point in time on maintaining the right liability mix as well as growing our liability book and at the same time improving our resiliency in the process. And the numbers that I've presented to you

demonstrate that we do have the ability and the competitiveness to be able to win as NBB even in very large markets like UAE and Saudi Arabia because we are doing so through new product launches, we're doing so through investing in our teams in these countries who are doing a fantastic job, as well as in being very focused on the solutions and the segments that we target. And an example of that, one such strategic focus is on new economy deals and on fintech partnerships in these markets. So overall, our overseas year-over-year performance was supported by an increase in loans and deposits of 10% and 14% respectively. BisB delivered year-over-year profitability improvement of approximately six folds excluding the Q1 2025 one-off sale.

I'm sure we'll have observations and comments about this, and I can mention upfront that as you are aware and as we have disclosed every quarter and on the Bahrain Bourse every quarter from a disclosure perspective, last year in the first quarter we did a very important transaction. We sold a legacy real estate investment in BisB and realised very significant capital gains and profits on that. When we strip out the effect of that from a one-off revenue perspective for last year, the underlying BisB business has shown strong growth and profitability, and that's really what we're very focused on. We're also very pleased that we did exit that investment in hindsight at the time that we did. We sold the real estate at perhaps the peak of the market given recent events; unfortunately, it seems like we would not have been able to realise that value had we taken that decision to hold onto the property and sell it this year instead of last year. I also see that as a very important de-risking event because it was an asset, a legacy asset that was owned by us along with 13 other joint venture partners. And of course, getting alignment and agreement in a complex ownership structure like that is not straightforward. So, I think the point here is that we did the right thing and we look beyond that at the core business, and I think this year is actually a very, very encouraging start in that context.

As we look ahead, from an execution perspective, we will continue to accelerate our focus on growing share of wallet with our customers. We will, like I mentioned before, relentlessly continue to focus on improving client experience and of course from a financial perspective, we will be reinforcing profitability and NIM resilience and sharpening commercial intensity. I think what we've seen clearly in this first quarter and what we are witnessing in the second quarter so far is a very, very strong growth on core balance sheet drivers. And you will see in the second quarter the evidence of that coming through in terms of the trends that we are witnessing right now on the mix of our business as well as on the margins.

So, with that, I can just focus very briefly on where we are on the potential merger with BBK. As you know, we've been making regular disclosures on the merger on the Bahrain Bourse, and as per our last disclosure, we did mention that NBB has submitted a proposal to BBK on the terms of the merger including the exchange ratio. And subsequent to that, both parties have been in negotiations, and a similar disclosure has also been made by BBK. This follows the completion of the due diligence exercise and the due diligence phase. So as

things progress, of course, we will continue to follow our practice of keeping the market informed in line with our practice and regulatory requirements”

Hisham Abu Alfateh:

"Thank you, Usman. Thank you very much. I would now like to welcome NBB's Group Chief Financial Officer, Mr. Mohsin Rahim, to start this meeting by explaining the Group's financial results. Mohsin Rahim, the floor is yours."

Mohsin Rahim (Group CFO):

"Thank you, Hisham. Thank you, Usman.

We have received questions as well from our colleagues online, so I will make sure that we are trying to address those as we go over the presentation which you are surely getting to see on the screen.

So as our GCEO mentioned, there was a one-off gain that we have booked last year in 2025 related to our subsidiary BisB, which we have disclosed in our previous last year's earnings announcement as well. So, taking that into account, on a normalised net profit basis we are up 2%, which is contributed and positively impacted by our NII on a year-over-year basis. Our normalised operating income is down 3%, which is primarily due to lower treasury gains, and which have been impacted by the geopolitical situation in the first quarter.

Moving along to our normalised income statement. As you see, we have experienced a 6% net interest income growth. We have taken various measures to improve our asset yields, optimisation of investment securities, and we also are very sensitive that we are pricing our deposits appropriately. The other income is down mainly as I mentioned due to higher treasury gains, we reported in the previous years. We expect this to be a timing difference across the quarters this year in 2026. Expense increase is not a surprise as we expand our product offerings and improving our digital capability. And also due to our previous investments, the depreciation appears to impact somewhat our expenses. Keep in mind that we have always highlighted we are investing and growing the bank, growing the franchise locally and regionally. Provisions levels remain adequate as we manage our risk proactively and prudently.

If you go to the next slide... Slide 8 is just the reported income view and I have mentioned in the beginning what are the changes and what we are showing on a normalised basis versus the reported basis. If you

move to the next slide, which is slide 9, I just want to highlight that our returns metrics remain strong. Despite macroeconomic and competitive pressures, ROA and ROE remain consistent on a year-over-year basis demonstrating the resiliency of the bank's business model as well as the disciplined balance sheet management approach. The stability in our returns also highlights prudent risk management and utilisation of capital in this dynamic market environment.

Moving to the balance sheet. With respect to the liquid assets, we maintain a strong liquid asset momentum. As you can see, we are up 14%. Loans are growing at a healthy rate of 5%. Investments also remain flat as we make sure that we are managing our balance sheet effectively. And at the end of the slide, you will see our total assets are up 5% and bringing us up to close to 6.6 billion level, which is a record high.

Customer deposits consistent with our loan growth are up 7%. As I have mentioned before, we are focused on the right level of deposits to grow the bank. We have seen deposit growth coming in from our corporate segments. Our demand deposits are also up, which we attribute as core deposits and which we attribute as CASA deposits, and time and call deposits also demonstrated a 7% growth. So, this is a continuous focus as our GCEO mentioned, focusing on our customers and making sure there is resiliency established around that. In respect to our cost of risk and coverage ratios, you see the consistency of our coverage ratios, this highlights that the bank continued its risk management during the recent geopolitical environment very efficiently and effectively. We have always ensured that the bank is well-positioned to absorb any shocks. Highlighting that, the balance sheet metrics both NPL, capital, and liquidity remain well above our required levels. As you can see, we have our LCR is 415%, similar to our previous year, as well as our NSFR remains stable. On that context, I just want to conclude that, and hand over to my colleagues in sustainability."

Hisham Abu Alfateh:

"Thank you Mohsin. Thank you very much. Our Group Chief Strategy and Sustainability Officer Zaina Al Zayani, the floor is yours to talk about all the different metrics."

Zaina Al Zayani (Group Chief Strategy & Sustainability Officer):

"Thank you Hisham. Good afternoon everyone and I'd like to take you today through our key sustainability KPIs, starting with the key initiatives that we have done in Q1 in terms of employee engagement and development. We have delivered our Evolve winter programme with CPISP to develop our Bahraini talent in the banking sector. We have also delivered our Sustainability Academy to strengthen ESG integration across the different banking units.

In terms of our community and social responsibility key initiatives, we have launched our Entaliq programme with INJAZ to support our young entrepreneurs. We have also delivered our 'Yalla Learn and Earn' with the Ministry of Education and INJAZ to basically target the youth segment. We have also delivered our innovation programme with Bahrain FinTech Bay, focusing on innovation and development in that area specifically. In addition to other community initiatives, including collaboration with Isa bin Salman Education Charitable Trust and other support to other sport-related initiatives. This has led to recognition in LSEG and Bloomberg in terms of our rankings. We rank second across all sectors in Bahrain as per LSEG and we rank at the top 8% across banking services sector in MENA and the top 10% globally in the financial services sector based on LSEG. In terms of Bloomberg, we maintained our first ranking in the banking sector across Bahrain and the fourth across all sectors in Bahrain and also have ranked in the top 39% amongst the banking services across MENA.

Moving to the sustainability pillar. The first pillar we're going to discuss here is the customer centricity and how we reach out to our customers through our digital channels. So, the key KPIs that we monitor here: we've seen growth in our digital banking transaction volumes by 30% year-on-year and 27% in terms of trend in digital banking transaction value. Today we stand at 91% digital accounts opened as a percentage of the total accounts in the retail digital channel. And a 34% growth of new-to-bank customers onboarded digitally, showing more deployment of the digital channels to new-to-bank customers. And we have also seen a 4% growth from last quarter on the digitally registered retail customers. We have seen similar growth patterns in the business digital banking channel with a 3% increase in transaction volumes and 13% year-on-year growth on the transaction values in the digital corporate channel, with 344% growth on digitally registered business clients.

Moving to the next slide, covering the governance and ethical behavior and nurturing our workforce. So, we have 17% of our employees completing our privacy and security awareness training as of Q1 2026. In terms of equal and fair opportunities, we continue to stand at 12% representation of women in senior management, 28% representation of women in the middle management, and 37% representation of women in the total workforce, with nine employees as a total number of employees of determination within our workforce, giving equal opportunities to all segments in the community. In terms of empowering our employees with growth and learning opportunity, we have recorded around 6,000 total training hours with an average of seven training hours per employee. 13% of our employees have attended our sustainability awareness and learning goals.

Moving on to the other sustainability pillars covering responsible banking, community investment, and preserving our natural resources. We have seen great growth in our social housing programme with growth of 28% year-on-year and a 5% growth in our total sustainable finance portfolio. In terms of our community

investment, as of Q1 2026 we have contributed 806,000 BD in terms of donations and contributions. And our employees have spent about 1,000 hours in volunteering activities, engaging with the community in different initiatives.

In terms of our direct environmental footprint, we have seen a very good reduction in our energy consumption of around 7% year-on-year. This is partially attributed to employees working from home, but a large part of it also comes from direct initiatives that we have done, as we can see in our scope 1 GHG emission reduction of 43% year-on-year, and also a reduction in the intensity of our scope 1 emissions of 46% year-on-year per employee. This is resulting from the introduction of our new fleet of electric cars which have reduced our scope 1 GHG emissions. We have also seen a similar pattern in our scope 2 GHG emissions with a reduction of 9% and an intensity reduction of 13% in scope 2 per employee. Our total waste produced per employee is 32% down year-on-year, and we stood at 23% waste recycling ratio as of Q1. And with that, I end my sustainability KPIs for Q1 2026. Thank you very much."

Hisham Abu Alfateh:

"Thank you, Zaina. Thank you very much. So, we would like now to move to the questions and answers. As pointed out by Mr. Mohsin, we have received quite a few questions. So let me take them in terms of order. I'll start with Meera Reddy. Question one: Why has your fee income declined and have you seen sizable loan deferral applications? Just to point out we've got approximately 18 to 19 different questions, so I think let's move through them with a crispness."

Mohsin Rahim:

"Yeah sure, thank you very much for asking the question. Our fee income declined by only 0.2 million comparing the NBB. Our fee income declined by about less than 0.2 million, fees and commission essentially remained flattish. And we experienced some softness in the fee income due to the geopolitical situation in the first quarter."

Usman Ahmed:

"I think maybe if there's a reference to other income as well, and you mostly already covered that point about some of the gains from the sale of investment securities that happened last year versus this quarter. Because of the geopolitical situation, obviously we time whatever portfolio management and treasury activity we do, and the first quarter wasn't conducive to monetising some of the positions that we have. That is essentially a timing consideration, and we still have three quarters for the rest of the year to focus on that income line."

"I think the second part of the question was something about have we seen sizable loan deferral applications? Yeah, so we have seen on the retail side, which is where I think the mass sort of volume comes from, we've seen about 37% application rate. We ran this programme over two phases, sort of towards the end of the third week of April as well as in the first week of May for those customers who could not meet the April timeline because of the dates when their salaries get credited. So that's the uptake basically on the retail side. On the corporate side, yes, we have seen some deferral requests as well, and we're dealing with them as part of our credit committee, assessment on a case-by-case basis. Overall, we think that this is something that is helpful for customers without necessarily in any way being negative for the bank. So, it does give us a very sort of supportive, mutually acceptable mechanism to deal with the current situation. We thank Central Bank for designing the programme. And the reason why I say that is because while it provides relief to the customers, it also is on an interest-accruing basis. And there is also relief provided to the banks with respect to the staging criteria for the loans for the three-month period that the deferrals are implemented. And the banks, if required, have access to a central bank window for repos and there's some relaxation on the reserve requirements as well. Our liquidity position has been strong. As we mentioned, deposits have actually grown in this period and I think that speaks to the trust and the strength of the NBB brand as well as balance sheet, and therefore we have not actually accessed any central bank liquidity window or special window available for deferrals while making this available to our customers."

Hisham Abu Alfateh:

"Thank you, Usman. Thank you Mohsin. I think this moves me to the next question very smoothly. You talked about the growth in deposits but the question here right now from Jalil Adnan is related to the loan growth. So, the question is: would you be able to sustain the 5% loan growth year-on-year?"

Mohsin Rahim:

"If you take our historical view, definitely we have demonstrated some years more than 5% and very sizable increase, and as of this point, based on our focus in growing the balance sheet, I do not anticipate any issue meeting the 5%."

Hisham Abu Alfateh:

"Thank you very much. Now Mr. Riyadh Yousif has provided us with six questions altogether. So, Riyadh, thank you very much for your questions which were emailed to us. I will read them one after the other in the same sequence that they were sent, so allow me, they're a bit of lengthy questions and you will find them on the chat."

Question number one: On a normalised basis, NBB reported a net profit of BD 20.6 million in Q1 2026, a modest 2% increase from BD 20.2 million in Q1 2025. What were the main positive drivers (e.g., balance sheet growth and NII) and main negative offsets (e.g., treasury income expenses, BisB contribution) this quarter?"

Mohsin Rahim:

"Yeah, absolutely. I appreciate Mr Riyad's focus on reading our financials. The positive drivers were prudent risk management measures that we have taken in the time of stress allowing the bank to be safeguarding the balance sheet by ensuring we track the right level of deposits and also commensurate with extending the credit level and the right risk level on our asset growth. The expenses and the other contribution in treasury income definitely, as our GCEO mentioned, we see less in treasury income and our treasury-related gains in the first quarter, which we assume will be a timing difference and they were directly impacted by the geopolitical situation. On the expense side, we continue to focus on prudent expense management and expense rationalisation. We do see expense increase, which is not a surprise essentially related to our investments, previous year's investments coming in as we launch new products and we expand in our digital capabilities to support our customers."

Usman Ahmed:

"And if I may just also add to that Hisham, I think as Mr. Riyad has mentioned, the NII growth has been one driver of our profitability for the first quarter. That's extremely important because our net interest income has grown by 6% on a year-over-year basis. And as you know when rates are coming down (and rates have declined considerably over the last 12 months), NII does come under pressure. So the ability to grow net interest income at a time when rates are coming down and generally cost of funding has gone up in the first quarter as international repo counterparties as well as inter-bank counterparties have rationed the amount of liquidity they've allocated to Bahraini banks as well as raised the cost of liquidity on account of an elevated risk premium, to be able to deliver a growth of NII in that environment is particularly I think noteworthy. The other thing I would emphasise is that this number would have been even higher had we not prioritised for resiliency and maintaining an extra liquid posture during this period. So, the opportunity cost of actually maintaining more liquidity in shorter tenors, higher overnight positions, all of that has cost us perhaps some profits, but that's just our ability to manage through the crisis and nothing else. And therefore, as the situation normalises, you will see even stronger momentum on net interest income which will be reflected in an expansion of our net interest margin. The other thing I would say is that we maintain a very close focus on recoveries. And we have a strong quarter from a recoveries perspective. That's not one quarter's work, it takes several quarters of effort for difficult recoveries to materialise, but our focus on remedial management, our focus on proactive restructuring of exposures where clients are facing challenges, has also translated into positive outcomes from a recovery perspective. So that's something that I just wanted to highlight. And the number that you see from a profitability standpoint is after we have

actually taken additional ECL provisions. And the ECL has been increased in the first quarter because we have revised our assumptions for ECL weights in our financials. Typically, there's a best-case and worst-case scenario on expected credit loss assumptions, and in alignment with our external auditors, we have revised those assumptions for best-case from 15% down to 5%, for base-case from 70% down to 50%, and for worst-case we've taken it up from 15% to 45%. This is extremely prudent. It is something that was done during COVID times as well, and it just basically means that we are reflecting in our financials the expectation that as a result of the environment there could be higher credit losses in the future. Now different banks have different levels of prudence that they exercise. From what we have seen, this is a very prudent posture. It is actually, if I look at the details of this, the additional expected credit loss as a result of us simply changing our model is about 5.7 million BD, right, at a group level. Now that 5.7 million BD is something that we have taken a charge on. If things don't materialise in future to that worst-case scenario probability that I described, this could well be potentially adjusted, partially reversed, depending on how the situation unfolds. So, I think there are several elements of depth to the quality of earnings here that I just wanted to bring out in addition to the points that were mentioned."

Hisham Abu Alfateh:

"Thank you, Usman. Thank you very much. Question number two: BisB reported a net profit of BD 3.18 million, down from BD 10 million last year. What was its contribution to NBB's group's Q1 attributable profit and how did it impact the normalised group performance?"

Mohsin Rahim:

"Thank you. So last year the profitability impact of the contribution at the group level was 25% given the one-time gain that we realised in 2025. And compared to Q1 2026, it's about 13%."

Usman Ahmed:

"And I think on this, again we're very pleased to highlight that NBB has received a 5% cash dividend from BisB. This reflects a turn in the returns that now BisB has started giving to shareholders after a few years after we did the clean-up and the refocusing of the strategy of BisB. And as I mentioned last quarter, we have increased our shareholding in BisB, and we continue to double down on our commitment on Islamic banking and on BisB."

Hisham Abu Alfateh:

"Thank you. Question number three: Group net interest income grew a solid 6.3% to BD 35.3 million. How much of this came from volume growth versus margin improvement, and how did BisB's Islamic financing income growth contribute to the group result?"

Mohsin Rahim:

"The growth is mainly driven by volumes. The rate was adversely impacted as mentioned by our GCEO earlier. This is essentially due to the rate cuts that we have had over the last two years of 175 basis points. And BisB contributed a growth of about BD 1.1 million against that."

Hisham Abu Alfateh:

"Question four. Thank you Mohsin. Other income dropped significantly to BD 10.8 million. What was the main reason for this decline, particularly the impact of lower treasury-related gains, and how much of it was attributable to NBB standalone versus BisB?"

Mohsin Rahim:

"The main driver of the decline, as part of the reported profitability, is related to 9.5 million of exceptional gains that we booked last year in BisB, the subsidiary. And lower gains on a treasury-related activity amount to about 5.5 million. And the treasury activity is fully attributable to NBB directly."

Usman Ahmed:

"I think we're coming from a backdrop where it so happens that over the last couple of years, we have had exceptional gains booked in the first quarter. Whether it's on account of treasury gains or it's on account of the one-off transaction that happened last year, this year of course we had a geopolitical event in the first quarter and we did not obviously have that same volume of other income. But one quarter does not obviously indicate what the rest of the year might hold on that front and we are actually already in a very different territory in the second quarter of that particular"

Hisham Abu Alfateh:

" Well. Question five: Total assets grew 5.4% to BD 6.62 billion with loans and advances up 5% and customer deposits up 6.5%. Which segments and markets (Bahrain, UAE, Saudi) drove this growth?"

Mohsin Rahim:

"The loan growth was mainly we experienced in our corporate loan portfolios and this is across all three markets: Bahrain, UAE, and Saudi. And as our GCEO mentioned, we saw robust growth as well in KSA. And deposit growth was mainly related to our retail accounts and corporates across all three markets."

Hisham Abu Alfateh:

"Thank you Mohsin. A last question for Mr. Riyadh Yousif. It's a little bit lengthy one, so please bear with me. Treasury bills have declined substantially from around BD 196 million at the end of 2024 to BD 25.5 million in Q1 2026. So, what drove this reduction? Is this a deliberate shift towards higher-yielding assets such as loans and bank placements, and how has it affected the yield on the group's liquid assets?"

Mohsin Rahim:

"As we are focused on improving our NII, we have mentioned earlier in our comments that there is a strategic shift from highly liquid assets, which typically you see on the liquid asset side, to more on the investment securities side. So, this is just a shift that we experience, and overall balance sheet remains at the same level when the investment securities etc. We will continue to see dynamically what is more appropriate to enhance our yield at the end of the day."

Hisham Abu Alfateh:

"Thank you Mohsin. A point related to what you have earlier mentioned, Usman, about the loan deferrals, and this comes from Sumaya Aljazeeri, and she says: you have mentioned that we have seen deferrals from the corporate side and retail. So, in terms of corporate side applications for deferrals, are they from distressed accounts, and what is the risk of those migrating to Stage 3?"

Usman Ahmed:

"No, these are actually not distressed accounts. These are fundamentally strong businesses, strong credits that have been disrupted as a result of the situation. We have long-standing relationships with them. They are amongst some of the largest names. In fact, some of the names that you would know of in Bahrain, and it's just I think purely driven by the disruption. And we don't expect stage 3 migration effect coming."

Hisham Abu Alfateh:

"Thank you very much for that. Usman, we have another question from Sumaya Aljazeeri, says good afternoon—and I think I need you to go to a certain slide. It says, 'If you can share the screen. Good

afternoon, everyone, and congratulations on a good underlying performance which was in line with our expectations at SICO. If possible, could you just take us back to the slide on deposits growth?' And I wanted to get a sense from management on what was the key thing in attracting CASA deposits this quarter and could that level of growth in CASA be sustained?"

Mohsin Rahim:

"So, as I mentioned, let's just go over this slide. Please share the screen first..."

Hisham Abu Alfateh

Yeah, go ahead. Yeah,

Mohsin Rahim:

I just want to highlight that I did mention this at our investor call, last investor call, and this question did come up as well during that time. Typically, what we notice is that strong and well-capitalised banks will experience that situation where there is an increase in CASA growth or deposit growth during the time of stress. And given National Bank of Bahrain is one of the strongest banks in Bahrain, it is not a surprise to see that our deposits are growing in this period."

Usman Ahmed:

"Yeah, I think also the focus has been there for many quarters and I think we're seeing the results come through. This growth is particularly significant because it is a 100% organic growth. It's not as a result of a portfolio acquisition or as a result of a bigger inorganic transaction. It's core underlying customer franchise growth. Yes, I mentioned earlier the focus on workplace banking, we focus on having retail and corporate within Bahrain act as one well-orchestrated NBB targeting customers to meet their needs for both corporate as well as corporate cash management as well as retail customers for their employee base.

So, we've seen growth in Bahrain on a total large base. We've seen very strong over 70% growth in UAE on a year-over-year basis, and we've seen over 25% growth in KSA on our low-cost deposits on a year-over-year basis. And we've seen growth in BisB as well. So as Mohsin mentioned, in every legal entity, in every geography, we're witnessing this momentum, and this will continue."

Hisham Abu Alfateh:

"Thank you very much Mr. Ahmed Fakhro for your questions, and there are several questions from Mr. Ahmed. Thanking him once again for his questions, and it's very nicely divided into two, actually three main parts. So, I'll start with part one, which talks about profitability and earnings performance. And three questions are under profitability and earnings performance. Let's start with number one: Standalone profit trend. So, adjusting NBB's results by excluding BisB's contribution, NBB's standalone profit appears to be approximately BD 18 million versus BD 20.2 million last year, reflecting an 11% decline. Could management comment on the underlying standalone performance trend?"

Mohsin Rahim:

"Absolutely. Thank you for your good insight, Mr. Fakhro. As I mentioned before, this is predominantly attributed to the treasury-related gains that we were lower by 5.5 million BD. And as the GCEO also mentioned that this is a timing difference and due to the geopolitical situation and environment, so essentially the decline is related to our treasury-related gains timing."

Usman Ahmed:

"Mr. Fakhro, good afternoon and thank you very much for the question, but if I was to take a purely NBB standalone view on profitability, then we would not be consolidating out the BisB dividend that NBB received, as an NBB parent entity. So, notwithstanding the timing difference on treasury gains because of the geopolitical crisis, since your question is about NBB parent standalone, NBB parent standalone profitability would actually work out to be 22.5 million BD, and that would be a 7.5% growth over 2025. Because if you look at NBB standalone, we will account for the dividend that BisB has paid to NBB as well. In consolidation that gets cancelled out."

Hisham Abu Alfateh:

"Thank you. I'll move to other income decline. And with these other income dropped by approximately BD 13 million or 49% year-on-year. Even after excluding last year's exceptional gain of BD 9.7 million, other income still appears lower by around BD 3.4 million or 20%. Could management elaborate on the key drivers behind this decline and whether this trend is expected to continue?"

Mohsin Rahim:

"There are two components which offset each other. Right, so related which comes to about BD 3.5 million impact. One is what we already mentioned earlier on the BD 5.5 million of treasury-related gains. But partially

two million is offset by the strong recoveries that we have booked as a net impact as you have correctly calculated is approximately BD 3.4 million."

Hisham Abu Alfateh:

"Okay. Earnings per share. EPS declined to 9 fils compared to 12 fils in the comparable period last year. A local competitor reported a stronger EPS of 14 fils. Could management elaborate on the main factors behind the weaker earnings generation and shareholder returns?"

Mohsin Rahim:

"The local competitor benefited from higher gains in Q1 as they have disclosed in their financials. And the lower EPS at NBB is driven by a higher number of outstanding shares rather than a weaker performance."

Hisham Abu Alfateh:

"I think we missed out to answer the part of the question about the other income decline, which was whether this trend of decline is expected to continue or not. Right?"

Mohsin Rahim:

We obviously are taking specific measures given the fact that the market environment and geopolitical situation evolves as well as our customer demands and our renewed focus on fee-related income, whether it's coming from corporate banking, retail banking, wealth management etc. Our objective is to continue to grow it, and I think we still have a solid six to seven, seven months available for us to improve our performance especially on the fee income side.

Usman Ahmed:

I think the other thing is that there in other income there's an offset potentially against net interest income. Because if you monetise bonds or hedge against the bonds, which perhaps is what the local competitor may have done, again we can only speculate because we don't know what's been referenced here specifically. There's an offset there right. And I think for us we always make a decision based on what the net outcome

will be and what our view is on rates and what our view is on investment securities versus growing our loan book. I think it is fair to suffice that actually local competitors have not seen a growth in their deposits or assets in the first quarter, notwithstanding higher income that may have been reported in that particular quarter. So again, we look at the fundamental drivers of earnings and future growth and momentum and continuing our organic focus and being able to deliver growth on an organic basis year over year. I think there was a question earlier about the ability to sustain loan growth to 5%. If I just look back at our five years plus one quarter track record, our compounded annual growth rate on loans has actually been 7%. So, I think there is absolutely a lot of comfort that we can take from that trend."

Hisham Abu Alfateh:

"Thank you, Usman. We move to Profitability Ratios and Operating Efficiency. So, there are two questions related to profitability ratios and operating efficiency. The first question is Net Interest Margin (NIM). NBB's NIM declined to 2.1% while a local competitor maintained its NIM around 2.3%. Could management explain the pressure on spreads and whether the bank expects further compression going forward?"

Mohsin Rahim:

"NBB's NIM as of Q1 stands at 2.5%. We have been taking to ensure if the pressure on spreads will always be there, no matter how we look at it due to different situations at different levels. We have already undertaken measures to ensure the NIM trajectory improves on a quarter-over-quarter basis. I would like to expand on my comment further that we are managing the interest rates gaps from an IRBB perspective. We are also executing different balance sheet management strategies such as re-pricing of some of the lower spread assets. And looking at our short-term deposits, how we are trending on the liquidity side, whether what type of deposits we have whether it's US dollar or Bahraini Dinar. We are looking at ensuring there are adequate IRS, interest rate swaps and cross-currency swaps are in place to ensure the interest rate gap is managed appropriately. And last but not least, hold back on lower spread product growth. Those are some of the NIM improvement measures we're taking."

Hisham Abu Alfateh:

"I think we have to typically look at the local competitors from our perspective."

Usman Ahmed:

"Perhaps we can look at the last 24-month trend on relative compression of NIMs between us and the local competitor, and then I think the answer would be different."

Hisham Abu Alfateh:

"Okay, last question for Mr. Ahmed Fakhro is under the heading Provisions, Credit Quality and ECL Assumptions. Provisioning and expected credit loss (ECL) assumptions. Given the geopolitical environment and the changes in ECL assumptions, specifically reducing the weight of the optimistic scenario by 10%, decreasing the base scenario weighting by 20%, and increasing the pessimistic scenario weighting by 30%, we would have anticipated a more noticeable rise in provisioning levels. The question here is does the limited impact suggest that the changes were largely cosmetic, or where specifically can the impact be observed within the financial statements?"

Mohsin Rahim:

"As we have mentioned previously that NBB maintains a sufficient level of buffers to address any shocks that may come in the future. So, we have ensured that we have communicated this and highlighted this at our previous calls as well. And I would like to highlight that the bank's continued prudent risk management, which has always ensured that the bank is in a position to absorb any shocks without severely impacting the shareholders. So that is the approach we have taken. And these changes were not cosmetic but embedded in our model runs. So, if you see, we have disclosed appropriately what we have taken, not necessarily, and given the fact that we have prudent risk buffers that we have, we have managed to cover the impact of these shocks."

Hisham Abu Alfateh:

"Thank you very much. I have six questions from Mr. Ali Al Tareef. But before that, there is a comment or a few observations that have been made by Mr. Raj Dugar. It says: Good afternoon, everyone. I hope I'm pronouncing the name correctly, Mr. Dugar. Good afternoon, everyone. Congratulations to GCE and Management team. Few observations: while balance sheet indicators show right path, in P&L the other income on surface due to one-off other income explains the difference in results. The trend in cost to income ratio could be something to watch. So, I just, I just read the question word to word."

Usman Ahmed:

I think the cost to income ratio is obviously an outcome of the income on a year-over-year basis being lower relatively speaking, but the focus on cost measures and cost containment continues. And you're absolutely right. I think we are focused on the ratio, and we will continue to watch it in the future and address it on both the numerator and the denominator, Inshallah."

Hisham Abu Alfateh:

"Thank you very much. Thank you Mr. Raj. Going to Mr. Ali Al Tareef, again they are divided into certain headings. So, I'll start with the first one with Profitability and Earnings Performance. Please bear with me, it's quite a lengthy question because there is a narrative before that. It says NBB's media announcement highlighted an approximately 2% increase in normalized net profit after adjusting for the one-off gain and merger-related expenses. However, based on our understanding, around BD 0.4 million of the merger-related expenses appear to relate to 2026 activities and maybe therefore be more appropriately reflected in 2026 rather than adjusted against the 2025 comparative figures. In addition, based on the published financial statements without normalisation adjustments, net profit appears to have declined by approximately 27% year-on-year, while excluding only the one-off gain would suggest broadly flat year-on-year performance rather than growth. Could management please clarify the reconciliation between the reported, normalised, and underlying performance figures, including whether equivalent 2025 merger-related expenses were also normalised for consistency?"

Mohsin Rahim:

"So, there are two approaches that you can take for normalising. Either you align 2025 to 2026 or amending 2026. We have aligned 2025 to 2026. No one approach is incorrect; both approaches are fair. And the difference is about BD 0.4 million. 2025 was normalised to number one, exclude the BD 7.5 million of gains after NCI share on the reported profit of BD 9.5 million associated with the BISB asset sale that we had recorded in 2025. And includes also the difference of BD 0.4 million on the merger-related expenses. So, the total adjustments are BD 7.9 million, Mr. Tareef. Reducing the reported number of BD 28.1 million to in 2025 to BD 20.2 million. Thank you for sending us the question and that gave us time to adequately prepare your response."

Hisham Abu Alfateh:

"Thank you very much. Profitability ratios and operating efficiency. So, there are two questions related to profitability ratios and operating efficiency. The first question is: Return on Assets declined to 1.3% compared to 1.4% for full year 2025 and 2.2% in Q1 2024. In comparison, a local rival achieved a higher return on assets despite operating on a smaller balance sheet. Could management comment on the factors impacting NBB's profitability efficiency and asset utilisation?"

Mohsin Rahim:

"Our peers' ratio have largely been benefited by a larger gain in Q1 as reported in their financial statements. So, if you take that into account, obviously that is the biggest impact we see. And as we have mentioned, our treasury gains are lower versus last year, so that also impacted on one side of NBB and on the other side on our competitor. These are the major difference between the two"

Hisham Abu Alfateh:

"Okay. Second question. NBB's cost to income ratio increased from 52.7% to 56.7%. Whereas a local competitor improved its ratio significantly during the same period. Could management elaborate on the drivers behind the increase in operating costs and the roadmap to improve efficiency ratios toward more competitive levels?"

"I think we have mentioned twice during this call about the cost rationalisation and the containment but further elaborations there, Usman?"

Usman Ahmed:

"I think we as I mentioned we elaborated on that. This is a one-quarter measure on cost to income ratio based on a timing difference on certain one-offs that we had from a treasury perspective last year as well as based on the large one-off that we had last year which we are normalising for. I really don't want to keep commenting on unnamed local competitors; it would be speculative. If we want to have an offline one-on-one conversation on a named basis, I'd be happy to do that to analyse quality of earnings."

Hisham Abu Alfateh:

"Thank you very much. Provisions, credit quality, and ECL assumptions. So, one question over here: NBB Group reported only around BD 0.1 million in additional provisions against commitments and no provisions against loans and financing. Despite BisB reportedly booking around BD 1.5 million in provisions on a standalone basis, implying a reversal of approximately BD 1.4 million at Group level. Could management explain the rationale behind this treatment, particularly as we observed a similar trend in the 2025 results? I'll allow you to answer this point because there are two questions more, but let's take it by point by point if you don't mind

Mohsin Rahim:

"As I have mentioned previously on slide 12 right, on a quarter-over-quarter basis based on our coverage ratios they remain fairly static, that's number one. Number two, we have always been taking risk

management measures, and we have buffers that we have always been focused on prioritising throughout all the recent years. This is reflected in the coverage ratios that we have disclosed, and with model-driven coverage ratios in stages one and two showing adequate levels compared to the market. So that's what the group applied a model-based approach determining our coverage ratios. And we have also, as our GCEO mentioned earlier, we have updated our ECL weights with 45% assigned to the worst-case scenario. This indicates that we have sufficient provisions that we continue to maintain at the time of stress."

Usman Ahmed:

"I think I just want to add that when we run these adjustments on the model, there's a certain ECL provision charge that gets generated. Whatever additional buffers we have over and above what the model really sees it is, it's basically in this case we have chosen to apply it on a more conservative basis. But we retain sufficient buffers to be able to absorb that more conservative view. The financials, the ECL calculations, the model assumptions are all of course finalised with the approval of the external auditors, with the approval of the Central Bank. And I think with respect to the comment on the press release and all, I think that was just the final press release that was issued and approved, and the numbers that were reflected in, just for your comfort in our financials, did not change in any way. This was just an editing exercise for the press release."

Hisham Abu Alfateh:

"Right. So, Usman you are commenting on the other part of the question which was, 'Furthermore, we noted that the initial press release referred to an additional BD 4.6 million charge which could not later be traced in the published financial statements before the disclosure was amended'"

Usman Ahmed:

"There was no change in the financial statements at all, the financial statements remained unchanged from the time that they were approved by the Central Bank and auditors."

Hisham Abu Alfateh:

"Thank you very much. Two more questions from Mr. Ali. One is under liquidity and balance sheet position. Yes. Liquidity and balance sheet position. NBB's net money market position improved to approximately BD 256 million from BD 68 million at year-end 2025. However, this still appears relatively modest for a national bank of NBB's scale and systemic importance. How does management assess the bank's current liquidity positioning and funding flexibility? It is worth noting that T-bill portfolio declined from BD 260 million as end of March 2025 to BD 26 million as end of March 2026."

Mohsin Rahim:

"So, three comments from my side. The funding continuously improves as you have seen from our customer deposits the organic growth, that's number one. Number two, when you look at the money market activities in the form of HQLA holdings essentially related to the liquid assets, we have shifted from T-bills to investment securities. And finally, our objective is to fully optimise and rationalise and ensure that our return metrics specifically related to NIM targets remain adequate. So, these are the measures we are taking along with other activities explained earlier."

Usman Ahmed:

"And if I can just give the liquidity coverage ratio position that we have currently, we are at about 415% LCR, which is way above the regulatory minimum for the LCR ratio."

Hisham Abu Alfateh:

"Last question from Mr. Ali is related to market performance and shareholder value. It says NBB's market capitalization declined from approximately BD 1.3 billion in March 2024 to around BD 1.1 billion in March 2026. Could management comment on the factors behind this decline in market value and the strategy to enhance shareholder confidence and long-term valuation?"

Usman Ahmed:

"Yeah, I think it's a very good question. I believe that despite NBB growing its profitability by 25% over the last three years between 2022 to year-end 2025, we've seen the trend that Ali has outlined. As you know, for the better part of those two years, we have been in disclosed merger discussions with BBK. And as we've seen the trend in other markets as well, when merger conversations happen, there's a lot of speculation movements in share prices and both banks/counterparties, in the context of mergers, can see movement in share prices beyond what is fundamentally driven by delivery of financials. But ultimately from the point of view of underlying franchise fundamentals and performance, the NBB track record over the last three to four years has been very strong, extremely solid in terms of growth in loans, growth in underlying core operating profitability, as well as maintaining a very robust dividend payout track record along with maintaining the highest levels of capital. And that reflects in exactly what BBK has also disclosed and what we've disclosed."

is that we have submitted an offer to BBK on the potential parameters or terms on which we think a merger would be feasible. So, I think it's obviously an unusual or unique factor that is at play. Fundamentally from the viewpoint of the bank's dividend yield, from the bank's profitability, from the bank's growth in balance sheet, performance of its overall business, there is absolutely no kind of reason to believe that the share price will continue to reflect some of the speculation and in fact we are seeing interest from obviously we monitor share exchanges on the market and we have seen strong interest at this kind of a level from some investors as well."

Hisham Abu Alfateh:

"With that, thank you very much first of all to everyone who asked the questions, provided notes, observations. It just shows how much NBB is related to Bahrain as a national market. There is one question Usman that was not asked, but I'd like to bring up this topic because we've been discussing this quite a few times, and it's about the resilience of the National Bank of Bahrain especially during not only the geopolitical situation but all what the region has gone through. So, I think if you'd like to elaborate on the resilience part, because I know that you talked about it during the first part of your presentation, but I think just to wrap it up that the National Bank of Bahrain remains closer to its customers, understanding, and is adapted to serve everybody over here. Just to end with a highlight."

Usman Ahmed:

"Our resilience was tested to the extreme in the first quarter, and I think both at the level of our people as well as our systems and our ability to serve customers at a very basic level. And I think as a national bank, it is with extreme pride that I can say that we actually performed seamlessly and continuously throughout this period. Even when we saw some significant disruption in our bank and non-bank competitors as a result of disruptions to cloud services, we continued to operate. And investments like our Tier 3 data centre that we built last year, and the only bank in Bahrain to own a Tier 3 certified data centre in our own premises were extremely valuable in circumstances like this. Our retail digital app continued to operate seamlessly. Most importantly our people were serving customers with great dedication and national pride. Branches were largely open. We were the most proactive in going back to 100% network being operational. People working from disaster recovery centres, people working from home during the crisis, during the peak of the crisis. And people were still in the office as well. Some people just stayed in the office. This really also tested the resiliency of our tech platform and the ability to pivot from being 0% in the office to being 100% in the office to be in between on a daily basis. We adapted to change. And similarly in UAE and KSA, we adopted a similar approach. In BisB we adopted a similar approach. And I think the strength of the group functions, whether it's IT or it's Operations or it's Communications or its central coordination and execution, and the

strength of balance sheet management, liquidity management by group markets and treasury team, really came through. At the same time we are in the spirit of continuous improvement, we've identified opportunities to further improve our resiliency going forward and we will continue to build on that in the weeks and years ahead."

Hisham Abu Alfateh:

"Thank you Usman. And with that, we conclude the investors meeting for Q1 2026. I'd like to thank everyone for their attendance, for their observations, for their notes, and for all the questions. And until we meet again, allow me to express our collective gratitude for your continuous support. مع السلامة وبركاته، مع السلامة."

Usman Ahmed:

"Thank you very much. Thank you for your participation. Much appreciated. مع السلامة."