

Bank ABC  
YTD 30 September 2025  
Earnings Investor Call Transcript

## ***Fatema Yusuf, Group Head of Communications & Corporate Affairs***

Good afternoon, ladies and gentlemen, and a warm welcome to our valued investors.

Thank you very much for joining Bank ABC's Q3 2025 Earnings Investors Call. Today's session will be led by Brendon Hopkins, our Group Chief Financial Officer, and Suresh Padmanabhan, our Group Head of Finance. Shortly, Mr. Hopkins will be presenting a summary of our financial performance and strategic progress during the nine months ended 30th of September 2025.

Following the presentation, I will be moderating the Q&A session.

As always, you're very welcome to submit your questions via the questions features. My colleagues here will do their best to answer as many questions as possible, both those received during or ahead of the call.

Before we begin, let us take a moment to watch a short video highlighting the Group's strategic achievements and performance milestones during the year-to-date 2025.

[Click here to access the Q3 30 September 2025 highlights video.](#)

Over to you, Brendon.

## ***Brendon Hopkins, Group CFO***

Thank you, Fatema. Good afternoon, thank you all for joining our investor's call for YTD September 2025.

Let me begin with a summary of the Group's key financial highlights.

First, we had strong revenue momentum, reaching US\$1,033 million, a headline growth of 3% year-on-year. However, on an underlying constant currency basis, this would have been 7% increase year-on-year after adjusting for the Brazilian Real and Egyptian pound translation movements.

The headline net profit reached US\$204 million, somewhat reduced from last year, 5% however, on an underlying basis, constant FX basis, the net profit would have been US\$215 million, which was in line with last year.

So, this translates into a headline ROE of 6.4%, and an underlying ROE of 6.7%. On the balance sheet, total assets reached record levels of US\$48.5 billion. While our capital and liquidity ratios remain strong, with excellent buffers above the regulatory minimum.

So, Bank ABC has delivered yet another quarter of resilient overall financial performance. And as is usual in these calls, I'll go into more detail on the financial results after covering an update on our strategy and industry position.

In our last earnings call, I gave a comprehensive update on our strategic roadmap, which positions Bank ABC as MENA's international bank of the future. Today, I'll briefly remind and refresh on some of the key highlights so far this year.

Covering the three pillars of our strategy, are the acceleration of core businesses, maximizing value of our digital units, and strengthening our operating model.

On the first pillar, we continued to achieve excellent progress on our core businesses. On Wholesale Banking and Treasury, including our Islamic finance, we maintained a strong performance despite some market uncertainty.

Our Global Transaction Banking business continues to broaden and deepen its customer base, deploying capital light and cash offerings.

Our markets teams continue to participate and lead on number of syndications, debt capital markets, and security transactions with many notable names in the region.

Our retail banking business is also making great progress across our MENA units, increasingly leveraging the digital mobile apps and capabilities we've launched, which have been pioneered by our ila Bank in Bahrain.

Another major business, Banco ABC Brazil, also delivered positive revenue and profit growth, focusing on their strategy to expand in the Brazilian middle market corporate segment.

On our second pillar of strategy our digital units, ila and AFS also continue as long-term value drivers for our shareholders.

Within ila, both in Bahrain and Jordan, we saw strong growth momentum in the customer base, growing deposits, and leveraging new product offerings. As we mentioned in our last call, the launch of the ila Gulf Air co-branded credit card is progressing very well in Bahrain.

And our fintech payments company, AFS, is having another very successful year with accelerated growth in revenues. Further building on the launch of its merchant acquiring business line in the UAE.

On the third pillar, strengthening our operating model, I covered much of this in our, first half call.

Bank ABC is continuing its committed focus on sustainability, our IT infrastructure, evolving developments on AI, and improving aspects of our culture and values.

To touch on a few key highlights during the last quarter. On Sustainability, we published the Group's second Group Sustainability Disclosures Report.

Demonstrating the focus and progress Bank ABC is making in this critical area. We also completed an upgrade of our core banking platform in ila. This first phase of the project will particularly accelerate ila's business and product development.

As our video highlights showed, we have many other new initiatives, such as new values, digital assets, data management, portfolio management, AI and credit training enhancements, which have all been launched this year.

Turning to our industry position. Bank ABC's brand and reputation continues to strengthen across the region and beyond.

As at the end of September, the Group has gained 35 prestigious awards across many categories. Among these are major awards for excellence in Wholesale Banking, such as the MENA's Cash Management Bank of the Year by MEED.

Wholesale Banking was also awarded the Middle East Best Cross-Border Payment Solution, Best Trade Finance Provider and Bahrain's Best Cash Management provider by Global Finance.

On innovation, Bank ABC won the title Best AI Virtual Assistant Award in the Middle East by AI World Series, for our AI-powered assistant, Fatema. This follows other awards on innovation, such as the World's Best Financial Innovation Lab Award earlier this year.

On the retail banking side, our digital mobile-only ila bank continued to make its mark on the global stage. ila was awarded the best mobile banking app in the Middle East by Global Finance, in addition to all 10 of their national awards.

Earlier this year, ila was named MENA Retail Bank of the Year by MEED and Best Digital Bank for Consumers by Euromoney Awards for Excellence. All these industry recognitions for our innovative wholesale and digital bank reaffirms the Group's position as MENA's international bank of the future.

Turning back to the Group's year-to-date September performance.

Starting on revenues; on a headline basis, the total operating income, or TOI, stood at, US\$1,033 million, a 3% headline growth. However, as I explained in my opening, on a constant currency basis, when we factor in year-on-year depreciation of average Brazilian Real rates by 7%, an Egyptian pound rate by 14%, the underlying TOI in a constant currency calculation would have been at US\$1,070 million. And this would have represented an increase of 7% year-on-year, we give these numbers on a constant currency basis to communicate that the Group's underlying core business growth is resilient across the franchise.

Our international Wholesale Banking and Group Treasury businesses contributed around 31%. Banco ABC Brazil, or BAB, was at around 34%, our MENA subsidiaries, 19%, and 16% from our digital units, ila and AFS, which are also continuing to show accelerated growth.

Moving on to our efficiency metrics, the Bank continues to maintain cost-to-income ratios around the same levels, as we manage our BAU costs while continuing to prioritize investment in our business.

On a headline basis, the cost-income ratio stood at 57.6%. However, on a constant FX basis, the ratio was, essentially flat at 56.8%. And excluding the digital unit investments, taking out both the revenues and costs in relation to those businesses, given their heavier investment profile, the Group's cost-income ratio would be 52.3%.

On cost of risk, our business growth is also being prudently managed. Our cost of risk showed an improving trend at 63 basis points on a year-to-date headline basis.

The NPL and coverage ratios remained broadly in line with previous year levels, and our credit risk management remains robust.

There are obviously ongoing market uncertainties intensified by volatile trade tariff and other economic uncertainties, and of course, we're maintaining a clear vigilance on the credit outlook for the remainder of 2025.

We've added a slide this quarter after a previous investor request to also give some view on our three months' performance.

The income witnessed a strong growth of 10%, year-on-year, driven by the business growth across our core markets.

Although the ECL charge for the 3 months was higher, compared to the Q3 last year, with wholesale bank ECL charges obviously being subject to some intra-year fluctuation.

But as I mentioned earlier, taking into account lower ECL charges in Q1 and Q2, the year-to-date was less than last year \$103 million against \$105 million.

Taking this into account, the quarterly net profits, obviously reduced a bit by 20%, but as it already explained, on a year-to-date basis, the reduction was 5% headline, and flat on a constant currency basis.

Turning to other comprehensive income over the quarter, this has had a significant increase of 43% to reach, US\$132 million, which was driven, by positive fair value movements, as well as positive currency movements since the previous year quarter.

Our emphasis on maintaining a strong balance sheet and healthy ratios remains. Our capital and liquidity levels are robust, which support our future business growth. All the ratios are well above the regulatory minima. Total CAR, 16%, Tier 1 ratio at 15%, and Core Equity Tier 1 at, 13.3%.

Our balance sheet is also well diversified and, liquid. We reached, record levels of total assets at \$48.5 billion.

More than 60% of total assets mature within 12 months.

Our loans were up 13% since the year end, which reflects the strong underlying growth in the core business, as well as some FX appreciation, mainly on the Brazilian Real. Loans were more than 40% of total assets, and our loan to customer deposit ratio was at 82%.

And from an overall liquidity and funding perspective, our LCR and NSFR ratios are at healthy levels of 297% and 119%, respectively.

So, in summary, our year-to-date September financial performance was resilient. And we're also pleased with the many awards and business milestones that demonstrate continuing delivery of our strategy roadmap.

The headline revenue is \$1,033 million, 3% up year-on-year headline, and up 7% on a constant currency basis.

The underlying cost-to-income ratio is also stable. And our year-to-date net profits although slightly reduced, 5% on a headline basis, were in line with previous year on a constant currency basis. And this translates into a headline ROE of 6.4% and underlying ROE of 6.7%.

Finally, just to emphasize again, the Group's balance sheet is robust. With total assets at record levels of US\$48.5 billion while our capital and liquidity ratios remain at very strong levels.

So that concludes the results presentation, and I'll hand over to Fatema, who will moderate our Q&A session.

## ***Fatema Yusuf, Group Head of Communications & Corporate Affairs***

Thank you very much, Brendon, for the informative presentation, and congratulations to the Bank ABC team across our 15 countries of presence on the delivery of another resilient performance.

So, moving on to the questions, we will start by a couple of questions that we've received ahead of the call today. The first question is inquiring about the reasons behind our resilient year-to-date revenue drivers.



## ***Brendon Hopkins, Group CFO***

As I've explained in the main presentation, we've had a good revenue performance. It has been up 3% on a headline basis, would have been better on a constant currency basis at 7%. Drivers behind that, I'll just pick out a couple.

As I mentioned as well, we had good growth across our core businesses, which has been backed by a strong deal pipeline across the franchise, evidenced by the loan growth. And, this is being underpinned by, a good expansion in our customer base across both the wholesale and the retail bank.

So, accelerated growth in our core businesses in line with strategy, is one of the key factors. Also we've seen good growth in our, digital units, ila and AFS. Still in investment, build-out phase, but both showing accelerated growth and contributing to this good top-line performance.

So overall, most of our units have had a good strong performance across the markets, and this gives us confidence on our revenue momentum, as we navigate this year and head into 2026.

## ***Fatema Yusuf, Group Head of Communications & Corporate Affairs***

Thank you, Brendon. On to the next question, which is inquiring about the impact of the FX depreciation on the bank, and whether it's going to impact the bank's future growth capacity.

## ***Brendon Hopkins, Group CFO***

I've mentioned this a few times about constant currency and the need to consider that carefully in relation to our underlying performance. Suresh can give some more details on this.

## ***Suresh Padmanbhan, Group Head of Finance***

Thank you, Brendon. Before we touch upon the effects of impact itself, I would like to provide a brief on the context of the Group. We heard that the Group operates in 15 markets, and at least 10 currencies, the financial statements get produced in 10 different currencies. So, naturally, what that means is the group is exposed to the dynamics in those respective markets. These dynamics range from the interest rates, the local credit spreads, as well as the FX dynamics in the local markets.

In our case, in the most recent times, Brazil and Egypt have been our two countries where we've been most exposed to the FX fluctuations, given the nature of those currencies. Both units have very strong underlying growth in the local currency and positively contribute to the group's performance.

However, compared to the previous year, both these currencies have depreciated significantly, BRL by 7%, and Egyptian pound depreciated by 14% on an average basis, which affected our US dollar results, which has been explained previously by Brendon in the financial presentation, where we outlined the performance on an underlying basis, and how the headlines have been affected by that.

While that is on the P&L point of view, FX also impacts on the comprehensive income. Opposite to the impact what we saw on the P&L, comprehensive income saw a very positive uplift, given that the point-to-point FX rates compared to the yearend of 2024 last year versus end of September 2025. These both currencies have strengthened compared to the average rates. Therefore, our other comprehensive income showed a very strong recovery this year. BRL was about a 16% stronger, and Egyptian pound was 6% stronger.

This lays out the FX dynamics and now I will address on the growth capacity. Growth capacity is, primarily driven by the strength of the capital ratios. We have already explained that at end of Q3, the Banks' capital ratios are at a very strong position, Tier 1 ratios at 15%, and total capital ratios at 16%.

They are quite robust. And that has been achieved by efficient balance sheet growth focusing on high-return businesses.

In terms of the FX, the capital ratios are driven both by capital and risk weighted assets. Both of which get affected by the FX rates in a proportional manner. Therefore, the capital ratios remain naturally hedged and remain materially unaffected by the FX rates fluctuations. So, we do not see a material impact on the growth capacity in those respective currency local markets.

***Fatema Yusuf, Group Head of Communications & Corporate Affairs***

Thank you very much, Suresh. The third question is inquiring about the key drivers for the 5% reduction in the net profit from the year-on-year results.

## ***Brendon Hopkins, Group CFO***

As I explained in the main presentation, we have to look at things on both, a headline, but also an underlying basis, and as Suresh has, eloquently explained the FX movements, when we look at the actual currency-adjusted perspective, we would have been level year on year. So, if we restated the accounts on constant currency, the net profit would have been at the US\$215 million level. So, US\$11 million of that difference is down to the translation, and as I mentioned, it's primarily on the Egyptian pound and the Brazil Real, which have both depreciated quite significantly year on year. That's one factor.

When we look at the different lines of the P&L, as I've also emphasized, there's been good growth in the revenues, 3% headline, 7% underlying. There have been some growth in the operating expenses that looks slightly higher on a headline basis than on the underlying basis. It would have been more moderated. And then, cost of risk, ECL, is about, same level, slightly improved year on year.

The other big negative movement in the results this year, has been the tax charge, and if you look at note 8 of the accounts, you'd see a year-on-year movement, of around US\$81 million versus US\$62 million. There are a couple of reasons for that. One is the introduction of the new taxes in Bahrain, the DMTT, which we also explain in our accounts, which has caused about a US\$7 million difference and then the rest is spread over a mix of our units.

In a nutshell, currency movements and tax are the two main issues, causing the reduction year on year. However, we had good underlying growth in the core business, and we'd hope to see those, flowing through into the results to come.

## ***Fatema Yusuf, Group Head of Communications & Corporate Affairs***

Thank you, Brendon. We just got a question from one of the participants. He's inquiring how does the cost-to-income ratio of the bank compares to our peers?

## ***Brendon Hopkins, Group CFO***

It's important to think about what the right peer comparison for ABC is. We would compare ourselves more to international banks, which have a higher, wholesale component than domestic retail banks in the region who typically have more of a scale and home market presence. So, when we look at other international, banks that also have a bigger wholesale, we're in line with the relevant benchmarks. So, for example, with Standard Chartered Bank, the latest cost-income ratio is around 57%, at HSBC is, like, 52%. So typically, having an international network for wholesale business leads to that higher cost income ratio, and that is the better comparison for ABC.

## ***Fatema Yusuf, Group Head of Communications & Corporate Affairs***

Thank you, Brendon. I believe one last question to ask, which is the expectations, on the bank's performance for the rest of the year.

## ***Brendon Hopkins, Group CFO***

On expectations for the rest of the year, as is our consistent policy, we don't announce forward-looking guidance on a specific basis on Net Profit or ROE targets.

On trend and directional basis, the trends for the first 9 months are resilient, given the uncertain external environment. I've already talked about, the drivers of revenue being positive across the franchise, good growth prospects in our key business lines, wholesale, retail, Brazil, as well as on our digital units, ila and AFS.

The operating cost and the cost of risk on a year-to-date basis are well controlled. And so overall, assuming no surprises, we're anticipating that we'll end 2025 with a good growth in revenues and a solid underlying net profit and ROE performance.

And, as I hopefully have also conveyed, there's many, good strategic developments. The execution of our plan is well on track. And we believe this will continue improving profits and returns over time as we head into 2026 and beyond.

## ***Fatema Yusuf, Group Head of Communications & Corporate Affairs***

Thank you, Brendon, and thank you, Suresh. With no further questions from participants, I believe it's time for us to conclude our session. Thank you all for joining us and for your continued support, and as always, if you've got any further questions, feel free to send them to our communications and investor relations teams at any time.

And until we meet in the next quarter, thank you very much.