

**Bank ABC**  
**YTD 31 March 2026**  
**Earnings Investor Call Transcript**

## **Bank ABC Q1 2026 Earnings Investors Call**

### ***Opening and introductions***

#### **Fatema Yusuf, Group Head of Communications & Marketing**

Good afternoon, ladies and gentlemen, and a warm welcome to our valued investors. I would like to thank you for joining Bank ABC's Q1 Earnings Investors Call, hosted by Brendon Hopkins, Bank ABC's Acting Group CEO, and supported by Suresh Padmanabhan, our Acting Group CFO.

Shortly, Mr. Hopkins will commence the session with a presentation on the Bank's financial results and recent achievements. Following the presentation, I will moderate the Q&A session, and you are welcome to submit your questions using the Q&A feature on Zoom. We will do our best to answer your questions, along with those we received ahead of the session, during our time today. But before we begin, let's take a few moments to watch a video that highlights the Bank's achievements and strategic progress during the first quarter of this year.

#### **[Bank ABC's Q1 2026 Recap Video](#)**

#### **Brendon Hopkins, Acting Group CEO**

Thank you, Fatema, and good afternoon, everybody. Thank you for joining our Q1 Investors Call. Our agenda today will cover four areas. I'll start with a summary of the Q1 highlights. Suresh will then cover the Group's financial performance. I will then touch on a couple of recent news items: the completion of our Group CEO succession plan and the affirmation of our credit rating. We will then finish, as usual, with our Q&A session.

So, first, a summary of the key highlights. The first quarter of 2026 unfolded against challenging regional developments and broader geopolitical uncertainty. In this complex environment, Bank ABC maintained operational continuity and supported its clients closely.

We continue to execute our strategy and make progress on our longer-term value creation objectives. Despite the external headwinds, we delivered resilient Q1 financial performance.

Revenue momentum continued to be a key underlying performance driver, reaching US\$344 million, a growth of 5% year-on-year. We maintained our balance sheet strength with strong capital and liquidity ratios, and robust buffers above the regulatory minimum. The Group net profit was US\$52 million and, although lower than the previous year, this was mainly due to higher impairment provision charges, which rose against the backdrop of the regional conflict, combined with one-off recoveries that benefited last year. Suresh will elaborate further on this in his section of the presentation.

Turning to the recent geopolitical challenges and the conflict in the region, I'll spend a couple of minutes expanding on our successful business continuity and crisis management efforts. The Group continued to operate with resilience, managing the situation from a position of strength. The approach was anchored around three key priorities.

First, the safety and wellbeing of our staff. We took immediate action to implement measures to support employees across impacted locations. For example, 100% of employees at Head Office transitioned from the very start of the crisis to work from home during the most extreme conflict conditions. Members of our critical functions, such as IT, Treasury, and operations, relocated to other branches and locations. The Bank remained fully operational throughout, with no disruption to our client services.

Our infrastructure and continuity planning enabled seamless operations across all core activities. Our disaster recovery plans proved effective, and we remain on a state of high readiness should they be needed.

Thirdly, we continue to maintain a strong financial position while actively managing risks. We boosted our liquidity buffers, as reflected in the strong ratios. We took a prudent approach to provisioning for the crisis conditions, taking into account the forward-looking requirements of IFRS 9. We have also been stress-testing our credit portfolio and developing mitigation plans for heightened regional economic pressures.

We continue to monitor developments and, like others, are hopeful for a peaceful resolution. However, we are also cautious in our view on the outlook and recognise that the timeframe to achieve this could extend and therefore exacerbate the regional economic challenges. Nevertheless, the Bank's strong fundamentals and disciplined approach give us confidence in the Group's ability to navigate the challenges ahead while continuing to support our clients and all our stakeholders.

Turning to our industry position, this is a more positive story continuing through Q1. Bank ABC's brand and reputation continues to strengthen year on year. By the end of Q1, the Group had gained 11 more prestigious awards across multiple categories, reflecting the depth and breadth of our capabilities. We're proud to have been recognized by Global Finance as the Best Trade Finance Provider in both the Middle East and Bahrain. The awards underscore the strength of our digitally enabled trade finance platform, and our continued focus on delivering high-quality solutions to our wholesale clients.

We're also proud that ABC Labs, our dedicated innovation and digitisation centre, has been recognised again by Global Finance as one of the World's Best Financial Innovation Labs, marking a fifth-time win and underscoring our continued focus on innovation and customer-centric solutions.

We are also very proud to have received eight IFN awards, recognising our Islamic banking strengths. These acknowledgements span innovation, digital capabilities, and market leadership across our franchises. They reflect the breadth of our platform across Bahrain, Jordan, and London, and reinforce our continued focus on delivering differentiated, high-quality, Sharia-compliant solutions.

So, that's a summary overview of some of the highlights. I'm going to hand over to Suresh and he'll take us through the Group's financial performance in greater detail for the quarter.

### **Suresh Padmanabhan, Acting Group CFO**

Thank you, Brendon. That was a comprehensive overview of our experiences through the quarter and our achievements. Now, shifting to more detailed financial results.

I will expand on the factors that have driven our performance in the first quarter of 2026. From a revenue perspective, the Group's total operating income reached US\$344 million. That is a 5% growth over last year, which was at US\$328 million.

The core business momentum has been resilient, despite the crisis affecting the operating environment in some geographies. This reflects the Group's strength of a diversified revenue composition. In particular, performance growth in Brazil and digital units compensated for somewhat moderated performance in other parts of the Group. In addition, there were also one-off revenues last year, which did not recur.

Our revenues remain well diversified across the franchise, supporting a more stable earnings trajectory. Our international Wholesale Banking and Group Treasury businesses contributed 28% of total operating income, while Banco ABC Brasil contributed 36%. MENA subsidiaries contributed 19%, and 17% came from other sources of income, primarily our digital units, Ila and AFS, which have been steadily increasing their contribution to the group.

Overall, the revenue mix highlights the strength of our multi-market business presence, and the effectiveness of our strategy to build balanced revenue streams across geographies and business lines.

Moving on to our efficiency metrics, the Bank continues to maintain strong cost discipline while investing in its strategic priorities, particularly digital transformation, and progressing towards our vision of **MENA's international bank of the future**. Operating expenses for the quarter were US\$212 million, up 9% year-on-year, reflecting targeted investments, normal business growth, inflation, as well as the impact of foreign exchange appreciation. After absorbing these costs, the cost-to-income ratio stood at 61.6%, slightly higher than 59.4% last year. Adjusting for ongoing digital investments, the ratio improves to 57.3%, demonstrating underlying efficiency overall.

This reflects our balanced approach driving innovation and growth, while maintaining a firm focus on cost discipline.

Turning to ECL and asset quality, our business growth is prudently managed by our robust risk appetite and risk frameworks. During the first quarter of 2026, ECL charges increased to US\$46 million, compared with US\$21 million last year. As a result, the cost of risk increased to 84 basis points, compared with 42 basis points last year.

This reflects our prudent and forward-looking approach to provisioning, which takes into account the evolving macroeconomic and geopolitical environment. Importantly, underlying asset quality remains stable compared with last year, with the NPL ratio steady at 3.3% and the coverage ratio at 87%, both at healthy levels. Compared with year-end 2025, our NPL ratio improved by 40 basis points, from 3.7% to 3.3% in Q1.

Overall, these metrics reflect disciplined risk management and strong coverage buffers. Our credit risk management practices remain robust, and we continue to maintain close vigilance on the credit outlook going into the rest of 2026.

Turning to the balance sheet, our asset profile is well-diversified and liquid. Loans increased by 2% during the quarter since year-end, highlighting continued underlying growth in our core businesses. Total assets stood at US\$47.2 billion, somewhat lower than year-end 2025 levels, reflecting short-term asset-liability management actions.

Our asset mix remains well-diversified across instruments with a balanced mix of loans, securities, and liquid assets. The balance sheet remains well-positioned from a liquidity and maturity perspective, with around 60% of assets maturing within one year, and a healthy loan-to-deposit ratio of 79%.

Turning to balance sheet health, it has been our consistent priority to maintain a strong balance sheet. Capital and liquidity levels remain robust, absorbing shocks during this period and positioning us well to support future business growth. All ratios are well-above regulatory minimum levels, with the total capital ratio at 15.9% and the Tier 1 ratio at 15.0%. CET1 at 12.7% comprises the majority of the Tier 1 ratio. Our core equity remains strong after absorbing the dividend payout and market volatility arising from the geopolitical crisis.

Risk-weighted assets stood at US\$32 billion at the end of Q1, increasing 4% since year-end 2025. Finally, from an overall liquidity and funding perspective, our LCR and NSFR ratios are at healthy levels of 311% and 127%, respectively.

That completes detailed insights into the first quarter financial performance and financial position. Over to you, Brendon, for your concluding comments.

### **Brendon Hopkins, Acting Group CEO**

Thank you, Suresh.

In summary, the Group demonstrated strong operational resilience during the crisis, ensuring uninterrupted client service while prioritizing staff safety and wellbeing. We delivered robust revenue momentum, with total operating income reaching US\$344 million, up 5%. This was supported by a well-diversified franchise and improved core business performance.

We adopted a prudent risk approach. Higher provisioning reflects macroeconomic conditions, while asset quality and coverage ratios remain healthy. Net profit stood at US\$52 million, impacted by higher impairment charges, although the underlying business momentum across key markets remained resilient.

As Suresh has explained in some detail, the balance sheet remains well-diversified and highly liquid, supported by strong ratios, all comfortably above regulatory requirements. Overall, the Group is well-positioned to navigate the uncertainty ahead while continuing to execute its strategy and deliver sustainable growth.

As I mentioned at the start of the agenda, I would like to briefly touch on two positive developments that we also announced this week: the completion of our Group CEO succession planning and the affirmation of our investment-grade credit rating by Fitch Ratings.

Firstly, I am very pleased to say that the Board and the CBB have approved the appointment of Paul Jennings as Group CEO, effective 5 August. The announcement is available on our website. Paul is a seasoned bank CEO with extensive prior experience at Bank ABC as CEO of our UK subsidiary, ABCIB, and subsequently with British Arab Commercial Bank. He also brings extensive knowledge and experience of our core markets and business model, as well as long-standing relationships with many of the Bank's senior leaders.

From my own perspective, I was very honoured to be asked by the Board to serve as Acting Group CEO on an interim basis, essentially delaying my own retirement plans, which were originally intended for March this year, while the Board completed its search for a permanent successor to Mr. Sael Al Waary, who, as you will recall, retired in January. I will also delay my retirement further to assist in an advisory capacity and ensure a smooth transition to Paul after his start date in August.

I'm very confident that Paul will be a great choice to lead the Bank into the next phase of its strategic journey and will have the full support of the Board and the Bank ABC leadership team to enable him to hit the ground running.

Turning to our credit rating, we are very pleased that Fitch Ratings affirmed the Bank's investment-grade rating of BBB- with a Stable Outlook. This was particularly notable given the complex and uncertain external environment. In its assessment, Fitch highlighted several key strengths of the Group, including our diversified geographic footprint, strong Wholesale Banking franchise, prudent underwriting standards with stable asset quality, and resilient funding and liquidity metrics.

They also noted strong capitalization and, importantly, reconfirmed that the Bank's ratings are not constrained by Bahrain's sovereign rating, reflecting the strength and

independence of our international funding profile and liquidity position. The positive rating outcome reflects Fitch's clear understanding of the Group's fundamentals, strategic direction, and risk profile, and also recognizes the resilience the Group demonstrated through the recent crisis conditions.

On a final note, I would like to thank all of my colleagues on the crisis management team who enabled the Bank to operate effectively during this most difficult period, and indeed all our staff who remained focused and dedicated during these challenging times. I will now hand over to Fatema, who will moderate the Q&A session.

**Fatema Yusuf, Group Head of Communications & Marketing**

Thank you very much, Brendon. Thank you, Suresh, for the informative presentation, and congratulations to the Bank ABC team across our 15 countries of presence on delivering these resilient results. Moving on to the next part of our session, we will start with the questions we have received so far and then take any additional questions that may come through the Q&A feature.

So, the first question, I will be addressing it to you, Brendon. Basically, it's inquiring about how the Bank is navigating geopolitical uncertainty in terms of business impact and continuity.

**Brendon Hopkins, Acting Group CEO**

I have touched on a number of these points during the presentation, but I will expand a little further. As we know, the regional conflict is clearly affecting markets, trade, and investment flows. This is driving increased volatility in exchange rates and commodity prices and is also expected to keep inflation elevated and interest rates higher for longer.

From Bank ABC's perspective, as I have already noted, we do have a diversified geographic footprint, and this provides us with a natural hedge across our markets. We have commodity-exporting markets such as Brazil, Algeria, and Libya, which help offset some of the headwinds in other economies that are more directly affected by the crisis. As I have mentioned, we operated without disruption across all markets, supported by our investments over the years in technology, digital infrastructure, and cloud-based capabilities.

These investments in business continuity planning and disaster recovery helped ensure our operational resilience and enabled us to maintain uninterrupted client service

throughout the crisis. This was supported by a Group-wide business continuity management framework and a senior crisis management team, which met sometimes two to three times a day during this period to ensure plans were being implemented, the situation was being monitored, and rapid decisions were taken across relevant businesses and operational issues.

We also maintained strong resilience measures and liquidity. We boosted liquidity in the early stages and were pleased to see this maintained, with the Bank remaining, in effect, a strong magnet for funding sources and liquidity across the region. We also continue to perform intensive risk monitoring and stress testing to ensure that we remain on top of any market or credit developments across our franchise. As we look ahead, we remain hopeful for a peaceful resolution. But clearly, this remains uncertain, and the timeframe for the regional situation to improve economically may extend. The Group does have a diversified franchise, strong liquidity, and robust risk management, which positions us well to navigate the ongoing uncertainty. We hope that conditions stabilise and that growth returns over the year.

**Fatema Yusuf, Group Head of Communications & Marketing**

Thank you, Brendon. The second question is about ECL and seeks to understand why it increased in the first quarter of 2026, and whether we are likely to continue seeing this trend through to year-end. Suresh, perhaps you would like to answer this question.

**Suresh Padmanabhan, Acting Group CFO**

To assess whether this trend will continue through the rest of the year, it is important to understand the composition of Q1 ECL. As I mentioned earlier in my presentation, last year's ECL charge benefited from certain significant recoveries, which resulted in an outcome that was somewhat better than our historical experience. Because of this, the current year's charge of US\$46 million appears more pronounced in comparison. The current year's ECL charge of US\$46 million is somewhat higher than our traditional experience, reflecting a more cautious provisioning stance and incorporating forward-looking macroeconomic factors related to the evolving geopolitical environment.

As a result, our cost of risk increased to 84 basis points in Q1, compared with 42 basis points last year, which demonstrates our prudent provisioning approach. More importantly, our underlying asset quality remains very stable. The NPL ratio is steady

at 3.3%, and the coverage ratio at 87%, both at healthy levels compared with Q1 last year. Looking at year-end 2025, the NPL ratio improved from 3.7% to 3.3%.

Our credit risk management practices remain robust. We are maintaining close vigilance on credit underwriting and the portfolio outlook going into the rest of 2026. Overall, this reflects a balanced approach to disciplined risk management and strong coverage buffers while supporting continued business growth.

**Fatema Yusuf, Group Head of Communications & Marketing**

Thank you very much, Suresh. The third question is inquiring about the expectations on the Bank's performance for the rest of 2026, given the significant year-on-year drop in the net profit. Maybe, Brendon, you'd like to give us your views on this?

**Brendon Hopkins, Acting Group CEO**

In the first quarter, as you have seen, the Group net profit was US\$52 million, down from US\$76 million in Q1 2025. However, the core business momentum has been maintained, and this is largely reflective of a single factor, namely the higher ECL charge. This increased significantly to about US\$46 million and as Suresh outlined was driven by the IFRS 9 provisioning stance on macroeconomic conditions and the more cautious provisioning approach. More importantly, the underlying business momentum has remained resilient. Total operating income grew by 5%, and depending on how post-crisis conditions develop, we hope to see some of that momentum continue through the rest of the year.

Our net operating profit was broadly stable at US\$132 million and, again, we hope to see that potentially pick up, although this will depend on how the regional situation develops. As I have said in the past, it is not our policy to provide forward-looking guidance on net profit or ROE targets. However, the strength of the franchise, diversification, robust revenue momentum, and a healthy balance sheet position the Group well to navigate the challenges ahead and, we hope, to deliver a good and resilient full-year outcome for 2026.

**Fatema Yusuf, Group Head of Communications & Marketing**

Excellent. It seems we haven't received any questions live. Thank you, Brendon. Thank you, Suresh, and thank you to the team. It's time to conclude our session.

**Brendon Hopkins, Acting Group CEO**

Given the CEO announcement, our next results will probably be later in August. This will very likely be my last Earnings Call. I'd like to thank my team for their support over the last few years. Thanks to Fatema, Suresh, Wasif, and Fatema Al Khan, who you don't see on screen, for their great support. I wish you well for the next call later in August.

**Fatema Yusuf, Group Head of Communications & Marketing**

Thank you, Brendon. You will certainly be missed. Thank you all for joining us virtually. You are always welcome to send any questions; our Investor Relations team will ensure to respond to them. Until we see you next quarter, thank you and goodbye.