



BBK 1ST QUARTER, 2026 INVESTORS' CONFERENCE CALL

Audio Transcript

Yaser Alsharifi:

Good morning everyone and welcome to our first quarterly results call for 2026. We're delighted to have you here today to celebrate with us a record profit for the first quarter at BD 26.1 million. But more importantly, I want at the outset to take the opportunity on behalf of the board of directors and the management team and the whole staff and team at BBK to thank the leadership, His Majesty King Hamad bin Isa Al Khalifa, His Royal Highness the Crown Prince and Prime Minister, and the wider leadership team and the government in their exceptional management and protection of the citizens and the country. During the unjustified attack by the Iranian enemy over the last period. We are very fortunate to have lived in this country where the sacrifices of the men and women during this period kept us all safe and allowed us to go about our lives as normally as possible.

We are very grateful and appreciative of the GCC countries, our friends and neighbors, who pulled together to ensure that we were able to have a positive outcome from this test of our will. And more importantly, it was a testament to the robustness of the financial services sector, which was tested during this period. And we're very grateful to our depositors, our customers and our shareholders for their confidence in us, where our business continuity plans were tested and it demonstrated its robustness. We will continue to invest in those areas to ensure that we can overcome any challenges. This is why you saw us maintaining operational availability continuously throughout the period of uncertainty, and we continue to monitor that situation; and had taken multiple steps to be able to do that. And we hope that we will continue to be in the right position in terms of your confidence and delivering superior financial services.

The performance of 2026 sets a new milestone for us, which we believe we can build on. And the story didn't start Q1 or at the end of 2025. It is another milestone in terms of our 3-year plan

which we launched for 2025, 2026, and 2027. This plan was built on fundamentals of diversifying income, on growth opportunities, on inorganic and organic opportunities for us to be able to generate superior shareholder return for one quarter, but over the whole period in a sustainable way going forward. So, I think our results are so exceptional that even the system can handle what, what we've achieved.

And the comment I wanted to make in, in terms of the results—the results wouldn't be possible without our belief in people, and that's something we set out when we did the plan together. And people for us have multiple layers, right? It starts with our people internally, and we're very happy to see an increase in the staff costs, and that was a reflection of our promise to pay for performance by creating an environment that is high-performing, that is challenging, and also rewarding. And why we're very happy to have that additional cost because that additional cost has translated into multiples in terms of results for the institution itself. And that's something we believe will continue to grow.

Our belief in people also reflects in the continued support and partnership of our customers and choosing BBK as the partner of choice, whether they're retail or corporate clients, and that we continue to hope to improve our quality of service and our engagement with them. And finally, our shareholders in terms of their commitment to the bank and holding the position. There were key achievements during Q1 other than the results, which were multiple sponsorships, the partnerships that reflect our ESG approach. It reflects the identity of BBK, it reflects our active role in being a responsible citizen in the country and in supporting and, and cooperating with the key elements that are important for economic stability and growth in the country, whether it's related to sports activities or scholarships or health-related matters, in terms of the BDF Center that we are very proud to be associated with and are honored to have a small role to play in supporting

these honorable institutions.

We're also very excited about the opportunity that we had to play in the Silah Gulf IPO where we were the underwriter and had seen the first of a successful IPO in the local market, and we hope to see many more to come. And obviously we continue to be actively engaged in our merger discussions with NBB, that we still have the firm belief in creating the national champion with a platform that can compete against the biggest and the best in the region in the future. I'll hand over to my colleague Ahmed to speak about the governance and investor relations.

Ahmed AbdulQudoos:

As always, we assure our investors that we pay utmost attention to corporate governance and we take into consideration all our established KPIs as part of our sustainability framework, which will be expanded upon by my colleague Mohammed Al Aali. Some of the updates: we held an AGM on 31st of March virtually due to prevailing geopolitical tension. Using electronic voting, and all agenda items were recorded, attendance of the shareholders. And the new board members were appointed and elected by shareholders. Board committees were formed in strict compliance with regulatory requirements and board charters, our own charters, and we drive— part of the success of the bank is from the leadership of our board of directors and their guidance.

That is an important part for us. A comprehensive induction program was held for the new board members on governance practices. As a result of the 3-year campaign to solve the issue of unclaimed dividends in coordination with Bahrain career, it was reported by Bahrain career that we now have over 94% of the bank shareholders using electronic means for transfer of dividends. This was a legacy problem in Bahrain that is now coming to conclusion, and we're happy to report that.

Another update is that Bahrain Bourse issued finally an Investor Relations Guidance Paper, and we have been working on this

area for some time now, and it is determined that the bank already has all the measures outlined in the paper in place, and we have even more than the minimum requirements. For example, the minimum requirement is holding a single investor call per year, and we do that all year round in each quarter. So, we're proud of that, and we continue to serve our shareholders to the best extent that we can. Now I hand over to my colleague Mohammed Al-Aali for more on sustainability.

Mohamed Khadem Alaali: Thank you so much, Ahmed. For sustainability, we've just launched our sustainability report with the title Leading the Way for a Greener Future. The report is available in Bahrain Bourse and is available on our website and has a lot more details than our prior report. Specifically, we've included Scope 3 measurement for the first time. We're excited about our journey towards reducing our environmental impact and footprint. We continue to hold strong ESG rating. We've recently been evaluated as the number one across Bahrain on Refinitiv LSEG.

We would love to continue to, in that journey, to lead the way when it comes to sustainability and achieve higher ratings across the board. Today, I'll focus on Key achievements that we've witnessed in the last quarter, including continuing to solidify our women empowerment through our talent management programs with hiring additional women in our executive team and promoting a lot of our women high performers in the workforce and continuing to maintaining healthy percentage of representation in the women executive management and middle management roles. We're happy to include Sara Khunji a new member of the executive team as the Group Chief HR Officer. We are also continuing with our support for the community through volunteering and direct community investments.

We have focused as a team to ensure that we have a merit-based talent management system when it comes to promotion and when it comes to hiring. And during our last promotion cycle,

44% of our promotions were female promoted within our teams. In terms of community, we continue to have very strong, good community impact through volunteering. This is 15 hours per employee and continuing to invest directly into our community with solid governance metrics. When it comes to environmental impact, we were able to reduce our paper consumption by 24% and we hope to achieve even stronger in this specific metric, given our automation agenda. And Scope 1 and 2 intensities going down by 11%. We have a strong focus on sustainable finance portfolio, and we've been able to increase it by 7%, and sustainable bond investments up by 133% in the last quarter.

Our focus last quarter has been on, like everyone else, on agility and dealing with the challenges that we've had operationally to make sure that as a bank we were up and running. Our key focus has been on business continuity, ensuring that our branches are open, our customers are taken care of and our employees are taken care of. So there was a big focus on our employee well-being and, and big focus from our side of supporting the fallen families from the national heroes and supporting the overall government initiatives to support the damages that has happened in the country.

Going forward, our strategy when it comes to sustainability is really focused on 5 key pillars. One is expanding our green infrastructure sustainable finance portfolio. That's a key area for us, and supporting the decarbonization plan, which is achieving 30% down by 2030. We have a lot of plans when it comes to solar, converting our branches to solar panels, improving the energy efficiency within the bank, and integrating climate risk into our operations. Another key area for us is the BBK Way. BBK Way is our customer experience transformation, which will deliver a seamless, more innovative experience to our customers. Finally, continuing to empower our talent and developing our talent for the future..

Yaser Alsharifi:

Before Mohammed Abdulla takes you through the numbers, I just wanted to add that obviously our ability to navigate the crisis wouldn't have been possible without the supervision and active participation of the Central Bank of Bahrain that ensured that there was calm and wisdom in the approach to maintaining the confidence within the system. And we emerged, I think, from this crisis demonstrating the robustness not only of BBK's financial strength, but the wider financial services institutions and the industry in Bahrain. In terms of our numbers for Q1, I just want to highlight that it demonstrates our continued commitment to growth. As you saw, 2025 ended with an exceptional performance, driven by the fundamentals of the business, and this is our commitment to do so.

The numbers reflect our prudent approach to provisioning coupled with active remedial management. So where we believe provisions are required, we continue to take, to take those, and we're able to offset some of the impact from the positive results that our immediate team are able to, to deliver. It's a reflection of a dynamic investment management approach to our portfolio where we balance between the risks that we're taking with the opportunity for profit-taking versus maintaining healthy NIMs. And it's also a reflection of our commitment to hedging the interest rate risk to our business, which impacted our NIMs. Yet despite that, we were able to grow and develop that. Our approach is one that takes a lot of care in terms of expenses, where expenses translate into value and returns. Hence, we continue to invest in our people, we continue to invest in our systems, but we're very prudent in doing that in order to be able to show the positive impact of that overall.

Two additional points I'd like to highlight here. In reference to the war that started at the end of February, as a management team, we took active steps to protect the business. And as you know, in all crises, the first item at risk is liquidity. And as you can see

from our numbers for Q1, we're highly liquid as an institution. This reflects the steps we took to ensure not only BD liquidity, which has always been very healthy for us as BBK, but it also reflects the steps we took to shore up dollar liquidity. Finally, in terms of our fee income, we are delighted to see our overall diversification of income other than investment income in terms of FX growth, in terms of what we anticipate in terms of CIB activity as an outcome of our partnership with Panmure Liberum.

Mohammed Abdulla:

Thank you, Bu Zaid for briefing. I will go through the numbers only as explained by Bu Zaid. A record profit of BD 26 million, 24% growth year on year, supported by all line of our core business. Net interest income up by 11%, while the other income including FX fees and investment income up by 57% to stand at BD 19 million. Operating costs increased to BD 21 million, mainly due to the fact that explained by this investment in our human resources and investment in our strategic initiatives.

Provisioning at BD 3.7 million, higher than last year by 16%, to cater for recent development and changing in our risk scenarios. Moving to the financial position of the bank, we are at BD 5 billion, slightly higher than end of the year at BD 4.97 billion, of course, the focus was on re-engineering and rebalancing the balance sheet toward more yield generation. Loans and advances at BD 2.3 billion, slight drop from December, while the investment has grown by 2% at BD 1.25 billion. The customer deposits slightly dropped, mainly on recompositing the balance sheet and getting rid of expensive deposits where we have received CASA from HSBC acquisition.

The equity remains at BD 0.6 billion, slightly lower than December, mainly due to payment of the dividend and the mark-to-market of our investment portfolio impacted during this period.

Moving to the next page, the main key indicators; the return on average equity at a very healthy level at 14.5%, a good level compared to the industry. Return on average assets is one of the highest among the industry at 1.9%, while the earnings per share at 14 fills and the cost-to-income ratio at a very healthy level for the industry at 41%. The coverage ratio at 66%, maintaining healthy coverage, total ECL, where the performing loans coverage stands at 1%, in line with the industry and the market. Gross NPL maintains around 3%, while the capital adequacy at a very healthy level of 17.6%. Liquidity ratios, all of them are above the minimum requirement at a healthy level. NSFR at 130%, while the LCR at 258%.

Sumaya (SICO):

Thanks to everyone who has dialed in. First of all, I'd like to take a moment to thank everyone for their patience and for understanding while we went through these, as we always say, one-off technical issues. Hopefully next time there wouldn't be any of those. We have received a number of questions from clients prior to the call and during the call. So I will take a moment to start with Mr. Ali Al-Tarif question.

Bu Zaid, first of all, He sends his congratulations to the BBK management and has a number of questions. I'll go ahead with the first regarding the OCI fair value movement. He said that there has been a negative impact of BD 45.1 million reflected compared to 4.7 million in the same period last year. Could you help us understand the key factors behind this significant movement? And is it mainly related to interest rate movements or duration positioning or portfolio evaluation?

Yaser Alsharifi:

Thank you for that question, Ali, and for the kind message. Clearly, the movement in the OCI was significantly driven by the impacts of the repricing pressure on the bonds portfolio, especially the government of Bahrain paper that we hold. But our confidence remains strong in the fundamentals of that portfolio,

and that is reflected in the bounce back in terms of the valuation and the reduction in the OCI negative position. In April and May. Mohammed Al-Rayes, Mohammed Abdulla, if you want to add anything to that comment.

Mohammed Al-Rayes: The change in the OCI, I think, is a reflection of the general movements in the markets. We've seen global markets and regional markets going down during the month of March, and this has affected naturally the positioning and the valuation at the end of the investment portfolio. Having said that, yes, markets have bounced back since, and so as a result the MTN has also increased. So it's a natural movement within the portfolio, and our portfolio has held very well in comparison to changes in global markets in general.

Sumaya (SICO): Thank you Mohammed. The following question is regarding the loan and deposits growth. There was a slight decline in both net loans and customer deposits compared to the Q4 2025. Could management elaborate on the reasons behind this movement? And following that, additionally, what are your questions for loans or expectations for loans and deposits growth by year-end 2026 compared to peers that have achieved high single-digit growth in both KPIs?

Yaser Alsharifi: Our responsibility as a management team is to deliver superior results to our shareholders in a consistent manner, and that requires active management of our balance sheets to ultimately ensure that we deliver the results that come through the, through the P&L. We as a management team, when we set up the plan for 2025 through 2027, did so based on a set of assumptions that were relevant at the time, but as I stated in the, in the intro, we're also blessed by a board of directors that allows flexibility to be able to manage that. What does that mean in terms of the numbers? Where we are in terms of our balance sheet position for Q1 2026, was actually our aspiration for the year-end 2026.

So in terms of balance sheet size, we are where we wanted to be. That doesn't mean we're going to stop growing.

The key is that we're able to manage that balance sheet to generate the consistent results that are, I think, more important in terms of delivering value to our shareholders going forward.

There are several initiatives that we have that are yet to be fully realized, and this slight reduction in the customer deposits was a reflection of the comment that our CFO made, which was our management of the fixed deposit portfolio to allow deposits that were too expensive to mature and were rolled over. Obviously, as any institution, we prioritize CASA and cheap deposits, and we have several initiatives that you're going to see come through in Q2 and Q3 this year.

Sumaya (SICO):

Thank you, Bu Zaid. We have questions from Mr. Ahmed Fakhro. Again, he congratulates management on the impressive net profit of 26.1 million. Going to his questions, first of all, on asset quality, net provisions have increased in comparison to Q1 2025. Could you elaborate on the key drivers behind this increase? Was it just precautionary prudence, or was it linked to specific exposures?

Mohammed Abdulla:

The provisioning that we have taken is a prudent risk management to cater for the recent development. And we have changed our scenarios in terms of the risk to cater for the current environment. That has resulted in a little higher provision compared to last year.

Yaser Alsharifi:

And obviously, the central bank, in coordination with the auditors, has requested the financial institutions to run scenarios with higher risk. Assumptions, and that's reflected in the additional provisions that we ended up taking, plus any specific provisions that were required as a reflection of movements in our loan or investment book. These are ones that we will continue to monitor

actively, and hopefully in the next call we'll be able to provide you an update in terms of progress.

What's more important for us is that we maintain healthy overall provisioning in terms of the stages of provisions and management buffers, to ward off any unforeseen issues and remain consistent in terms of the model that has been built and annually tested by the external parties to ensure that we remain compliant with the requirements of IFRS and the Central Bank in terms of delivering the results.

Sumaya (SICO):

The question is regarding the one-off gain in investment and other income. Investment and other income obviously showed a strong growth related to the one-off gain as mentioned in financial statements. Could you please provide more insight into this and what was it primarily driven by?

Yaser Alsharifi:

So the way, as I stated, is we approach our overall book is through dynamic and active management, and that extends to all the investment holdings that we have. This particular investment is one that has been on the books for quite some time and had positive contributions in the past, but in the last several cycles had continued to have impairments attached to it, and that had been reflected in our results during that period. We have been able to manage that investment in a way that we are able now to realize a portion of gain related into that portfolio and have come up with a design of the structure of it in terms of holding with our one of our partner banks to see how we can realize further value going forward. So it's not a specific one-off item. It was always part of the portfolio. It's just the current valuation and inspection of the position of the underlying assets within it.

Sumaya (SICO): Perfect. So in the future, can we expect another occurrence item in relation to this particular investment?

Yaser Alsharifi: This, this, the impact of this particular investment actually small in terms of our overall performance. And if you look at the portfolio results for the investment book, they, continue to build on a trajectory that started actually Q3 of 2024, and we've consistently been able to develop and grow that. And that's an area that we have full confidence will continue to hit these, these numbers into the, into the foreseeable future. So it's not really dependent on this specific item.

Sumaya (SICO): Okay, perfect. Going to the net interest margins, Ahmed asks, there has been a NIM expansion. Could you let us know why that was the case, the main drivers behind this? Is it primarily driven by asset repricing or optimization of the funding mix?

Yaser Alsharifi: Thank you for that question. It's a combination. It's on one side managing the funding cost and diversifying and ensuring that we have the right levels that allow us to compete. And it is also a reflection of the diversification of our book. If you recall, We mentioned during the AGM that we have expanded our business and our exposure in Saudi Arabia, in Kuwait, selectively in Egypt and Turkey.

The margins in these exposures reflect the risk-reward parameters there, and our NIMs would be even stronger if we hadn't decided to protect the business, to hedge our interest rate exposure, to not only, you know, always show you short-term positive gains, but to ensure that we're able to protect the bank should there be reductions in the rates and avoid a lot of volatility in the results going forward.

Sumaya (SICO):

There is a question we received on the operating expenses in particular. Considering the merger— the ongoing merger talks with NBB, NBB has stated in their results that they faced one-off increase in costs due to merger-related costs. The question is, has BBK faced the same and is that reflected in your other overhead expenses? Secondly, still staff costs have gone up and you've mentioned during the presentation that yes, there have been staff salary increases. How does BBK plan to maintain the cost-to-income ratio going ahead?

Yaser Alsharifi:

Let's start with the last comment. I think our cost-to-income ratio is the envy of our peers in the industry. So our commitment is to continue to manage that actively and to ensure that it remains at a healthy level. Having too low of a cost-to-income ratio is not necessarily a good thing because it could mean that you're underinvesting in the business itself. And so for us, it's a balance between what we invest in to protect the bank, to maintain the bank, and to grow the bank. We are actually very happy to share the growth in the payroll costs.

We think that our staff fully deserved. That was justified by the outstanding performance in 2025, the Q1 results. And it's also a reflection of our compensation strategy in order to have the right mix between fixed and variable pay such that you're rewarded for performance. So this we do through obviously the guidance of the NRG and benchmarking against our peers in the market. And to maintain a competitive base to be able not only to attract talent to the institution but also to retain the men and women who put in the blood, sweat, and tears to ensure that we continue to deliver the value. Obviously, we incurred merger-related expenses. If our friends at NBB want to take that from us, we're happy to pass it on to them.

Mohamed Abdulla: The one-off expenses, the measures, if we exclude, then the growth will be around 18%. So around BD 1.1 million were all of these costs that we have incurred, one-off, that contributed to such growth and not operating expense.

Sumaya (SICO): There is a question regarding the merger. As per BBK's disclosure, you have responded to NBB's offer. So yes, without sharing anything that cannot be shared due to regulatory restrictions, but can we know what is the status now? And does that imply that BBK has rejected NBB's recommended exchange ratio?

Yaser Alsharifi: NBB and BBK are both committed to seeing this process through. Both sides are actively engaged in discussions, and whenever there is something to disclose to the market where a decision is made or a position is reached, then I'm sure you'd hear before I do.

Sumaya (SICO): The final question Bu Zaid is regarding the dividend policy. BBK has over the last few quarters maintained an interim dividend. Is there any change to that policy given the ongoing merger talk, or that is separate of that?

Yaser Alsharifi: Look, we are committed to delivering superior shareholder returns, and if part of that is through dividends, as you've seen, where we believe that we are retaining sufficient capital for our growth ambitions versus what we can pay out, we do so. We will continue to monitor this, this position and light those market dynamics, obviously, As we started this meeting by saying that not only the country, the whole region is going through an exceptional period. And on top of that, as you mentioned, there's a merger discussion.

So if the circumstances warrant the payment of the interim dividend, we will do so. If there are reasons not to, we will clearly communicate that with our shareholders. But I'm not in a position at this point to commit one way or the other.

Sumaya (SICO):

We have concluded the Q&A session. I'd like to thank BBK's management and thank everyone who's dialed in and has been patient with us during the technical issues faced. I leave the final remarks to you Bu Zaid.

Yaser Alsharifi:

Thank you so much. Thank you all for your interest. I also want to take the opportunity to thank the investors and the shareholders who believe in the BBK story, which is beginning to reflect in our share price. We're excited about the times ahead. We are realistic. We're not blinded by realities. And brother Ali, always happy to hear from you, please go ahead.

Ali Al-Tarif:

I just had a question which was not read. Basically, it is related to market performance, which is good and bad. So the share price of one popularization is very important. I noticed yesterday, I believe, which we've noticed continuous movement in the group share price with market capitalization recently crossing the BD 1 billion mark. So I'd like to see the management view The main driver behind this positive outlook, isn't in your view strong fundamentals or improved investor sentiment or institutional accumulation or one-to-one market-making activities?

Yaser Alsharifi:

Thank you, Ali. We don't have a market maker for BBK shares. In actual fact, we have a small allocation for acquiring Treasury shares. The approval of that has expired and we have not received the renewal of that from, from the central bank. So we haven't been active in that space either. The movement, in my

humble opinion, is a reflection of the investors' belief in not only the performance of the bank over the last period.

This has been a trend that started 18 months ago and has consistently continued in terms of widening our price relative to our peers in the market. But I believe it's also a reflection of their belief in what else we can deliver in terms of shareholder value in a very competitive market going forward.

So there's nothing else.. Thank you all.