

**Bank ABC**  
**FY 31 December 2025**  
**Earnings Investor Call Transcript**

## 1. Opening and Introduction

### *Abdelkhalig Shaib, Group Chief Legal & Corporate Affairs Officer*

Good afternoon, ladies and gentlemen, and a warm welcome to all our valued investors. Thank you for joining Bank ABC's Financial Year 2025 Earnings Investors Call, hosted by the Acting Group CEO, Mr. Brendon Hopkins.

Mr. Hopkins will begin the session with a presentation outlining our key strategic and financial achievements for the 12-month period ended 31 December 2025. He will be joined by Mr. Suresh Padmanabhan, the Head of Group Finance, who will provide a deeper dive into the Group's financial performance for the year.

Following their presentation, I will moderate the Q&A session. You are welcome to submit your questions through the questions feature, and we will do our best to answer as many as possible, including those received ahead of the call.

Before we begin, let's watch a short video highlighting the Bank's strategic progress and financial performance for 2025.

[Click here to access the FY 31 December 2025 highlights video.](#)

Over to you, Brendon.

### *Brendon Hopkins, Acting Group CEO*

Thank you, Abdelkhalig. Good afternoon, and welcome to our investor call on our 2025 results.

My presentation today will cover the first five items on our agenda, from the key highlights through to our dividend recommendation.

I will then hand over to the Head of Group Finance, Suresh, to explain our detailed financial performance, and then we will take questions before we conclude.

## 2. Key Financial Highlights for 2025

### *Brendon Hopkins, Acting Group CEO*

2025 was a year of continuing global and regional geopolitical uncertainty. Trade tariffs, interest rate movements, regional instability, and asset price volatility all contributed to a challenging external operating environment.

Despite this backdrop, Bank ABC's diversified franchise and business model underpinned a resilient set of results.

We achieved strong revenue momentum, reaching another record level of over US\$1.4 billion, with headline growth of 5% year-on-year. On a constant currency basis, this would have been 7% year-on-year after the Brazilian Real and Egyptian Pound depreciation is factored in.

On the balance sheet, total assets reached record levels of US\$50 billion, while our capital and liquidity ratios remained strong, with excellent buffers above the regulatory minimum.

Headline net profit reached US\$257 million, with an additional US\$53 million in the fourth quarter, but a moderation of 10% year-on-year. On a constant FX basis, net profit would have been moderated by 7%.

Other factors that affected the fourth quarter were higher provision and tax charges, which Suresh will explain later in his part of the presentation. This translated into a headline ROE of 6%, and an underlying ROE of 6.2% on a constant FX basis.

Overall, Bank ABC delivered another resilient financial performance during 2025. Our top-line revenue growth remained strong, with a 5% increase headline and 7% increase underlying, which gives us confidence in the strength of our business as we look forward to 2026.

We will come back to the financial results after covering the usual update on our strategy and industry position.

## 3. Strategic Roadmap: MENA's International Bank of the Future

### *Brendon Hopkins, Acting Group CEO*

As in our earlier investor calls during 2025, I will give an update on our strategic roadmap to be MENA's international bank of the future. The roadmap has three key pillars: accelerating our core businesses, maximizing the value of our digital units, and strengthening our operating model.

#### **3.1 Accelerating Growth in Core Businesses**

We had an excellent year of top-line revenue growth, with revenues up 5% year-on-year and 7% underlying. Almost all of our business lines and units saw year-on-year growth, with positive revenue and cost jaws.

In our Wholesale Bank, we saw excellent performance in core trade and transaction banking volumes and revenues. A key highlight was our Syndications team, which saw volumes grow from US\$2.5 billion to US\$4 billion. Our Retail Banking business continued to flourish, with the rollout of our new digital app in Egypt.

In Banco ABC Brazil, we saw excellent growth in our corporate and middle market business, with overall 9% revenue growth year-on-year headline, and 13% growth on a constant currency basis.

#### **3.2 Maximizing the Value of Our Digital Units (ILA and AFS)**

On ila, the customer base continues to expand, with new products and features boosting deposits and revenue. We also successfully completed ila Bank's core banking migration to Temenos, which marks a major step forward in our core banking capabilities.

The ila Bank carve-out process continues, creating a separate, fully licensed digital bank, which will enhance ila's agility and position it for accelerated growth in Bahrain and across the region.

Our fintech payments company, AFS, continued to build out its expansion strategy. A particular achievement was the successful launch of merchant acquiring services in the UAE, which is another revenue accelerator and advances AFS's future growth strategy.

### **3.3 Strengthening Our Operating Model**

We established a Portfolio Management function aimed at enhancing the risk-adjusted return on capital (RAROC) of our Wholesale Banking business.

We launched new core values to emphasize clients focus, innovation, teamwork and collaboration, integrity, and staff empowerment, embedding a purpose-driven culture and conduct across the Group.

Our performance management focus has been sharpened with a new strategic KPIs framework, which runs across the Group's units and on which all key leaders are being measured.

We redesigned our digital operating model and launched new data management capabilities, paving the way for advanced data analytics and artificial intelligence, which are being rolled out across our operations.

In summary, we had strong successes in our strategy execution in 2025, which also positions us well for continuing momentum in 2026.

## **4. Sustainability**

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

Turning to the topic of Sustainability, this remains a key priority for the Group. We are embedding sustainable practices across Bank ABC's value chain to reduce our environmental impact, ensure we are fit for future purpose, and deliver long-term value for all stakeholders.

- During 2025, we continued to make excellent progress as we launched our 3-year environmental reduction plan for our operations.

- We embedded ESG risk assessments in the credit approval process and in our client engagement.
- We developed ESG standards defining how we measure and manage risks.
- We measured our Scope 3 financed emissions, which will be critical to our overall emissions reporting.
- We completed training programs for our client-facing teams.
- We developed action plans to improve our diversity, equity, and inclusion KPIs.
- We maintained a strong focus on meeting the increasing ESG regulatory and disclosure requirements across all the Group's locations.

Detailed progress on this journey can be viewed in our second annual Group Sustainability Disclosures Report (GSDR) on our website.

## 5. Industry Position

### *Brendon Hopkins, Acting Group CEO*

Bank ABC's brand and reputation continue to strengthen year after year. By the end of 2025, the Group had gained 35 prestigious awards across multiple categories, reflecting the depth and breadth of our capabilities.

On the retail banking front, our digital mobile-only *ila* Bank continued to make its mark. *ila* achieved an important milestone, being named the Best Mobile Banking App in the Middle East by Global Finance, in addition to securing 10 national awards.

*ila* also received the titles MENA's Retail Bank of the Year from MEED and Best Digital Bank for Consumers from the Euromoney Awards for Excellence. Our Islamic finance arm, Bank ABC Islamic, continued to receive multiple awards and accolades for its successful sukuk and Islamic deal execution.

Meanwhile, Wholesale Banking earned several major awards for excellence, such as MENA's Cash Management Bank of the Year by MEED, and the Middle East Best Cross-Border Payment Solution. Even more notably, Bank ABC was named Transaction Bank of the Year for the Middle East by The Banker magazine, part of the FT Group, which attests to the remarkable digital transformation of our global transaction banking business, increasingly recognized by industry leaders.

## 6. Dividend Recommendation for 2025

### *Brendon Hopkins, Acting Group CEO*

Moving on to another highly important point for our investors: our dividend recommendation for the year 2025. This will be presented at our upcoming AGM on March 26.

In line with our resilient performance for 2025, we are recommending maintaining the same level of dividends as for 2024. This equates to a proposed cash dividend of US\$85.5 million, or 2.75 cents per share. The recommendation equates to a higher payout ratio – 33% of net profit compared with 30% last year, and this translates into a dividend yield of almost 9% based on the current ABC share price.

This approach to dividend distribution linked to profit growth ensures the Group retains its balance sheet capacity for future growth and maintains strong capital ratios.

That concludes my summary on strategy and industry positioning. I will now hand over to Suresh, who will take us through the Group's financial performance in greater detail.

## 7. Group Financial Performance Details

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

Thank you, Brendon, for that comprehensive overview. I will now expand on the factors that explain our performance in 2025.

Total operating income reached a record level for the Group at US\$1.4 billion, a 5% headline growth year-on-year, benefiting from strong core business growth and a stable funding base despite a globally challenging environment. Likewise, net operating profit grew by 5% to a record level of US\$596 million.

However, net profit performance was moderated due to higher provisions and tax charges. Absorbing these, net profit for the year reached US\$257 million, a 10% moderation compared to last year, translating into a return on equity of 6% for 2025. Our focus on balance sheet strength and prioritizing healthy balance sheet metrics is demonstrated, with our capital ratios well above regulatory minimum levels. Our Tier 1 ratio was 16% at the end of 2025, the majority comprising core equity Tier 1 at 13.7%.

## 7.1 Revenue Mix and Currency Effects

On a headline basis, total operating income reached US\$1.4 billion, which was 5% higher than last year.

Adjusting for currency depreciation, particularly the Brazilian Real (3%) and Egyptian Pound (10%), the underlying total operating income on a constant currency basis would have grown by 7% year-on-year.

The constant-currency numbers demonstrate that the Group's underlying core business growth is resilient across the franchise, and the revenue base remains well diversified. International Wholesale Banking and Group Treasury together contributed 30%; Banco ABC Brasil contributed 34%; MENA subsidiaries contributed 19%; and 17% was from other sources of income, including our digital units, iLa and AFS.

## 7.2 Efficiency Metrics

The Bank continues to maintain a strong focus on managing costs while prioritizing necessary investments.

On a headline basis, the cost-to-income ratio stood at 57.7%, similar to 2024.

On a constant currency basis, the ratio improved slightly by 40 basis points to 57.3%.

When we exclude digital investments, both revenues and their heavier investment costs, the Group cost-to-income ratio would be 53.1%.

## 7.3 Risk Metrics and ECL

Whilst delivering record levels of revenues and asset growth, it is important to recognize that business growth is being prudently managed through our robust risk appetite and frameworks.

Our cost of risk remained steady at 77 basis points on a headline basis, comparable to last year.

Our non-performing loan and provision coverage ratios continue to be at healthy levels, demonstrating a healthy portfolio and robust credit risk management practices. However, the ECL charge for the year was impacted by a one-off credit event related to a customer in the United States. Adjusting for this, on an underlying basis the cost of risk for the portfolio stood at 49 basis points.

We recognize ongoing market uncertainties intensified by volatile trade tariff policies and therefore remain vigilant on the credit outlook going into 2026.

## 7.4 Tax Charges

The second item that moderated our net profit performance was the introduction of domestic minimum top-up taxes, elevating tax charges in Bahrain and Brazil.

Following implementation of this new tax regulation, our tax charge reached US\$105 million compared to US\$72 million in 2024. This translates to an increase in the effective tax rate for the Group to 24%, compared to 17% in 2024.

Absorbing the impact of increased provisions and higher tax charges, net profit for 2025 reached US\$257 million, moderating by 10% compared to last year.

## 7.5 Q4 2025 Overview (October–December 2025)

Total operating income witnessed strong growth of US\$40 million, driven by business growth across our core markets.

Net operating profit reached US\$158 million, an increase of US\$26 million, with faster revenue growth compared to cost growth, resulting in positive revenue jaws.

These were moderated by an ECL charge for the three months of US\$61 million, which was US\$23 million higher compared to Q4 last year, mainly due to the one-off loss event relating to customer credit in the United States.

Tax charges, as explained previously, increased following the new tax regulation to reach US\$24 million, an increase of US\$14 million over last year.

Taking all these into account, the quarterly net profit moderated to US\$53 million, compared to US\$70 million last year. On a full-year basis, net profit moderated by 10% headline and 7% on a constant currency basis.

Another notable item was the increase in other comprehensive income to US\$30 million for the quarter, compared to a negative US\$48 million in Q4 2024. This was due to the strengthening of the Brazilian Real in Q4 2025, as compared to weakness towards the end of 2024, which subsequently reversed in 2025.

## 7.6 Balance Sheet and Capital/Liquidity

The Bank's total assets reached a record level of US\$50 billion.

The shape of the balance sheet shows it is well diversified and liquid. We continue to actively manage our book, with more than 60% of total assets maturing within 12 months. Loans grew 11% during 2025, reflecting strong growth in core businesses across our franchise, as well as foreign currency appreciation, mainly BRL, towards the end of 2025. The loan-to-deposit ratio stood at a healthy 77%.

Our emphasis on maintaining strong balance sheet metrics is demonstrated by robust capital and liquidity ratios, well positioned to support future business growth. All ratios are well above regulatory minimum levels, with the total capital adequacy ratio at 17%, and the Tier 1 ratio at 16%, predominantly comprising core equity Tier 1 at 13.7%. Risk-weighted assets grew to \$30.8 billion, an increase of 8% year-on-year.

From an overall liquidity and funding perspective, our liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) are at healthy levels. LCR was 237%, and NSFR was 127%. With that, I hand over to you, Brendon, for your final thoughts.

## 8. Closing Summary

### *Brendon Hopkins, Acting Group CEO*

In summary, 2025 financial performance was excellent in many ways and resilient overall. Headline revenue exceeded US\$1.4 billion, another record level – 5% year-on-year headline, and 7% on a constant currency basis.

The underlying cost-to-income ratio improved, indicating our cost discipline while we continue investing for our future strategy. The cost of risk remained steady, with healthy coverage ratios and adjusted cost of risk at around 50 basis points, although headline levels were impacted as explained. With additional tax charges in Q4, net profit was moderated by 10% on a headline basis to US\$257 million, and 7% on a constant currency basis.

This translated to a headline ROE of 6%, and an underlying ROE of 6.2%. The Group's balance sheet is robust, with total assets at record levels of \$50 billion, while capital and liquidity ratios remained at strong levels. We are particularly pleased with the top-line revenue growth, 5% headline, 7% underlying, and the many awards and business milestones achieved during the year, which demonstrate continuing delivery of our strategy roadmap.

These factors build momentum for another strong year in 2026. I will now hand back to Abdelkhalig, who will moderate our Q&A session.

## 9. Q&A Session

*Moderated by Abdelkhalig Shaib, Group Chief Legal & Corporate Affairs Officer*

### 9.1 What are the drivers behind the 2025 record revenues?

*Brendon Hopkins, Acting Group CEO*

The Bank had another resilient year in 2025. Group revenues reached record levels, up 5%. Key drivers included very good growth across most of our business lines and units.

We saw excellent growth in transaction banking volumes, higher syndication volumes, growth across our units in MENA, and growth in our Brazilian operation, where revenues were approximately 7% up year-on-year headline and 12% on a constant currency basis.

We also witnessed another year of accelerated growth in our digital units, with accelerated growth in customers and transaction volumes leading to strong revenue growth.

Overall, this strong performance across our markets and units gives us confidence in maintaining revenue momentum as we head into 2026.

### 9.2 How will the retirement of the Group CEO impact the Group?

*Brendon Hopkins, Acting Group CEO*

We express great thanks to our previous CEO, who was with the Group for 44 years of service to Bank ABC, and it is natural for him to seek retirement after such a long period.

The Board has put in place interim leadership arrangements with myself and is advancing plans for permanent succession in line with the Group's framework. The Group's leadership team – including Suresh, Abdelkhalig, and the Group ManCom – remains in place.

We are very familiar with the Group's strategy and financial performance objectives, which we have developed over many years. The Group will continue to perform, and the transition is expected to be smooth as we focus on delivering another strong year in 2026.

## 9.3 What is the impact of the new corporate tax regulation in Bahrain on the bottom line of the Bank?

*Suresh Padmanabhan, Head of Group Finance*

As discussed in our earnings calls, the new domestic minimum top-up tax regulation impacted two units in the Group, Bahrain and Brazil. Overall, the tax charge went up by about \$33 million, and the effective tax rate increased to 24%. This increase in tax charge reflects both growth in profits before tax in these jurisdictions but more importantly the new tax introduced in 2025..

## 9.4 What are your expectations for the performance of the Bank ABC Group in 2026?

*Brendon Hopkins, Acting Group CEO*

We do not give specific forward guidance on net profits or ROE targets. Our business growth trends in 2025 were resilient, particularly given the uncertain macroeconomic environment. The factors around our top-line growth should build momentum as we move into 2026.

We have a strong business pipeline in our core business units. We see good opportunities across our wholesale business, treasury business, retail, Brazil, and our digital units, and we anticipate that revenue momentum will continue.

We will ensure disciplined control of our operating expenses and seek to contain the cost of risk.

Going into 2026, we anticipate another good year of revenue growth. We have absorbed the higher tax and the one-off ECL charges as discussed, and we expect 2026 to deliver year-on-year growth in net profit and an improvement in ROE.

## 9.5 What contribution did ila Bank make to Bank ABC's consolidated financial results in 2025?

*Suresh Padmanabhan, Head of Group Finance*

ila Bank has been steadily growing, exceeding all the targets we have set for the business. Brendon explained our strategic progress, in terms of growth in customer numbers, deposits, new product rollouts, and the new core banking platform that has been launched. Everything is consistently growing, well exceeding our plans.

Revenues have been growing steadily year-on-year. The financial statements of ila are published on a half-yearly basis. The half-year was published, and the full year will be published shortly.

In my presentation, I stated that the “other businesses” for the Group, which include the digital businesses, contributed about 17% of total Group revenue, and ila is included there.

**9.6 Please elaborate on the expected credit loss (ECL) in Q4. What are the plans to address similar events in the future, and how did we deal with this from an accounting perspective?**

*Brendon Hopkins, Acting Group CEO*

We do not comment on individual customer situations, as is normal banking practice. We follow robust credit management and underwriting procedures, and we have an experienced credit committee who looks at all large positions of the Bank in significant detail. We do not expect these situations to occur very often.

When they do occur, we take an appropriate and generally conservative approach to provisioning. In this particular situation, we have recognized significant majority of the impact into 2025, and we expect 2026 to be a more normalized year from an ECL perspective.

## 10. Conclusion

Thank you, Brendon. Thank you, Suresh.

It is now time to conclude our session. Thank you to all the investors who joined us.

For any further questions or clarifications, please reach out to the Group Corporate Communications and Investor Relations teams, and we will be happy to assist.

Thank you.