BBK 3RD QUARTER, 2026
INVESTORS' CONFERENCE CALL

Audio Transcript

Yaser Alsharifi: Good afternoon, everyone, and welcome to the third quarterly investor call. I'll hand it over to our colleague from SICO to start us off.

Sumaya (SICO): Good afternoon, everyone. SICO and BBK are happy to host the third quarter conference call. Here with me are BBK's senior management, led by Group Chief Executive Officer Mr. Yaser Alsharifi. Following the presentation, we will be opening the floor for questions. Kindly limit your questions to two to give everyone a fair chance to ask all their questions, and we will be coming back to further questions on your part if there are any. Without further delay, I will hand the floor to Mr. Yaser. Please go ahead.

Yaser Alsharifi: Quarter three was a continuation of the efforts of the management team, navigating, obviously, uncharted territories with the continued regional tensions in response to the unjustified Iranian attacks. We've worked hard to ensure that we remain close to our customers, help them as well navigate this uncertain period, as everyone is aware of delays to supply chains, impacts on transport and logistics, and the wider confidence issues across the region as a whole.

The performance of the bank is a reflection of the strength and the stability of our core portfolio. If you look at the composition of that, our retail portfolio continued to be stable and growing within the existing parameters of the country. This, I think, the credit clearly goes to the wise leadership of the country to ensure business continuity and that employment and activity remains as normal as possible under the circumstances.

The corporate portfolio has had its challenges, and that you would look at in both buckets: large corporates and GREs, and then the SME market. And we have continued our prudent approach to provisioning as necessary and running scenarios to reflect any ECL implication that would derive from a more stressed scenario, in line with the guidance of the Central Bank and the practice across the market. During this period, we're delighted that we succeeded in the sale of our holding in INVITA.

This has been an investment that we're very proud of as BBK, an entrepreneurial initiative that started off with the need to address an internal issue within the bank, grew to be its own successful business, servicing not just BBK but a wider swathe of customers within the market, and becoming a leader in that space.

And we're very happy to see it land as part of Silah, again, a successful business that operated in the same space. And the reason we are happy with this exit is it demonstrates the discipline that the management team here continued to show, in that we look at all our investments in our book without any emotion. So, at the end of the day, we have a responsibility to ensure that we deliver value to our customers in a sustainable and growing manner.

And we believe that the ambitions of Silah, under the guidance of Mumtalakat, showcases the opportunities in the wider capital space for Bahrain, for IPOs, and the opportunity to consolidate in different industries to create national and then eventually regional champions. So that is a great story that I'm happy to answer any additional questions around.

We've continued to invest during this period, in line with our strategic initiatives, to continue to invest in digital and technology. And that is demonstrated by upgrades that we've undertaken during this period to our banking platform that

services our corporate and SME sector, our quick services that have been launched, and the initiative that we launched with Google Cloud for the Universal Ledger. We're proud as BBK to be the first to undertake this initiative with our external parties, Array and others, to showcase that Bahrain continues to be at the forefront of innovation in the payment space, and working closely with global players to be able to demonstrate that.

In terms of our national contribution, we were the first to commit to the SME Fund, which has already deployed funds in the market, and we'll continue to monitor and support that. Plus, we've participated in multiple other initiatives in furthering our commitment to be a responsible citizen within the community.

Brand and partnerships, we've launched several, and we were very pleased with the successful execution of FinTech Forward. We were participants at Gateway Gulf, and we're looking forward to a similar success and participation in the upcoming Bahrain Royal Concours event, and then Jewellery Arabia, inshallah, and then leading to A'ayad Al Bahrain.

In terms of the merger with NBB, it is what it is. It is at the stage of continued discussion between the two parties. And we will keep you abreast, as we are obligated to under the local regulations, as and when there are further developments in that space.

Our priorities for 2026, for the remainder of the year, is to remain close to the customers, as I started out by saying, to continue and invest where our customers have identified clear projects that are feasible and make sense. We are here for the long term, so we look at things with a long-term lens, and we continue to work closely with the other stakeholders to ensure that we emerge stronger after these recent challenges.

Yaser Alsharifi: I'll hand over to Ahmed to update you on our governance and investor relations update.

Ahmed AbdulQudoos: I'll quickly cover these updates, which we think are relevant to our investors. So, Bahrain Bourse issued the market rules. We have done a gap analysis and found minor issues, which were addressed immediately to comply with the new rules and disclosures. Bahrain Bourse also, thankfully, issued the Investor Relations Guidelines, which cover international best practices and are applied from 2028.

Not only did we decide on early adaptation, but we also were already in line with all the requirements. And for the efforts, we were recognized by a regional Investor Relations Association and the bank was awarded Silver Standard Certificate for Investor Relations practices, and we are proud to be the only bank in Bahrain achieving such award.

We also strive to elevate our corporate governance practices, and as such, we have done a project in coordination with a regional institute for Corporate Governance, to fully review our corporate governance manual and charters.

And also, we have, as part of our AI roadmap, introduced AI functionality for the board and board meeting packs to make the experience better.

And these are the updates. I will hand over to my colleagues to continue the presentation.

Mohamed Alaali: On the ESG front, we continue to get upgraded in our ratings. The latest upgrade we've received from the S&P CSA from 20 to 29 this year. We received an award in the last quarter from the World Business Outlook to be the best ESG bank in the

Middle East, and two awards from Al Bilad, being the CSR Award, the Grand Prize, and the Top 50 Bahraini Companies.

Now, if you look at the main indicators; on the environmental impact, we continue to make progress in reducing our consumption, both on the water, 27% lower, and on electricity, we're 6% lower. And then on the sustainable finance, we've made material progress here, from 200 million to 400 million this quarter. And we've also continued to invest in the community, with around 3.14 million dinars in our CSR donations. If you go to the next page, you'll see that our sustainable finance has significantly grown in the last quarter.

The significant progress in the sustainable finance portfolio is due to a large part to the reclassification of accounts based on the revised MOIC SME definition, resulting in an increase of BD 174 million. So, largely, the growth here is not material organic growth as much as it's a reclassification. We'll keep this note in future reports as well. We continue to look for more venues to enhance and improve our sustainable finance portfolio. We have recently received ALMC's approval to convert our $500 million club loan facility into a sustainability-linked facility. We're still continuing discussions with the sustainability coordinators to achieve this transition.

Looking at the breakdown of the sustainable finance, you'll see that much of the sustainable finance comes from our SME portfolio and our social housing.

Looking at the other initiatives on the next page, on social responsibility, we continue to support different NGOs in the society to support higher sustainable communities, improve community well-being through participation in sports and other matters. From the climate risk perspective, we've achieved significant improvements in our loan processing capacity through the automation of the personal loan. We've seen drastic

improvements in the processing times. Now we have also launched our mortgage loan full automation, which we will see build on the personal loan and continue to reduce paper consumption and so on.

We have launched the sustainability toolkit for SMEs for free for all our clients, announced in the Sustainable Finance Roundtable yesterday. So that enables SMEs to drive their sustainability agenda on their smaller scale. We're also reporting activities from other branches, including our subsidiaries, CrediMax, and other branches like India, Kuwait, and Turkey, as you see highlighted in the different colors. If you go to the next page, a lot is being done on the customer experience and employee experience fronts.

We continue to redesign our customer journeys to enhance the service quality in alignment with the BBK Way principles. We've recently conducted an integration between BBK and CrediMax customers to smoothen the relationship, the journey for the customers moving back and forth between BBK and CrediMax. We continue to automate our customer complaints and customer inquiries through the Al Amthal system. And we are now in the midst of measurement, getting measurement of customer experience through the Qualtrics system, so we'll get a full view on where the customer is. From the employee side, we're building a lot of activities on the culture and employee experience side. We've also built full change management to enhance the customer experience through the BBK Way project. That concludes it from my part.

Mohamed Abdulla: We'll go through the performance of the bank for the third quarter of 2026 in comparison with the third quarter of 2025. The first slide, the bank is reporting a strong operating income, a growth of 14% compared to the same period of last year, mainly

driven by net interest income growth of 8% and fee income growth of around 6%, while investment and other income recorded around 70% growth, including the one-off, non-recurring sale of our subsidiary, Invita.

Operating expenses have grown 16.6%. However, there are one-off items during the quarter, If excluded, that growth should have been around 14%. Provisions were 3.4 million versus 2.2 million last year, mainly on account of precautionary provisions that we have taken on ECL, certain accounts, and some specific provisions. That leads to a strong performance for the quarter at 19 million, a growth of 6% year-on-year.

Moving to the next slide, year-to-date performance. A strong operating income at 138 million, a growth of 16% year-on-year, led by growth of 8% in net interest income, 10% in fee income, and investment and other income of around 67%, including the non-recurring sale of Invita.

Operating expenses were up 17.8%. However, the one-off expenses related to mergers and acquisitions amounted to 2.8 million. If those are excluded, then the growth would have been 12.6%. Provisioning was at 12 million versus 8.3 million, mainly on account of enhancing the scenarios, probabilities, and economic indicators in our ECL model. The majority of the provision is on account of ECL Stage 1, and we have certain specific provisions that we have taken on certain names as prudent risk management.

Having said that, the net profit shows a growth of 9% year-on-year to stand at 61.5 million. Moving to the next slide, the performance for the quarters and year-to-date shows an upward trend year-on-year from 2024 to 2026, with growth of 7% and 9% year-on-year, and 8% and 6% for the quarter. Moving to the next slide, the financial position of the bank. There was 2.3% growth in the total balance sheet, led by loans and advances at

around 2.5%, and total investment has grown around 13%, while customer deposits have grown by 2.5% year-on-year.

The asset quality, we have shown major improvement from September 2025, where non-performing loans were at 4.1%, and came down to a historical low of 2.7%. For ECL Stages 1 and 2, we have improved it to reach 1.2% during 2026. The gross NPL, at 68 million, came down from 87 million, reflecting the prudent risk management adopted by the organization.

Moving to the next slide, liquidity and funding profile. The bank maintains a healthy liquidity mix. 65% is coming from customer deposits, while 12% is from REPO, with very minimal reliance on interbank and wholesale funding at 11% and 8%, and 4% for others. The liquidity ratios are all at healthy levels, at 132 for NSFR and 420 for LCR. With net short-term funding, the bank is always keeping healthy liquidity levels, with short-term funding and net lending to the market at 700 million.

Moving to the main key indicators. A healthy return on average equity at 13.6%, and return on average assets at 1.7%, while earnings per share are at 34 fils, with the cost-to-income ratio at 47%. The specific coverage ratio is at 59%, coming down from 66%, mainly on account of certain exposures that were fully provided for and written off the books. ECL Stages 1 and 2 have improved from 1% to 1.2%, with gross NPL, as highlighted, at the lowest level in its history, at 2.7%.

Capital adequacy is at a very healthy level of 17.5%, with stable funding and liquidity coverage ratios at 132 and 420, respectively. Moving to the last slide, which shows the confidence of investors in the bank. We have shown growth of 10% in our share price since December 2025, versus the Bahrain Index, which recorded a negative 8%. So the performance margin is around 18%. Thank you.

Yaser Alsharifi: Considering the ratios that you saw, I wanted to thank the investors for their continued trust in the Board and the management team here. Obviously, our ambitions are to continue to deliver superior returns, obviously adjusting for any risks and uncertainties that may be forthcoming. At the end of the day, we're here for the long term, and our responsibility is not just to show short-term returns, but to be able to show sustainable, long-term, healthy growth. This is reflected in our plans, so we're not growing and deploying at any cost. Our business plan for the year was more aggressive than this.

We obviously, in consultation with the Board, took some measures to adjust that. And under the current circumstances, as you all know, liquidity is a priority. And as you saw from our ratios, we continue to hold a very healthy position in liquidity for the bank, because what we'd like to be able to do is to capitalize on the next wave of growth that has been projected for next year.

And we want to be an active player in that space, both locally and on the regional level. As Mohammed said, you know, we had some exceptional items when it came to the investments and the exits, but that was also matched by some exceptional expenses that are non-recurring, that will not be there in the future.

So, if you take those out, all in all, Alhamdulillah, we're in good shape. And obviously, all of this wouldn't have been possible without the dedication and hard work of our employees, who continue to work hand in hand to ensure that we stay top of mind and always focused on delivering superior customer service. I'd like to take the opportunity to thank the leadership in the country that make all of this possible for us, and obviously the CBB for their continued support and guidance under these exceptional times.

Sumaya (SICO): Thank you, Bu Zaid. With that, we will open the floor for questions. Feel free to raise your hand and ask a question verbally, or type it in the chat, and we will take them right away. We will give you a couple of minutes to enter your questions while we begin with the questions we have received beforehand. Thank you, everyone.

Bu Zaid, the first questions we'll lead with are from Ahmed Fakhro, congratulating the bank's management and staff on achieving net interest income. This outstanding performance reflects the dedication and commitment of the entire team.

His questions begin with operating expenses, which have risen 17.8%. What were the main reasons for this increase? And the second question is regarding net provisions. Net provisions for the period have reached 10.6 million. Do they relate mainly to a few customers, or are they precautionary given the current geopolitical situation?

Yaser Alsharifi: Thank you, Mr. Ahmed, for those questions, and I appreciate the kind message. Obviously, in terms of expenses, we run a very tight ship here in the bank when it comes to managing expenses. But we're always happy to extend and spend on our people. So part of the drive on the expenses side is a very wise decision by our Board to allow us to adjust certain elements of our compensation scheme to ensure that BBK remains an attractive institution for talent.

So, for retention purposes, but also for us to be able to continue to attract the best of the best to the institution to move forward. The second element of expenses on the operating side are, as Mohamed mentioned, related to M&A activity. Some related to, obviously, exceptional items related to the merger with NBB,

and others related to our transaction for the sale of Aegila and other activities that we've undertaken that support the inorganic growth ambitions of the bank.

In terms of the provisioning and ECL coverage, as mentioned by Mohamed, we take a prudent approach to that. The gross provisions that we've taken to date are around BD 13 million. Those are a mix between specific provisions and, obviously, under the current circumstances, the actual names that have attracted specific provisions are, in our view, less than what you would expect in such market turmoil. And it reflects the active management of our corporate and relationship teams to ensure that they remain close to the customers, to help ensure that if there are any stresses, that we're alert to that, and we take any precautionary provisions early on.

So, as a bank, our staging from Stage 1 to Stage 2 is a lot more aggressive than our peers in the market, and that's reflected in the bucketing that we have. And obviously, the other portion of provisions, or increase in the provisions, is driven by the model requirements. And as you've seen from our disclosures, we have run scenarios that are reflective of the current market conditions. And that's something we'll continue to monitor and update at year-end and in coming periods. Whether the situation has deteriorated, so we'll reflect that, or, inshallah, as we all hope, would have improved and gone back to normal, which would result in a reduction and hopefully write-back of some of those.

Sumaya (SICO): Thank you, Bu Zaid. The next questions are from Ali Altareef. We will go back to further questions from Ahmed Fakhro later on. He begins with congratulating, again, management and the entire team on the third quarter's financial results, wishing you all a successful and productive earnings call session.

And then, beginning with his questions: Could you elaborate on the sale of Invita? You described it as part of a strategic review of BBK's investments and stakes in subsidiaries, associates, and major holdings. Should we expect similar moves with other major investments? Also, what was the exact gain from this divestment?

Yaser Alsharifi: Thank you, Ali, and I'm happy that you're able to join us online. Always welcome your questions.

And obviously, as I mentioned during the presentation, we have a responsibility to the Board and to the shareholders to ensure that we have capital allocation where we get the right risk-return rewards. Invita, as I mentioned, has been a success story for the bank. It is a business that supported the activities of the bank in terms of call center support and other elements of business process outsourcing. But as you're all aware, this is an industry that has faced a lot of disruption because of digitalization, because of AI solutions, and, like many other businesses and other industries, will benefit from scale.

And we saw the strategic fit of this with the Silah IPO earlier in the year, and the fact that the consolidation of these businesses would, first of all, allow us to book profit on this deal, also release the capital associated with it, but ultimately, from a strategic point of view, ensure that we will have a continued level of high-quality service from a much bigger and more robust business going forward with the combination. The net gain that we booked from this transaction is BD 2.5 million.

Sumaya (SICO): Thank you, Bu Zaid. His next question is regarding ESG efforts. We commend the bank's ESG efforts, including its ongoing support for SMEs, its investment in people, and its recent

partnership with Eskan Bank as the first institution to join the development of heritage properties in Muharraq City.

My question concerns sustainable financing. What does BBK offer its customers and the community, and how can it help educate the community and make sustainable finance more economically attractive beyond the ESG benefits?

Yaser Alsharifi: Yeah, so I'll start and then hand over to Mohamed. First of all, to demonstrate our commitment to ESG and sustainability in particular, we were delighted with the success of our fourth edition of the Sustainability Summit yesterday.

We had very active participation in that, great discussions with the roundtable topics, and great outcomes and learnings for all of those who were there. We've continued to refine our approach to this to ensure that wherever we deploy our support in terms of investment or donations or contribution, that they have impact, and impact for the elements that we believe we as an institution have a responsibility towards, as a citizen of this community and an active member of Team Bahrain. I'll hand over to Mohammed to take you through some specifics.

Mohamed Alaali: I think, to the question, what do we offer? I think at the back of the sustainable finance framework that we've launched, we've launched multiple products, including solar financing, EV, electric vehicle financing, obviously the social housing, the green trade finance, and sustainable business finance.

And all of these come with preferential commercial and overall terms that make it easier for customers to take these and make benefits out of these products.

Obviously, the benefits that come out of this, given today's increasing challenges when it comes to energy and energy prices, it offers, obviously, lower energy costs and provides higher levels of resilience for both businesses and consumers, and also contributes to job creation and other benefits that come along with it. In terms of education, I mean, Bu Zaid mentioned yesterday's summit. We've also done one back in February with the Sustainable Finance Forum.

We have an ongoing education campaign on our social media to our customers around the benefits of these, and obviously through the RMs, we do educate our customers directly, one-on-one, on how to benefit and how this can help them.

Yaser Alsharifi: In alignment with the vision of His Majesty the King, in terms of revival of the community in Muharraq, we want to thank our partners in Eskan Bank for bringing this opportunity to us. And we believe in the importance of the long-term development and continued investment in the social fabric of the country, building on the heritage and history, and ensuring that the communities are healthy and a great place for people to live, to thrive.

Because when our customers are happy, we are able to extend our services to them, and that continues the economic growth. Sustainability and ESG, in particular, are important for us because, yes, business performance in the short term is driven by big players and big spenders. But for economic stability, it's the SME sector that is of high importance, and that's one we continue to see how we can play an active role in growing and developing.

Sumaya (SICO): Thank you, Bu Zaid. We have a question from Riyad Yousif. First, he says, "I'd like to congratulate management on the solid set of results for the nine months of 2026 and the successful

integration of the HSBC retail portfolio." He has two questions. First is regarding the Stage 3 ratio, which stood at a low of 2.73%, with coverage of 58.8%. I believe he's referring to Stage 3 coverage only, which is lower than previous periods. What drove the moderation in coverage, and what is the outlook for Stage 3 formation and provision charges in the coming quarters? Does management expect further recoveries from Stage 3 exposures?

Yaser Alsharifi: So, thank you, Riyad for that question. We run a very prudent and pragmatic approach to provisioning at the bank, and the numbers that you see there are a reflection of a very robust recovery and remedial team that have helped us recover that. It's a reflection of our active write-off and movement to off-balance sheet for accounts that are at the end of their life, and a balance between the different buckets of provisions required. All in all, relative to our peers, we believe we maintain a healthy level of provisions and in line with the guidance from the Central Bank. And Mohammed, if you'd like to add.

Mohamed Abdulla: And the provisioning that we were focusing on more was Stage 1 and 2 provisioning, where we have increased the coverage from 1% in December 2025 to 1.2%, and reducing the Stage 3 through the recovery efforts to come from 87 to 68 million.

Yaser Alsharifi: And there was also a reflection—the ratio decline is also a reflection of the growth of the base, right, of the asset, the good book of the bank, relative to the portion that requires staging and provisioning.

Sumaya (SICO): Thank you, Bu Zaid. His next question is regarding the full year of 2026. Should investors think about NIM stabilizing in the 2.7%–2.8% area, and what would need to happen for more meaningful recovery in 2027?

Yaser Alsharifi: So obviously, NIMs are always sensitive to interest rate movements and decisions led by the Fed and then followed by the Central Bank here. Our role as a management team is to ensure a stable margin in terms of balancing between the timing of repricing of assets and liabilities, and deploying the hedging and options to protect that.

If I had a crystal ball and I could tell you what the NIMs are going to be next year, I wouldn't be sitting here. I'd be making a lot of money on the side myself.

Our responsibility is to manage it robustly and actively, and obviously, more importantly, to achieve the bottom-line aspirations of our shareholders, balance that out with growth in fee income and other elements of business that continue to drive performance.

Mohamed Al Rayes: Absolutely. I mean, we've seen a very volatile interest rate environment over the past period, and the outlook has changed from the beginning of the year to now. So, the Fed is expected to continue to raise rates over the coming period. So it is going to be a volatile period, which is going to be managed as we always do, in a prudent way on the management of the interest rate risk.

Sumaya (SICO): If I just may interject here, and a follow-up question from my end. What's the bank's consensus on rate cuts or hikes? What are

you guys factoring in for 2027, and your balance sheet positioning?

Mohamed Al Rayes: I think if you look at the market overall, I think the market and the swap rates are factoring in an increase and hike in interest rates, so potentially two to three over the coming nine months. This is obviously prone to change at any given point in time, but this is what the market is expecting at the moment. In terms of our positioning, we maintain a very active approach and dynamic approach towards the management of interest rates, depending on the outlook as we go. And we approach it depending on how we see the outlook for the coming 12 months at any given point in time, and that continues to be the approach as we've done over the past few years.

Yaser Alsharifi: And our responsibility is to remain on top of this, right? Obviously, we're monitoring the outcome of the U.S. elections, how the change in control of the House and the Senate will impact the policies within the U.S., and the implications of that for the key industries that are driving the growth and economics could lead to a shift in the Fed's position. And whether the inflation, economic growth, et cetera, dynamic changes, then obviously we need to be vigilant and be able to address that. We believe that the construct of our balance sheet today gives us that ability of flexibility to be able to adjust as required and ensure that we have consistent results, growing in the right trajectory with our ambitions.

Sumaya (SICO): Thank you, Bu Zaid. We have a question from Fatima Al Hashimi. Congratulations to the management team on delivering a strong set of results. Wishing you continued

success and all the best. Her first question is: Interest expense grew faster than interest income on a quarter-on-quarter basis. What pushed up funding costs in the third quarter of 2026? Is it repo, interbank, or deposit repricing?

Yaser Alsharifi: Thank you. You should have put "or all of the above," right? So, as we mentioned, the timing of repricing, deposits and liabilities are more sensitive to repricing than assets are. And it's no secret that liquidity, not only in Bahrain but across the region, has been tight. So that has obviously driven the cost of that liquidity higher. We as a team have worked tirelessly to ensure that we have a healthy and diversified book of funding. But all of the elements would have been impacted in recent terms, especially after the start of the conflict, whether it's repo, interbank, or even customer deposit pricing.

Sumaya (SICO): The next question is regarding T-bills. They fell 71.5 million quarter-on-quarter, I guess they fell by, and investment securities rose. Did you lengthen duration to lock in the yields?

Mohamed Al Rayes: Yeah, so the T-bill portfolio is, for us, basically a tool that we use to manage excess liquidity. We have shown over the past 18 months very strong growth in our assets, and we continue to have a very good pipeline of assets, both on the loan side and on the investment side. So, whenever the opportunity arises for us to book assets that offer a risk-adjusted return that is feasible to the bank, then we manage that, and we shift between these pools as required. And this is, again, a dynamic process in the management of liquidity within treasury.

Sumaya (SICO): There is another question from Riyadh again. Given the solid capital and liquidity position, NSFR at 132%, above the regulatory requirement, how does the bank view the sustainability of the current dividend payout? And is there scope for a progressive dividend policy over the medium term?

Yaser Alsharifi: Yeah, so dividend policy, as you know, is driven by the Board of Directors. Our responsibility as management is to continue to deliver superior results and advise on capital retention for future growth ambitions.

The bank has had a solid track record in always paying solid dividends and returns to the shareholders, in line with—actually, I'd say greater than market expectation. So that's something we'll revisit in time towards the end of the year, when we have clarity on the geopolitical situation and the dynamic for the coming year.

Sumaya (SICO): Thank you, Bu Zaid. One more question from Ahmed Fakhro. Where do you expect the share price to head by year-end? Will it continue upward, as shown in the slides?

Yaser Alsharifi: Well, my personal aspiration is obviously always for it to go up, right? So, whether it's going to go up or not, that's up to you. Please buy more, and then we'll see.

Sumaya (SICO): Another question by Ali Altareef. Congratulations again on the improvement in the NPL ratio. Could you explain the main factors behind it? For example, lower new NPL formation, recoveries, write-offs, or portfolio growth? I think you've addressed that, but I'll leave it to you, Bu Zaid. And indicate

whether you expect the improvement to be sustainable over the coming quarters.

Yaser Alsharifi: Yeah, look, the provisioning, as I mentioned throughout the presentation today, is one that we do and work very closely. And clearly, it's something that we debate regularly with the GCFO and the business teams. I believe that the level of provisions we have right now reflects the level of risk within the credit portfolio.

We believe that we're adequately covered, and we continue to work closely to ensure that, where necessary, we take it, and to the extent we can, we recover it. So, the numbers reflect both those active elements and intention to ensure healthy results.

Obviously, where the future position of the provisioning lands heavily depends on the stability that we all hope to see sooner rather than later. If the continuing uncertainty continues for a longer period of time, obviously, we need to continue to revisit the assumptions underpinning the model. If there's clarity and stability, then I think we're fine.

Sumaya (SICO): Thank you. We have a question from Janani. Thank you for the presentation. Given the assets are yet to fully reflect the rate hike in September, how should we think about margin trending in Q4? Have you seen any easing of cost of fund pressure in October?

Yaser Alsharifi: More of the same, considering that we're already now beginning of November. And the margins reflect the average balances, and there's not going to be a significant shift in the coming period that would move the needle between now and the quarter-four end.

And in terms of easing of cost of funds, I wouldn't say there was an easing, but it's a healthy reflection of our team's efforts to ensure that we have diversified sources of funding, and in the right buckets, to support, number one, ensuring that we have adequate liquidity at any point, considering that there may be further escalation or deterioration, as we've been hearing in the last few days or weeks. But also to allow us to capitalize on opportunities once we've got blue skies.

Sumaya (SICO): Thank you, Bu Zaid. There is a question we've received on consumer loans and the overall loan book. Consumer loans grew by 4.5% quarter-on-quarter, but commercial loans only 1.2%. What drove the retail lending growth, and what is the corporate pipeline for Q4 looking like?

Yaser Alsharifi: Yeah, the retail basically reflects, number one, the stability of that portfolio and people's ability, because of our wise leadership, to maintain and continue normal lifestyle needs. So, on the consumer loans, you know, yes, there were less cars available in the market, but the prices of those cars remained at higher levels than anticipated.

So you have that type. There's a bit of inflation in there. There's part of it that is a reflection of the deferral program, where customers availed that deferral, so that created a slight bump in the overall numbers. But where we've been actively working as a retail team is trying to build our natural market share in the mortgage business. BBK, for its size and for the tenure that it's been in the market, had not actively participated, or selectively participated, in the mortgage business in the past.

That's something we see a big opportunity with, and we continue to provide innovative solutions, whether it was at the last Innovation Summit that was done in support of the Ministry of

Housing and Eskan Bank, or the upcoming Cityscape event that, in the next few weeks, will showcase our commitment to this important sector. And ensuring that Bahraini citizens and the expats that live in our communities have access to housing solutions that befit their aspirations. And working closely with developers, with real estate agents, with suppliers to that sector, in terms of soft and hard finishing, to see the full chain delivered.

Sumaya (SICO): Thank you, Bu Zaid. There is a question on capitalization. During the presentation, Mr. Mohammed Abdulla mentioned that the capital adequacy ratio is at 17.5%. Could you share what the CET1 ratio is at the end of the third quarter?

Mohammed Abdulla: It is the same level, almost at 16%, because we don't have much in CET2. So, in terms of the drop that happened in capital adequacy, it mainly was led by the mark-to-market valuation during the past period. However, during the last two weeks, we have seen it rebouncing back, and we are almost above 18% now.

Yaser Alsharifi: So, the bank has managed its capital deployment over the last 24 months to reflect the strategy and business plan agreed with the Board of Directors. And we had intentionally worked on deploying capital towards risk assets that would generate the returns. And if you see the return on equity numbers, if you look at our return on asset figures, those reflect the successful deployment there.

The pressure, I would say, on the current levels that we have to report for quarter-end is a reflection also of the impact on Bahrain's sovereign position. And that, we believe, as an important member of the GCC, as an economy that has a diversified GDP with a clear strategic plan and vision, will overcome.

And we're ready and capable of managing these short-term stresses because we believe that there will be a bounce back from this and recovery. So, no issues there. As Mohammed said, the CET1 is slightly lower, but not significantly lower, yet healthily above the thresholds required by Basel and by the Central Bank.

Sumaya (SICO): Thank you, Bu Zaid. One more question on the investment book. With regards to your investment book, what is the modified duration of the fair value OCI bond book, and how much is hedged through swaps?

The swap total fell from 746.9 million at the end of December 2025 to 709.7 million, while the bond book grew. That suggests the share hedged may have fallen, so more of the portfolio now sits in OCI. Could you shed more color on this?

Mohamed Al Rayes: Okay, so on the investment book, as I've mentioned earlier, the hedge is a dynamic process. So, depending on the outlook of interest rates, we do manage that dynamically. So, if you look at the beginning of the year, the market was looking at an interest rate cut cycle. That has changed post the war, and things have changed.

And so, the positioning of the balance sheet and the positioning of the investment book and how it goes continues to change as we go dynamically. If you look historically over the investment portfolio and, as disclosed annually on the hedge of that portfolio, you will see that typically we have a higher sensitivity to an increase in interest rate cycle. And that continues to be the case for the portfolio as it stands at the moment.

And we continue to monitor the interest rate outlook and accordingly position our assets and the hedge of the portfolio accordingly.

Sumaya (SICO): Thank you very much. With that, we conclude our questions. I will leave the final remarks to Bu Zaid, and I believe Mr. Ahmed AbdulQudoos would like to add something.

Ahmed AbdulQudoos: If you allow me, I have just a message to our esteemed investors. As always, I invite them to visit our Investor Relations platform on our website, which has lots of disclosures. It has live share coverage. It has our sustainability report, which is interesting. And it has a section for communication where investors can put all your queries.

The second thing I would like to mention is that the Bank has decided to hold this quarterly call for Q1 as well covering all quarters. And this is in line with the new investor guidelines. Thank you.

Yaser Alsharifi: Thank you Bu Fawaz, I hope you liked the new format of the presentation. We're open to comments and feedback. Ultimately, our responsibility is to be transparent and open with our shareholders, and we're very grateful for your continued trust.

Obviously, by nature, I'm an optimistic person, but I realize that my responsibility is to ensure that we are alert to the risks and challenges ahead, and hope that the regional tensions come to a peaceful closure in the near future.

Until that happens, we continue to work day and night as a team to ensure we safeguard your investment with us and deliver

results that reflect the environment and our aspirations as a management team and a Board. Thank you very much, and looking forward to seeing you at the next event.