

## Building Momentum through Resilience and Renewal

On behalf of the Board of Directors, we are pleased to present the Directors' Report for the year ended 31 December 2025 to our valued shareholders.

The year was marked with heightened geopolitical uncertainty, shifting monetary conditions and evolving trade dynamics across Bank ABC's global franchise. Against this complex external environment, the Group demonstrated strong operational resilience, delivering record levels of top line revenue and total assets. While net profit was affected by combination of new taxes and elevated provision charges, the Group maintained a strong balance sheet and continuing to execute our strategic roadmap with discipline and focus. It was also a pivotal year for institutional renewal, with the reconstitution of the Board, a refreshed management structure and senior leadership changes, bringing fresh perspectives and positioning the Group for its next strategy cycle.

## Global and Regional Economic Landscape

The global economic environment in 2025 remained uncertain, with heightened geopolitical tensions and US protectionist policies weighing on trade flows and business confidence. Yet, the global economy proved relatively robust, buoyed by gradual monetary easing and rising investment in Artificial Intelligence (AI) and digital infrastructure. Global growth is estimated to have moderated to just over 3%, down from 3.3% in 2024.

In the United States, labour market conditions softened, prompting the Federal Reserve to resume monetary easing to mitigate downside risks, even as inflation remained above the 2% target due to tariff pressures and supply-side constraints.

Contrasting the global trend, the MENA region outperformed expectations with an estimated GDP growth of 3.8% in 2025, up from 2.2% the previous year. This was driven by both oil-exporting and oil-importing markets: exporters increased production to maintain market share despite downward pressure on oil prices from softer global demand, while non-oil growth came from economic diversification and infrastructure investment.

## Resilient Financial Performance

Bank ABC's deep regional presence, diversified footprint, and disciplined execution allowed us to navigate volatile conditions effectively, continuing to support our clients and drive our business growth forward. This resulted in a resilient financial performance, underscoring the strength of our diversified business model and disciplined balance sheet management.

The Group had a strong year of overall top line growth across the franchise, despite declining interest rates and foreign exchange headwinds. Total Operating Income reached another record level at US\$1,410 million, increasing by 5% year-on-year on a headline basis, with underlying growth of 7% on a constant-currency basis. One particular highlight was our Global Transaction

Banking business, which leveraged investment in our ABC Cash solution to expand the Group's CASA portfolio to over US\$1 billion, reflecting strong client acquisition and deepening primary operating relationships.

This revenue momentum, combined with disciplined management of operating expenses, drove a record net operating profit before credit loss expense and taxation of US\$596 million, +5% year-on-year headline, and 8% on a constant currency basis.

However, in Q4, our results were affected by an elevated loan loss provision charge, largely due to a credit event in the United States, which affected an otherwise benign credit experience for the year. The matter is being actively managed with no broader systematic implications identified. This impacted the otherwise strong operating profit performance, and in combination with higher taxation from Domestic Minimum Top Up Taxes in Bahrain and Brazil, headline net profit attributable to Bank ABC was US\$257 million, a headline reduction of 10% year-on-year and 7% on a constant currency basis. This equated to a Return on Equity at 6% on a headline basis and 6.2% on an underlying basis, also reflecting our disciplined approach to capital deployment.

On the balance sheet, the emphasis remained on growth while maintaining strength in capital and liquidity ratios to support continuing growth. Total assets reached a record \$50 billion, propelled by a combination of loan growth and treasury activities. Tier 1 capital ratio stood at 16.0%, well above the regulatory minimum of 10.5%, strengthened by a new US\$200m AT1 issuance during Q4. Liquidity remained strong, with a Net Stable Funding Ratio of 127% and the NSFR for the domestic liquidity group at 118%, comfortably exceeding regulatory requirements.

## Strategic Acceleration

Throughout 2025, the Group maintained strong momentum on executing its strategic roadmap, anchored in the vision to be MENA's International Bank of the Future. Notable progress was made across our three clearly defined strategic pillars:

### Pillar 1: Accelerating Our Core Businesses

Wholesale Banking & Treasury, Retail Banking and Brazil's businesses continued to show robust growth. The completion of our Wholesale Banking digital transformation programme yielded a boost in transaction banking performance, which was supported by further sharpening of WB corporate coverage sectoral focus and refinements to credit risk capabilities and risk appetite. In Financial Markets, the Bank diversified revenue streams and successfully launched a new Securities Secured Lending Programme (SSLP). Retail Banking maintained its focus on digital and unveiled its new mobile banking app in Egypt. Banco ABC Brasil continued to be a vital contributor to the Group's profitability, continuing its focus on expanding its middle-market corporate client franchise.

### Pillar 2: Maximising the Value of Our Digital Units

The Group's Digital Units continued to fulfil strategic expectations: it expanded its customer base, won multiple awards and established landmark partnerships, including completing the launch of

co-branded credit card with Gulf Air in Bahrain. The mobile-only bank is expected to gain further operational agility with its carve-out process to create a separately licensed bank now underway. Arab Financial Services (AFS) solidified its leadership position through progressing on the successful rollout of Merchant Acquiring in the UAE, alongside the launch of tailored solutions for merchants and the hospitality sector.

### **Pillar 3: Strengthening Our Operating Model**

We continued to invest in future proofing the Group's operating model to create our Bank of the Future. The redesign of our Digital & IT operating model, coupled with a newly launched Data Management function, will significantly improve the Bank's data analytics capabilities over coming years. Strategic KPIs have been established across all functions to enhance performance and management framework, while the launch of refreshed values framework is further solidifying a culture of client-centricity, collaboration, innovation, integrity and empowerment. Additionally, the establishment of our AI Centre of Excellence has led to the automation of complex processes, while we advanced our Digital Assets strategy through innovative partnerships and proof-of-concepts.

### **Our Commitment to a Better Tomorrow**

The Group remains firmly committed to driving sustainable development and supporting economic transitions across our franchise markets. Our Sustainability strategy is now well embedded in our business and operations. For example, Sustainability-linked assessments are included into our credit approval processes, integrating environmental, social, and governance principles into core decision-making.

On sustainable and infrastructure finance, Bank ABC supported projects across roads, power, water, and renewable energy in key markets like Egypt, Libya, Tunisia, and Bahrain, reinforcing our role in fostering long-term economic resilience, especially in emerging markets.

We also played a critical role in supporting economies under stress. In Bangladesh, we extended trade finance lines to local banks to facilitate essential imports during periods of political uncertainty. In Tunisia, we assumed cross-border risk to support imports of food and essential materials, participating in multilateral syndications to finance critical hydrocarbon supplies. Additionally, we expanded our presence in the non-bank financial sector in Egypt and Tunisia, extending credit to microfinance companies that empower women and promote small business growth.

### **Record Recognition Across Markets**

2025 was a notable year for Bank ABC, with 35 prestigious awards recognising our excellence in wholesale banking, retail banking, innovation, digital transformation, and customer experience. Key recognitions included Transaction Bank of the Year for the Middle East from The Banker- FT. We also received the Euromoney Awards for Excellence for Best Bank for Sustainable Finance and

Best Consumer Digital Bank for ila Bank in Bahrain. Additionally, the Bank won MENA Cash Management Bank of the Year by the Middle East Economic Digest (MEED) and Best Corporate Cross-Border Payments Solution in the Middle East from Global Finance.

ila Bank was also named Best Mobile Banking App in the Middle East among a record 11 awards by Global Finance across Bahrain and the region, winning in every national category. Furthermore, it was recognised as MENA Retail Bank of the Year by MEED.

Bank ABC also received a rating upgrade from Fitch to investment-grade BBB-, harmonizing the rating with S&P. Both major rating agencies are now fully reflecting our strengthened risk profile, capital position and diversified international footprint.

### Outlook for 2026

As the Group enters 2026, Bank ABC remains vigilant amid ongoing geopolitical and economic uncertainty. In this evolving landscape, the Group continues to pursue its clear strategic direction, grounded in its mission and purpose to connect people and businesses through innovative banking. By prioritising operational resilience, maintaining a strong balance sheet and continuing to invest in digital capabilities, the Bank is well positioned to deliver enhanced client experience, operational efficiency, and improving financial performance.

### Acknowledgements

On behalf of the Board of Directors, we extend our sincere appreciation to our home regulator, the Central Bank of Bahrain, and to our principal shareholders, the Central Bank of Libya and the Kuwait Investment Authority, for their continued trust, guidance, and steadfast support.

We also thank our regulators across our network for their ongoing engagement and constructive oversight, which continue to support the strength and resilience of the Group. Our gratitude extends to our shareholders, clients, and business partners for their confidence in Bank ABC and their continued collaboration.

We further acknowledge the dedication and professionalism of our employees across the Group, whose commitment and resilience enabled the Bank to deliver strong performance in a complex operating environment.

The Board extends its congratulations to Sael Al Waary, Group Chief Executive Officer, on his retirement and expresses appreciation for his 44 years of service with the Bank, recognising his lasting contribution to the Group's success.

Moving ahead, we look forward to building on the strong foundations laid in 2025, as Bank ABC continues its journey as MENA's International Bank of the Future.

### Board of Directors' Remuneration Details

The aggregate remuneration paid to Board members in 2025 amounted to US\$ 3,183,872 (2024: US\$ 2,148,303), which was divided between the three elements as follows:

| Name                                  | Fixed remunerations                   |  |          |           |           | Variable remunerations                |       |                 |        |       | End-of-service award | Aggregate amount<br>(Does not include expense) | Expenses Allowance |
|---------------------------------------|---------------------------------------|--|----------|-----------|-----------|---------------------------------------|-------|-----------------|--------|-------|----------------------|--|--------------------|
|                                       | Remunerations of the chairman and BOD | Total allowance for attending Board and committee meetings | Salaries | Others*   | Total     | Remunerations of the chairman and BOD | Bonus | Incentive plans | Others | Total |                      |  |                    |
| First: Independent Directors          |                                       |  |          |           |           |                                       |       |                 |        |       |                      |  |                    |
| Mr. Abdullah Al Humaidhi <sup>1</sup> | 40,339                                | 3,000  | -        | 11,444    | 54,783    | -                                     | -     | -               | -      | -     | -                    | -  | -                  |
| Dr. Ibrahim El Danfour                | 174,150                               | 36,000   | -        | 223,902   | 434,052   | -                                     | -     | -               | -      | -     | -                    | -  | -                  |
| Dr. Khaled Kawan <sup>1</sup>         | 40,339                                | 4,500  | -        | -         | 44,839    | -                                     | -     | -               | -      | -     | -                    | -  | -                  |
| Mr. Manaf Al Hajiri <sup>2</sup>      | 115,970                               | 31,500   | -        | 100,312   | 247,782   | -                                     | -     | -               | -      | -     | -                    | -  | -                  |
| Marouane El Abassi <sup>2</sup>       | 121,415                               | 34,500   | -        | 147,171   | 303,086   | -                                     | -     | -               | -      | -     | -                    | -  | -                  |
| Mr. Khalil Nooruddin                  | 169,711                               | 30,000   | -        | 55,235    | 254,946   | -                                     | -     | -               | -      | -     | -                    | -  | -                  |
| Second: Non-Executive Directors       |                                       |  |          |           |           |                                       |       |                 |        |       |                      |  |                    |
| H.E. Mr. Naji Belgasem <sup>2</sup>   | 160,574                               | 13,500   | -        | 92,914    | 266,988   | -                                     | -     | -               | -      | -     | -                    | -  | -                  |
| Mr. Abdulaziz Alhudaib <sup>2</sup>   | 133,811                               | 19,500   | -        | 113,302   | 266,613   | -                                     | -     | -               | -      | -     | -                    | -  | -                  |
| Mr. Amer Karkar <sup>2</sup>          | 102,589                               | 18,000   | -        | 98,314    | 218,903   | -                                     | -     | -               | -      | -     | -                    | -  | -                  |
| Mr. Ashraf Mukhtar <sup>1</sup>       | 32,869                                | 3,000  | -        | 22,545    | 58,414    | -                                     | -     | -               | -      | -     | -                    | -  | -                  |
| Mr. Edrees Ahmad <sup>2</sup>         | 111,509                               | 21,000   | -        | 105,486   | 237,995   | -                                     | -     | -               | -      | -     | -                    | -  | -                  |
| Ms. Huda Al Mousa <sup>1</sup>        | 37,351                                | 4,500  | -        | 5,722     | 47,573    |                                       |       |                 |        |       |                      |  |                    |
| Mr. Mohamed Hassadi <sup>2</sup>      | 120,430                               | 30,000   | -        | 167,444   | 317,874   | -                                     | -     | -               | -      | -     | -                    | -  | -                  |
| Mr. Mohammad Saleem <sup>1</sup>      | 44,821                                | 3,000  | -        | 11,444    | 59,265    | -                                     | -     | -               | -      | -     | -                    | -  | -                  |
| Mr. Saddek Omar El Kaber <sup>1</sup> | 53,785                                | 3,000  | -        | 22,545    | 79,330    | -                                     | -     | -               | -      | -     | 200,000              | -  | -                  |
| Dr. Tarik Yousef <sup>1</sup>         | 40,339                                | 6,000  | -        | 45,091    | 91,429    | -                                     | -     | -               | -      | -     | -                    | -  | -                  |
| Third: Executive Directors:           |                                       |  |          |           |           |                                       |       |                 |        |       |                      |  |                    |
| -                                     | -                                     | -  | -        | -         | -         | -                                     | -     | -               | -      | -     | -                    | -  | -                  |
| Total                                 | 1,500,000                             | 261,000  | -        | 1,222,872 | 2,983,872 | -                                     | -     | -               | -      | -     | 200,000              | -  | -                  |

\*Travel and accommodation expenses

<sup>1</sup> Retired in March 2025. <sup>2</sup> Appointed in March 2025

Note: The aggregate remuneration paid to the members of the Remuneration Committee with respect to their membership of such committee for the year 2025 was US\$ 29,528, which sum is included in the Retainer fee (2024: US\$20,000). No Director owned or traded Bank ABC shares in 2025.

### Executive Management Remuneration Details

| Executive management  | Total paid salaries and allowances | Total paid remuneration (Bonus) | Any other cash/ in kind remuneration for 2025 | Aggregate Amount |
|---|------------------------------------|---------------------------------|---|------------------|
| Remunerations of top 6 executives, including CEO and Head of Finance & Administration | 6,252,665                          | 5,838,209                       | 450,384                                       | 12,541,258       |

*Note: All amounts stated are in US Dollars*



**Naji Belgasem**  
Chairman



**Abdulaziz Alhudaib**  
Deputy Chairman

8 February 2026