

BBK discloses its financial results for the half year ended 30th June 2019

BBK (trading code BBKB.BH) announces its financial results for the half year ended 30th June 2019. The bank achieved a net profit attributable to the owners of the bank of BD 40.0 million compared to BD 34.8 million in the previous year, with an increase of 15.0%. The bank also achieved an operating profit (excluding net provisions and tax) during the first six month of the year of BD 53.7 million compared to BD 50.6 million during last year, with an increase of 6.1%. The bank achieved total operating income during the first half of 2019 of BD 84.5 million compared to BD 79.0 million in last year, with an increase of 7.1%. Basic earnings per share were at 32 fils higher than similar period reported in the last year of 29 fils.

The total shareholders' equity (excluding minority interests) as end of June 2019 was BD 494.1 million compared to BD 497.7 million as end of the financial year 2018.

The total assets by the end of June 2019 reached BD 3,959.1 million compared to BD 3,581.7 million as of the 2018 financial year-end, registering a robust increase of 10.5%. The investment securities portfolio registered a healthy growth of 6.4% and stood at BD 851.1 million compared to BD 800.3 million as end of December 2018. Cash and balances with central banks also registered a healthy increase from December 2018 to reach BD 497.9 million compared to BD 191.0 million. Net loans and advances stood at BD 1,653.5 million compared to BD 1,772.5 million as end of December 2018. The customer deposits portfolio increased by an outstanding 11.5% to stand at BD 2,646.4 million compared to BD 2,374.5 million, while the loans to customer deposits ratio stood at a very comfortable level of 62.5% compared to 74.6% reported at the year-end of 2018.

The increase in the net profit for the first six months of the year compared to the corresponding period of last year mainly attributed to the increase in net interest income by 12.4% from BD 51.2 million to BD 57.6 million, which was driven by the growth in the investment portfolio and the improvement in margins resulting from sound assets and liabilities management. The bank's share of profit from associated companies and joint ventures increased to BD 4.9 million (June 2018: BD 1.4 million). In addition, provisioning requirements decreased by 11.0% to BD 13.5 million by the end of June 2019 (BD 15.2 million was reported in similar period last year). This was partially offset by decrease in other income of 16.1% mainly due to lower gain on sale of investment securities and lower dividend income from equity investments. Operating costs increased by 8.8% reaching BD 30.9 million compared to BD 28.3 million at the end of June last year as a result of the continuous investment in the human capital, infrastructures and processes, as well as the impact of value added tax implemented during 2019. Nevertheless, the cost to income ratio continued to stand at a very comfortable level of 36.5% (35.9% during the same period last year).

Total comprehensive income attributable to the owners of the bank for the half year ended 30th June 2019 amounted to BD 47.2 million compared to BD 16.5 million during the corresponding period last year, representing an increase of 185.7%. The increase in comprehensive income is as a result of the higher profits achieved from robust operating activities, as well as the positive valuation of investment securities and positive foreign currency valuation adjustments compared to last year.

The bank achieved a net profit attributable to the owners of the bank during the second quarter of 2019 of BD 20.0 million compared to BD 18.1 million during the second quarter of the previous year, with an increase of 10.4%. The bank also achieved an operating profit (excluding net provisions and tax) in the second quarter of BD 26.0 million compared to BD 25.6 million during the same period of last year, representing an increase of 1.8%. The bank achieved BD 41.6 million total operating

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income during the second quarter, compared to BD 39.8 million in the second quarter of last year, with an increase of 4.7%. Basic Earnings per share for the second quarter were at 14 fils, compared to 13 fils reported at the same period last year.

The increase in the net profit for the second quarter of 2019, in comparison to the same period of last year, can be attributed to the solid increase in share of profit from associated companies and joint ventures, increase in net interest income by 6.6% from BD 26.7 million to BD 28.4 million for the second quarter of 2019 which was the result of active balance sheet management and the increase in the investment securities and liquid assets portfolios, in addition to the decrease in provision charges by 15.8%. On the other hand, operating costs were higher by 9.9%, and other income decreased by 22.2%.

Total comprehensive income attributable to the owners of the bank during the second quarter of the current year stood at BD 15.5 million compared to BD 5.0 million last year, with an increase of 213.4% due to an increase in valuation on investment securities and positive foreign currency translation adjustments caused by general financial market improvements, in addition to an increase in net profit.

The Board of Directors expressed their satisfaction with the interim results commenting, “The Board is delighted with the results of the first half of 2019. We would like to extend our gratitude and thanks to the shareholders for their support, the customers for their loyalty, and management and employees for their dedication. Collectively the bank is able to continue excelling and maintaining its place as one of the key players in the domestic and regional financial markets”.

The Board of Directors has decided, for the first time in the Bank's history, to distribute 10% (10 fils per share) as per the shareholders' register on 30 July 2019 and the dividends distribution to be made on 8 August 2019. The Board also expressed its satisfaction with this step which demonstrates the strength of the Bank's financial position, subject to obtaining the regulatory approvals.

Also commenting on the financial results, Mr. Reyadh Sater, BBK's Chief Executive said “BBK continues to generate high returns to its shareholders, and contribute positively to the betterment of all its stakeholders and the societies in which it operates. The upward and steady increase in profitability are due to the banks' continuous efforts to innovate and provide unparalleled customer service and experience. As part of efforts to improve digitalization, BBK launched its first Management Trainee Development Programme in Financial Technology that focuses on Fin-tech and is designed to shape the next generation of Bahraini talents who will support the next phase of the Bank's digital transformation journey. Moreover, BBK is the first bank in Bahrain to introduce the new contactless debit cards which enables customers to make purchases and payments by tapping their contactless debit cards near an enabled point-of-sale terminal without the need to insert the card or enter a PIN. The new cards will create a seamless and fast payment experience for our customers in this fast moving world in a simple and convenient setting. Finally, keeping on the technological themes, BBK announced its readiness to implement the open banking concept in which customers will be able to easily access their bank accounts within a network of financial institutions through a single application”.

During the same meeting, the Board discussed other important issues on its agenda including updates regarding Bahrain and Kuwait Central Banks' inspection reports and the Bank operations in the Republic of India, the new digitalization initiatives, a report on the issuance of Euro Medium Term Notes, and another report on the previous digitalization initiatives. The Board of Directors also approved changes to some of the Risk Management Policies and Human Recourses policies.

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The discussion of these items is due to the Board of Directors' diligence in directing the Bank towards greater growth and success.

The full set of financial statements and the press release are available on Bahrain Bourse's website.