

BBK discloses its financial results for the year ended 31st December 2019

BBK (trading code BBKB.BH) announces its financial results for the fourth quarter of 2019 including the financial results of the full year. The bank achieved a net profit attributable to the owners of the bank during the fourth quarter of 2019 of BD 19.9 million compared to BD 18.7 million achieved during the fourth quarter of 2018. The reported increase of 6.4% is mainly attributable to the decrease in net provision requirements. The Diluted Earnings per share for the fourth quarter were 16 fils, compared to 14 fils during the same period of last year.

Total comprehensive income attributable to owners of the bank for the fourth quarter of 2019 stood at BD 44.2 million compared to BD 2.7 million last year. The increase in the comprehensive income resulted from the higher net profit achieved from a core operating performance, as well as the positive valuation of investment securities compared to last year due to the outstanding performance of various financial markets and increase in valuations of investment securities globally.

For the full financial year ended 31st December 2019, the bank achieved a net profit attributable to the owners of the bank of BD 75.4 million compared to BD 67.1 million in the previous year, registering a growth of 12.4%. The Diluted Earnings per share for the full year are 59 fils, compared to 52 fils in the previous year.

Total comprehensive income attributable to owners of the bank for the twelve months ended 31st December 2019 amounted to BD 109.3 million compared to BD 47.4 million reported in the previous year, representing an increase of 130.6%, mainly driven by the increase in profits from operating activities, as well as the significant increase in valuation of investment securities.

The increase in the 2019 net profit was mainly attributed to the decrease in net provisions requirements by 46.5% to BD 18.9 million (BD 35.3 million during 2018) as a result of active management of distressed exposures and higher recovery efforts.

The total shareholders' equity (excluding minority interests) as of end of December 2019 stood at BD 543.9 million compared to BD 497.7 million as of end of the financial year 2018, an increase of 9.3%, supported by the increase in comprehensive income. Total assets by the end of December 2019 reached BD 3,865.0 million compared to BD 3,581.7 million as of end of December 2018, registering an increase of 7.9%. The investment securities portfolio registered a healthy increase of 9.3% to stand at BD 875.0 million compared to BD 800.3 million as end of December 2018. Cash and Balances at Central Banks registered a robust increase of 97.1% from December 2018 levels to reach BD 376.4 million compared to BD 191.0 million. Moreover, Treasury bills portfolio increased by 18.0% from BD 410.4 million to BD 484.4 million at end of 2019. Net loans and advances stood at BD 1,670.9 million compared to BD 1,772.5 million, a decrease of 5.7%. The Customer deposits portfolio stood at BD 2,169.5 million compared to BD 2,374.5 million, registering a decrease of 8.6%. The loans to customer deposits ratio stood at a very comfortable level of 77.0% compared to 74.6% reported at the year-end of 2018.

The bank's share of profit from associated companies and joint ventures increased by 65.9% to reach BD 6.8 million compared to BD 4.1 million last year. On the other hand, total operating income stood at BD 151.5 million; lower by 3.5% from BD 157.0 million reported at end of 2018 due to lower interest and non-interest income, and higher operating expenses by 9.5% mainly due to investments in improving delivery channels, implementation of new strategic and business initiatives and VAT implementation during the year. Nevertheless, BBK's cost-to-income ratio (including share of profit

from associated companies) remained at a very comfortable level of 40.0% compared to 35.8% last year.

Based on the positive financial results for the year, BBK Board of Directors recommended paying annual cash dividends of 40 fils per share (including 10 fils interim dividends that were declared and paid in July 2019) and stock dividends of 5% per share equivalent to 5 share for every 100 shares for the shareholders registered with the bank on the date of the Ordinary General Assembly “AGM” subject to the approval of the AGM and the regulatory authorities.

Commenting on the financial results, the Board of Directors expressed their satisfaction and stated “We are pleased with this year’s results where BBK has been successful in achieving another year of continued solid increase in profitability”. In particular, we are pleased with the progress the Bank has made in digitalizing our business and delivering outstanding services. We take this opportunity to extend our appreciation to our shareholders for their support, management and the employees for their dedication and our customers for their loyalty and confidence, and to all other stakeholders involved that collectively helps BBK excel and maintain its leading position in the market.”

Mr. Reyadh Sater, BBK’s Group Chief Executive added “BBK is proud to announce another year of record results, thus maintaining our commitment towards increasing profitability and building shareholder value. Notable progress was made in implementing digital innovation in line with the Kingdom of Bahrain’s adoption of FinTech based technological advancements. As part of this initiative, BBK has opened its first smart “boutique” branch in Bahrain City Centre. This is a tech-focused branch providing advanced alternative channels and machines targeting sales and customer services thus enabling effective digital retail communications. Moreover, BBK has become one of the first banks in Bahrain to implement Amazon Web Services (AWS) and adopt Cloud based services. BBK also launched a new technological solution related to Money Transfer, which facilitates transparent, faster and more secure services. In addition, to support the Bank’s business growth targets as set out in its strategic plan for 2019-2021, BBK has successfully converted its perpetual tier 1 convertible capital securities to ordinary shares. Moreover, the Bank’s successful issuance of USD 500 million Medium Term Note (EMTN) in the international financial markets during July 2019 was another vote of confidence for the success of BBK’s strategy. Finally, BBK has always taken a proactive role towards the issue of sustainability and is continuing to take on new dimensions for the betterment of the societies in which we operate as global awareness is becoming increasingly important.”

During the same meeting, the Board discussed other important issues on its agenda including the invitation to attend the Annual General Assembly meeting for the shareholders of the Bank, appointment or reappointment of external auditors for the Bank and delegating the Audit & Compliance Committee for approving the related fees, reviewing the annual AML report 2019 and following up on the new digitalization initiatives at the Bank. The Board of Directors also approved some amendments to some of the Risk Management Policies and Human Recourses policies.

At the end of the meeting, the Board of Directors thanked the management for their contribution on this record performance achieved by the bank from its various activities.

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 financial statements and the press release are available on Bahrain Bourse's website.