

## **BBK discloses its financial results for the half year ended 30<sup>th</sup> June 2020**

BBK (trading code BBKB.BH) announces its financial results for the half year ended 30<sup>th</sup> June 2020. The bank achieved a net profit for the period attributable to the owners of the bank of BD 29.2 million compared to BD 40.0 million in the same period in the previous year, registering a decrease of 27.0%. The Basic and diluted earnings per share amounted to 22 fils for the period compared to 32 fils during the same period last year.

Due to the economic effects of COVID-19 pandemic during 2020, and the global interest rates cut in late 2019, the bank's financial performance have been negatively impacted . This has resulted in a decrease of 15.8% in interest income to BD 74.8 million during the half year of 2020 (BD 88.8 million in the corresponding period last year) while interest expense stood at BD 34.0 million (BD 31.2 million during the same period last year), registering an increase of 9.0%, partially due to increase in the customer deposits portfolio. Moreover, the bank's share of profit from associated companies and joint ventures decreased from BD 4.8 million during the first half of 2019 to BD 2.5 million for the current period . Furthermore, Fees and commission and other income dropped from BD 22.1 million achieved during the first half of 2019 to BD 20.8 million for the current period , a drop of 5.9% largely due to the impact of concessionary measures taken in response to COVID-19 to support the domestic business community. Operating costs registered a slight decrease of 0.3% to BD 30.7 million compared to BD 30.8 million reported on similar period last year. The cost-to-income ratio (including share of profit from associated companies and joint venture) increased to 48.0% compared to 36.5% reported in similar period last year. In addition, net provision charges reduced from BD 13.5 million for the first half of last year to BD 4.3 million during the current reporting period .

Total comprehensive loss attributable to owners of the bank for the half year ended 30<sup>th</sup> June 2020 amounted to BD 47.8 million compared to a total comprehensive income of BD 47.2 million during the corresponding period last year. In addition to drop in net profit, the other comprehensive income was negatively impacted by the reduction in the valuation of the bank's investments portfolio caused by lower financial assets prices due to the COVID-19 outbreak.

The total shareholders' equity attributable to the owners of the Bank stood at BD 439.7 million as of end of June 2020, compared to BD 543.9 million as of year-end 2019. The drop of 19.2% is mainly related to negative valuation of investment securities due to market volatility, dividend payment during the year, and impact of concessionary measure taken in response to COVID-19 pandemic to support Bahraini citizens and companies.

The total assets by the end of June 2020 reached BD 4,032.9 million compared to BD 3,865.0 million as of the 2019 financial year-end, registering a growth of 4.3%. Cash and balances with central banks increased by 13.3% to stand at BD 426.4 million compared to BD 376.4 million as end of December 2019. Deposits and amounts due from Banks and Financial Institutions amounted to BD 449.3 million, registering an increase of 61.4% (December 2019: BD 278.3 million). The Investment securities portfolio registered a slight increase of 2.5% to stand at BD 897.3 million compared to BD 875.0 million as end of December 2019. On the other hand Net loans and advances registered a decrease of 4.1% to reach BD 1,602.8 million compared to BD 1,670.9 million as end of December 2019. The bank continued to maintain a very robust liquidity position that is mainly funded by Customer deposits. Total customer deposits increased by 9.6% to stand at BD 2,376.7 million at end of June 2020 (December 2019: BD 2,169.5 million), while the loans to customer deposits ratio stood at 67.4 % (December 2019: 77.0%).

The board of director reviewed the financial results as of 31<sup>st</sup> June 2020, and decided not to distribute interim dividend for 2020, in line with Central Bank of Bahrain direction in this regard.

Commenting on the bank's results, the Board of Directors stated, "The COVID-19 pandemic, and the resulting economic lockdown and market turbulences resulted in unprecedented challenges and the worst comprehensive crisis since the great depression of 1930s. Despite the challenges of the current circumstances, we are confident in our ability to recover from the crisis and support the economies and stakeholders in all societies in which we operate. The Bank, with the support of our shareholders, dedication of the management and employees, and the loyalty of our customers will overcome those difficult times to continue to deliver superior results to its shareholders."

In these exceptional circumstances, the Board of Directors is pleased to extend its sincere thanks and appreciation to the government wise leadership and support in both health and economic sectors, the supervisory authorities and all BBK shareholders and customers for their continuous guidance and support in continuing the bank's success. The Board would also like to thank the bank executive management and all the employees for their dedication and hard work in achieving these positive results.

Also commenting on the results, Dr. AbdulRahman Saif, BBK's Group Chief Executive said, "All economic sectors suffered from the consequences of the current crisis, and banks are no exception. It was predicted for the financials for the first half 2020 to register a decrease compared to same corresponding period of last year. However, the Bank has taken numerous measures to minimize the adverse effects of this COVID-19 Pandemic including enhancing its quality level. Also, in such a critical time, BBK as a socially responsible organization, has put in place many measures to support the individuals and business entities most affected by the crisis. In this context, the bank has contributed BD 3.0 million as donation to "Fina Khair" national campaign. With BBK's solid fundamentals and approach towards a sustainable and balanced growth, the bank hopes to overcome this challenging situation and continue registering growth in future periods."

During the same meeting, the Board discussed other important issues on its agenda including reviewing the business plan for the second half of 2020, strategic initiatives for years 2020 & 2021, reviewing the Bank's Corporate Governance framework and procedures and Terms of reference of some of the Board Committees, and reviewing some of the Bank policies.

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.