

BBK discloses its financial results for the year ended 31st December 2020

BBK (trading code BBKB.BH) announces its financial results for the year-ended 31st December 2020, including the fourth quarter of 2020. For the fourth quarter of 2020, the Bank achieved a net profit attributable to the owners of the Bank of BD 13.0 million compared to BD 19.9 million achieved during the fourth quarter of 2019, a decrease of 34.7%. The basic and diluted earnings per share reached to 10 fils compared to 16 fils during the corresponding period of last year.

Total comprehensive income attributable to the owners of the Bank during the fourth quarter of 2020 stood at BD 56.6 million compared to BD 44.2 million last year, with an increase of 28.0%. The increase in total comprehensive income is attributable to the increase in valuation of investment securities during the quarter as financial markets continued to recover from the drop experienced in the first half of 2020.

Net interest income dropped by 12.0% to BD 20.5 million (BD 23.3 million in the corresponding period of last year), mainly due to interest rate cuts during early 2020. Net fees and commission income dropped by 31.9% from BD 9.1 million achieved during the fourth quarter of 2019 to BD 6.2 million achieved during the fourth quarter of 2020, mainly due to the impact of the concessionary measures taken in response to COVID-19 to support the domestic business community, as well as new regulatory caps on loan fees that came into effect around mid-2020. Moreover, the Bank's net share of profit from associated companies and joint ventures decreased from BD 0.4 million to a loss of BD 2.3 million, as a result of the adverse impact of COVID-19 on the financial performance of the Bank's associated companies. During the year, the bank has taken vigorous measures to optimize operating costs, which in turn helped to effectively decrease operating costs by 5.6% to BD 15.1 million from BD 16.0 million level reported in the corresponding period of 2019.

For the full financial year ending 31st December 2020, the Bank achieved a net profit attributable to the owners of the Bank of BD 52.0 million compared to BD 75.4 million in the year 2019, a decrease of 31.0%. The basic and diluted earnings per share reached to 39 fils compared to 56 fils for the previous year.

Total comprehensive income attributable to the owners of the bank for the year ended 31st December 2020 amounted to BD 28.9 million compared to BD 109.3 million reported in 2019, representing a decrease of 73.6%, driven by the decrease in valuation of investment securities due to COVID-19 impact on financial markets and lower net profit.

The deep cuts of global interest rates by central banks around the world resulted in a drop in net interest income from BD 107.3 million to BD 80.8 million, a decrease of 24.7%. Furthermore, net fees and commission income dropped from BD 26.6 million to BD 19.6 million, a drop of 26.3%, mainly due to the impact of concessionary measures taken in response to COVID-19 and due to the application of the new regulations on capping fees and charges. Moreover, the Bank's share of profit from associated companies and joint ventures decreased from BD 6.8 million during 2019 to a loss of BD 0.1 million during 2020 . Operating costs registered a decrease of 4.0% to BD 60.7 million compared to BD 63.2 million reported last year. In addition, continuous investment in boosting the bank's management of credit risk, active management of distressed exposures and step-up in remedial efforts resulted in a significant reduction in net provision charges from BD 18.9 million during 2019 to BD 5.6 million during 2020, a decrease of 70.4%.

Total shareholders' equity (excluding non-controlling interests) as of end of December 2020 stood at BD 511.8 million compared to BD 543.9 million as of end of the financial year 2019. The decrease of 5.9% is mainly related to negative valuation of investment securities due to market volatility, dividend payment during the year, and the impact of concessionary measures taken in response to COVID-19 pandemic to support Bahraini citizens and companies.

Total assets stood at BD 3,760.4 million at end of 2020 compared to BD 3,865.0 million reported at end of 2019, registering a decrease of 2.7%. The investment securities portfolio registered a healthy increase of 9.4% to stand at BD 957.3 million compared to BD 875.0 million as of end of December 2019. Cash and balances at central banks registered a decrease of 31.9% from BD 376.4 million as of end of December 2019 to BD 256.5 million as of end of December 2020. Net loans and advances decreased by 6.9% to stand at BD 1,555.8 million (2019: BD 1,670.9 million). Customer deposits portfolio maintained its levels of around BD 2,167.4 million (2019: BD 2,169.5 million). The loans to customer deposits ratio remains at a comfortable level of 71.8% (2019: 77.0%).

Based on the positive financial results for the year, BBK Board of Directors recommended paying annual cash dividends of 20 fils per share and stock dividends of 10% per share equivalent to 1 share for every 10 shares for the shareholders registered with the bank on the record date and subject to the approval of the AGM and the regulatory authorities.

Commenting on the financial results, the Board of Directors stated “We would like to express our gratitude and appreciation to the governments of the Kingdom of Bahrain and the State of Kuwait for their wise leadership, direction and for the effective measures enacted to contain the COVID-19 pandemic and to support all parties. In BBK, we are committed to support such measures, and we are immensely proud of the role that BBK has played in maintaining services throughout the COVID-19 crisis without interruptions, whilst simultaneously prioritizing the health and well-being of our employees and customers. The impact of the global pandemic is reflected in BBK’s financial results, which we view as satisfactory given market conditions. Despite all the challenges and the drop in profitability across the banking sector, there were positive outcomes to the pandemic. The crisis has led the Bank to accelerate the implementation of its 2019-21 digitization strategy, by fast-tracking several technology projects to 2020, rather than 2021-2022, including the development and launch of BBKPlus mobile onboarding application. Other strategic initiatives during 2020 included the signing of a memorandum of understanding for BBK’s potential acquisition of specific assets of Ithmaar Holding BSC. The acquisition is subject to shareholder and regulatory approvals and completion of due diligence by both parties.”

Also commenting on the results, Dr. AbdulRahman Saif, BBK’s Group Chief Executive said, “Despite the unprecedented challenges of 2020, we continued to deliver value to our customers and shareholders, support and develop our people, and enrich the societies in which we operate. A major accomplishment in 2020 has been our digitalization strategy, by which the pandemic has helped in accelerating the delivery of our products to meet our customers’ demands for digital services. Our new digital branch in City Center, featuring a range of self-service technologies, has received excellent feedback and we plan to open two more in 2021 to serve our clients. Other digital achievements include the launch of BBK BanKey, a platform offering various solutions for business and institutional clients, and the launch of our BBKPlus mobile onboarding app in addition to BBK mobile app that offers open banking services. All these achievements were made while extending support to our corporate and retail customers to enable them weather the impact of the pandemic. The support included loan repayment deferrals, interest waivers, discounted fees, and others including the support to individuals and business entities most affected by the pandemic. BBK’s management team extends its gratitude to our government for its generous support, wise leadership and management of the crisis and the effective measures it introduced.

BBK's unwavering commitment to the highest quality service standards has resulted in the bank winning prestigious awards, including the Best Customer Service Bank (Bahrain) Award from Global Business Outlook, and the Elite JP Morgan Quality Recognition Award".

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