

**BBK discloses its financial results for the first quarter ended 31<sup>st</sup> March 2021**

BBK (trading code BBKB.BH) announces its financial results for the quarter ended 31<sup>st</sup> March 2021. The bank achieved a net profit attributable to the owners of the bank of BD 14.3 million, compared to BD 17.1 million for the same period in the previous year, representing a decrease of 16.4%. The basic and diluted earnings per share were 10 fils compared to 12 fils during the corresponding period last year.

Total comprehensive income attributable to owners of the Bank for the three months ended 31<sup>st</sup> March 2021 amounted to BD 18.5 million compared to total comprehensive loss of BD 140.8 million during the corresponding period last year. The significant increase in total comprehensive income is attributable to the increase in valuation of investment securities as financial markets continued to recover from the sharp drop experienced during the first quarter of year 2020.

The drop in net profit is mainly related to decrease in net fees and commission income by 42.9% from BD 6.3 million reported during the first quarter of 2020 to BD 3.6 million achieved during the first quarter of the current year, mainly due to the impact of new regulatory caps on fees and charges that came into effect around mid-2020 on retail and credit card business.

In addition, the Bank's share of profit from associated companies and joint ventures declined from a profit of BD 0.8 million during the first quarter of 2020 to a loss of BD 1.4 million during the first quarter of 2021, largely due to the adverse impact of the pandemic on the financial performance of the Bank's associates and joint ventures.

On the other hand, Investment and other income registered a robust increase by 31.8% from BD 4.4 million to BD 5.8 million during the current reporting period due to the strong rebound in financial markets. Net interest income was only marginally lower at BD 20.9 million (BD 21.0 million same period of last year) despite the frequent and substantial interest rate drops during year 2020, demonstrating the resilience and flexibility of the Bank's business model and its exceptional ability to adapt and digest unpredicted operating environment changes. In addition, the Bank continued to take vigorous measures to optimize operating costs, which in turn helped to effectively decrease operating costs by 10.9% to BD 14.7 million (BD 16.5 million same period last year) despite continued investment in digitalization and other strategic initiatives.

The total shareholders' equity attributable to the owners of the Bank as of end March 2021 stood marginally lower than the end of the financial year at BD 501.1 million (BD 511.8 million as of end of December 2020), mainly due to the cash dividend declaration to shareholders during the first quarter of 2021.

The total assets by the end of March 2021 reached BD 3,741.8 million compared to BD 3,760.4 million as of the 2020 financial year-end, registering a marginal decrease of 0.5%. Treasury bills registered a decrease of 29.1% to reach BD 345.8 million compared to BD 487.8 million as of end of December 2020. Investments in associated companies and joint ventures stood at BD 63.0 million as of end of March 2021 (31<sup>st</sup> December 2020: BD 65.5 million). On the other hand, cash and balances with central banks increased by 38.5% to stand at BD 355.2 million compared to BD 256.5 million as of end of December 2020, reflecting robust liquidity position of the bank during unstable business environments. In addition, the Investment portfolio increased by 1.2% to stand at BD 969.2 million compared to BD 957.3 million as of end of December 2020, also net loans and advances registered a slight increase of 0.6% to reach BD 1,565.2 million compared to BD 1,555.8 million as of end of December 2020. The total customer deposits increased by 1.1% to stand at BD 2,192.1 million (31<sup>st</sup> December 2020: BD 2,167.4 million), while the loans to customer deposits ratio remained at a good level of 71.4% (31<sup>st</sup> December 2020: 71.8%).

The board of directors has praised the bank's financial results and mentioned, “BBK continues to put in place measures to optimize its operations and improve its financial resilience in response to the current global pandemic and the unprecedented economic environment, and this has been reflected in the bank’s financial results for this quarter. Despite all the challenges and the drop in profitability across the banking sector, we are delighted to continue to provide attractive returns to our shareholders. Also, we are very proud of the role we continue to play since the very beginning of the pandemic in supporting our customers and the communities in which we operate. In BBK we look forward to the future with optimism and we are confident that with the Bank’s solid fundamentals, together with the support of our shareholders, loyalty of our customers, and the dedication of the management team and employees we will emerge from this crisis stronger.”

Also commenting on the results, Dr. AbdulRahman Saif, BBK’s Group CE said, “The challenges posed by the pandemic continued to adversely impact various economic sectors, including the banking sector. In BBK, we vigorously adopted various measures to enhance our resilience and efficiency, to adapt the new challenges, focusing on the long-term sustainability of our group, while at the same time supporting our employees, customers and the communities in which we operate, to alleviate the negative impact of the pandemic. Such measures, coupled with solid cost and risk discipline and exceptional client relationship management enabled us to continue to generate attractive returns to our shareholders, and preserve a robust capital and liquidity position that enable us to continue supporting our customers, and well positioning BBK for further future success.”

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