

BBK discloses its financial results for the year ended 31st December 2021

BBK (trading code BBKB.BH) announces its financial results for the year ended 31st December 2021 with a net profit attributable to the owners of the Bank for the year of BD 53.1 million representing an increase of 2.1%. The fourth quarter of 2021 net profit attributable to the owners of the Bank stood at BD 12.6 million representing a decrease of 3.2%.

For the fourth quarter of 2021:

The Bank achieved a net profit attributable to the owners of the Bank of BD 12.6 million, lower by 3.2% compared to the same period of last year at BD 13.0 million. The basic and diluted earnings per share for the fourth quarter amounted to 8 fils compared to 9 fils reported last year. Total comprehensive income attributable to the owners of the Bank amounted to BD 11.9 million during the fourth quarter of 2021, compared to BD 56.6 million during the same period of last year, representing a decrease of 79.0%.

The drop in net profit is mainly attributable to higher net provisions which stood at BD 0.8 million, compared to net recoveries of BD 1.2 million during the corresponding period of last year, lower fees and commission income by 19.4% to BD 5.0 million (BD 6.2 million last year), lower net interest income by 1.9% to BD 20.1 million (BD 20.5 million last year), lower investment and other income by 11.1% to BD 2.4 million (BD 2.7 million last year), and higher operating expenses by 2.0% to reach BD 15.4 million (BD 15.1 million last year) as a result of continuous investment in strategic initiatives. On the other hand, the Group's share of profit from associated companies and joint ventures compensated the performance by BD 1.4 million (loss of BD 2.3 million last year).

The drop in total comprehensive income is attributable to the decrease in valuation of investment securities during the final quarter of year 2021.

For the full financial year ended 31st December 2021:

The Bank achieved a net profit attributable to the owners of the Bank of BD 53.1 million compared to BD 52.0 million reported in the year 2020, an increase of 2.1%. The basic and diluted earnings per share amounted to 36 fils compared to 35 fils during the previous year. Total comprehensive income attributable to the owners of the Bank for the year 2021 amounted to BD 59.5 million compared to BD 28.9 million reported in year 2020, a significant increase of 106.0%.

The growth in net profit attributable to the owners of the Bank for the full year was supported by lower net provisioning by 48.2% to stand at BD 2.9 million (BD 5.6 million last year) due to higher remedial efforts and active management of distressed exposures. Moreover, the net interest income increased by 2.2% to stand at BD 82.6 million (BD 80.8 million last year) due to active balance sheet management. Furthermore, the Bank's share of profit from associated companies and joint ventures increased to BD 1.7 million compared to a loss of BD 0.1 million last year. This was partially offset by lower fees and commission income by 18.9% to stand at BD 15.9 million (BD 19.6 million last year), largely due to the impact of concessionary measures taken in response to COVID-19 to support the domestic business community and the impact of new regulatory caps on fees and charges. In addition, the investment and other income decreased by 6.6% to BD 17.1 million (BD 18.3 million in the previous year). The operating cost were marginally higher by 0.2% at BD 60.8 million (BD 60.7 million last year) as the Bank continued to invest on implementation of various strategic initiatives and enhancing its banking channels for better customer experience.

The growth in total comprehensive income was mainly driven by the increase in valuation of investment securities as financial markets continued to recover from the shocks resulted from the COVID-19 outbreak last year.

Total shareholders' equity attributable to the owners of the Bank stood at BD 542.8 million as of end December 2021, compared to BD 511.8 million as of end financial year 2020, an increase of 6.1%. The increase is mainly related to current year profit, and improvement in valuation of investment securities.

Total assets amounted to BD 3,672.7 million as of end year 2021 compared to BD 3,760.4 million reported at end year 2020, a decrease of 2.3%. This was mainly attributable to drop in treasury bills by 42.8% to stand at BD 279.2 million (31 December 2020: BD 487.8 million). The core assets of the Bank registered a good increase with the net loans and advances increasing by 3.3% to reach BD 1,607.2 million (31 December 2020: BD 1,555.8 million), and the investment securities increasing by 3.0% to BD 985.8 million (31 December 2020: BD 957.3 million). Total customer deposits decreased by 1.9% to stand at BD 2,125.6 million (31 December 2020: BD 2,167.4 million), while the loans to customer deposits ratio stood at a comfortable level of 75.6% compared to 71.8% at the end of December 2020.

Based on the positive financial results for the year ended 31st December 2021, the Board of Directors recommended paying 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, subject to the approvals of the regulatory authorities and the shareholder at the Annual General Meeting (AGM).

The Board of Directors expressed its satisfaction with the financial results stating “We are delighted with the good results and the progress made on implementation of various strategic initiatives. Year 2021 marked the final year of our strategic cycle, and we have made an excellent progress in our digital transformation journey. The Group’s next three-year strategic cycle will be driven by continued innovation in digital products and platforms, a proactive acquisition strategy, and a sharp focus on customer-centric service delivery. As we are celebrating our 50th year anniversary, the Board will look to secure sustainable growth by enhancing the Group’s resilience and efficiency, adapting to new challenges and protecting the Group’s capital position, while continuing to invest in our Environmental, Social and Governance (ESG) strategy to meet pressing community needs. We extend our sincere thanks to our shareholders for their continued support and confidence in a year of growth through resilience. We also thank our customers for their ongoing loyalty and patronage, and offer our deepest thanks to the management team and employees for their enduring hard work and resilience”.

Also commenting on the results, Dr. AbdulRahman Saif, BBK's Group Chief Executive stated, "the strong results achieved by BBK reflects the Group's resilience, solid business model, and exceptional ability to adapt to the dynamic environment and withstand the unrepresented challenges posed by the pandemic. During year 2021, BBK deployed multiple digital platforms and launched several new products and services to enhance our customers banking experience. In addition, we continued with our unwavering commitment to support our customers, the domestic economy and contribute to the betterment of the societies in which we operate. We are delighted with customers' positive feedback and the high engagement rate, and this has resulted the highest growth in BBK customer base following the introduction of the new digital asset-based and accounts onboarding and banking apps and launching a unified mobile application. Supporting the Kingdom's economic growth, the Bank underwrote major transactions for Bahrain government entities in tourism and electricity and water sectors. Global Business Magazine (GBM) and IBS Intelligence both recognized BBK's significant contribution to Bahrain's financial services sector in 2021. GBM presented the 'Best Retail Bank' award and IBS presented the 'Best Transaction Banking Implementation' award. The Global Economics also bestowed an award, naming BBK as 'Most Customer-Centric Retail Bank'. In addition, the Bank was honored to receive an award from World Economic Magazine for 'Best Corporate Banking COVID-19 Response Initiative' for Bahrain. As we celebrate our 50th anniversary in year 2022, we look forward to the future with optimism and we are confident in the Group's ability to continue delivering attractive value to its shareholders, supporting its customers and employees, and contributing to the development and prosperity of the communities in which we conduct business".

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