

BBK discloses its financial results for the half year ended 30th June 2021

BBK (trading code BBKB.BH) announces its financial results for the half year ended 30th June 2021, including the second quarter of 2021. For the second quarter of 2021, the Bank achieved a net profit attributable to the owners of the Bank of BD 13.8 million compared to BD 12.1 million in the same period last year, an increase of 14.0%. The basic and diluted earnings per share amounted to 9 fils during the same period, compared to 8 fils in the same period last year. Total comprehensive income attributable to the owners of the Bank for the second quarter of 2021 amounted to BD 22.4 million, compared to BD 93.0 million reported for the same period last year, representing a decrease of 75.9%.

For the second quarter of 2021, the growth in net profit is attributable to higher net interest income by 3.0% to BD 20.4 million (BD 19.8 million in the corresponding period last year) as a result of dynamic balance sheet management, and due to higher fees and commission income by 9.7% to BD 3.9 million (BD 3.6 million in the corresponding period last year). In addition, robust management of distressed exposures and the intense remedial efforts resulted in a drop in net provision requirements by 85.7% to BD 0.7 million from BD 4.9 million for the same period of last year. On the other hand, investment and other income decreased by 37.7% to BD 4.1 million (BD 6.5 million last year), and the Bank's share of profit from associated companies and joint ventures decreased by 64.7% to BD 0.6 million (BD 1.7 million last year).

The decrease in total comprehensive income is related to the strong and non-recurring rebound of financial markets and the recovery in valuations of financial assets during the second quarter of last year after the plunge caused by the COVID-19 pandemic during the first quarter of 2020 with an impact of BD 76.4 million, while the current year valuations of financial assets grown by BD 4.5 million.

For the half year ended 30th June 2021, the Bank achieved a net profit attributable to the owners of the Bank of BD 28.1 million compared to BD 29.2 million in the same period last year, a decrease of 3.6%. The Basic and diluted earnings per share amounted to 19 fils for the current period compared to 20 fils during the same period last year. Total comprehensive income attributable to the owners of the Bank for the half year ended 30th June 2021 amounted to BD 40.7 million compared to a total comprehensive loss of BD 47.8 million during the corresponding period last year.

The drop in net profit is mainly attributable to lower Bank's share of profit from associated companies and joint ventures from BD 2.5 million during the first half of 2020 to a loss of BD 0.7 million for the current period, largely due to the adverse impact of the pandemic on the financial performance of the Bank's associates and joint ventures. Also, fees and commission income and investment and other income dropped from BD 20.8 million achieved during the first half of 2020 to BD 17.3 million for the current period, representing a drop of 16.8% 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. At the same time the net interest income increased by 1.2% from BD 40.8 million last year to BD 41.3 million in the current period.

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 resulted from the COVID-19 outbreak during the first quarter of last year.

On the other hand, investment in remedial management and active management of distressed exposures resulted in a reduction of 90.7% in net provision charges from BD 4.3 million for the first half of last year to BD 0.4 million during the current reporting period. Furthermore, operating costs registered a decrease of 5.2% to BD 29.1 million compared to BD 30.7 million reported during the similar period of last year as a result of the continued measures taken by the Bank to optimize operating costs despite its investments in implementation of new strategic initiatives.

The total shareholders' equity attributable to the owners of the Bank stood at BD 524.7 million as of end of June 2021, compared to BD 511.8 million as of year-end 2020. The increase of 2.5% is mainly related to improvement in the fair value of investments in securities.

The total assets reached BD 3,686.1 million at the end of June 2021 (31 December 2020: BD 3,760.4 million), registering marginal decrease of 2.0%. Treasury bills registered a decrease of 34.5% to reach BD 319.6 million (31 December 2020: BD 487.8 million), and net loans and advances registered a decrease of 2.6% to reach BD 1,515.7 million (31 December 2020: BD 1,555.8 million). On the other hand, deposits and amounts due from banks and other financial institutions increased by 16.6% to stand at BD 371.7 million (31 December 2020: BD 318.9 million), cash and balances with central banks increased by 13.9% to stand at BD 292.2 million (31 December 2020: BD 256.5 million), and investment securities portfolio increased by 5.6% to BD 1,011.0 million (31 December 2020: BD 957.3 million). The total customer deposits registered a slight decrease of 1.1% to stand at BD 2,143.7 million (31 December 2020: BD 2,167.4 million), while the loans to customer deposits ratio remained at a comfortable level of 70.7% (31 December 2020: 71.8%).

Commenting on the Bank's results, the Board of Directors stated, "We are pleased with the good and robust financial results compared to the same period of last year. The results achieved while the bank navigate through the challenging economic environment, increases its investment in strategic initiatives, and contributes positively to the social environment in the Kingdom. On that aspect, the bank has recently announced the launch of the Bank's sustainability framework whereby we are focusing on increasing the measures aimed at providing support to all stakeholder and the environment. We look forward to future growth plans and we are certain that with the support of our shareholders, dedication of the management and employees, and the loyalty of our customers we will continue to meet our shareholders expectations".

Dr. AbdulRahman Saif, BBK's Group Chief Executive added, "I am delighted with the strong results achieved for the first half of 2021 and the progress on the implementation of various strategic initiatives. In BBK, we are vigorously implementing various measures to enhance our resilience, preserve our capital and liquidity and adapt to the new challenges to alleviate the negative impact of the pandemic. The Bank has successfully achieved this as evident of its robust liquidity and capital measures and the increase in net interest income despite the historically low interest rates. In addition, we continued to drive our investment in digital and strategic initiatives, which enabled us to enhance our customers' banking experience. During the second quarter, we have witnessed both the opening of the third digital branch in Al Liwan, introduction of asset on boarding application BBKPLUS, and our strategic partnership with various housing solution providers to support our customers in acquiring their dream houses. He added "the strong fundamentals and the strategic initiatives reinforces our confidence in the stability and future growth of BBK".

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