

BBK discloses its financial results for
the 9 months ended 30th September 2019

BBK (trading code BBKB.BH) announces its financial results for the nine months ended 30th September 2019. The bank achieved a net profit attributable to the owners of the bank of BD 55.5 million compared to BD 48.4 million in the previous year, with an increase of 14.6%. The bank also achieved a net operating profit (net of provisions and excluding share of profit from associated companies and joint ventures) for the 9 months period of BD 49.6 million compared to BD 46.8 million reported in similar period last year; with an increase of 6.0%. Share of profit from associated companies and joint ventures reached BD 6.4 million for the 9 months period ending 30 September 2019; compared to BD 2.5 million reported in similar period last year; which resulted in reporting BD 56.0 million total profit before taxation; compared to BD 49.3 million reported in similar period last year. The bank achieved total operating revenue of BD 116.4 million compared to BD 116.5 million in last year. Basic Earnings per share stood at 44 fils, compared to 42 fils reported in similar period last year.

The total shareholders' equity (excluding minority interests) as of end of September 2019 stood at BD 497.7 million; witnessing no material change to the level reported at the end of the financial year 2018.

The total assets by the end of September 2019 reached BD 3,740.9 million compared to BD 3,581.7 million as of the 2018 financial year-end, registering an increase of 4.4%. The investment securities portfolio registered a healthy increase of 10.1% to stand at BD 881.3 million compared to BD 800.3 million as end of December 2018. Cash and Balances at Central Banks registered a robust increase of 65.7% from December 2018 levels to reach BD 316.5 million compared to BD 191.0 million. Net loans and advances stood at BD 1,714.4 million compared to BD 1,772.5 million as end of December 2018. The Customer deposits portfolio stood at BD 2,206.8 million compared to BD 2,374.5 million as end of December 2018, while the loans to customer deposits ratio stood at a good level of 77.7%.

The increase in the net profit for the nine months of 2019 compared to the corresponding period of last year mainly relates to lower provisioning requirements by 25.3% to BD 19.6 million by the end of September 2019 (BD 26.3 million for the same period of last year) as a result of active management of distressed exposures and higher recovery efforts. In addition, the bank's share of profit from associated companies and joint ventures increased by BD 3.9 million to reach BD 6.4 million by end of September 2019, while net interest income increased by 4.8% to reach BD 84.0 million (BD 80.2 million during last year) driven by the increase in the investment portfolio and the improvement in margins resulting from sound assets and liabilities management.

This was partially offset by decrease in other income by 17.0% mainly due to lower investment income, as well as the decrease in fees and commission income by 5.2%. Operating costs on the other hand, increased by 8.5% reaching BD 47.1 million compared to BD 43.4 million at the end of September of last year; as a result of the continuous investment in strategic and business development initiatives, human capital, infrastructures and customer service, as well as the impact of the application of the value added tax implemented at beginning of 2019. As a result of these investments in operating and capital costs,

the cost to income (including share of profit from associated companies) ratio increased slightly from 36.5% as of September 2018 to 38.4% in September 2019

Total comprehensive income attributable to owners of the bank for the nine months ended 30th September 2019 amounted to BD 65.1 million compared to BD 44.6 million during the corresponding period last year, representing an increase of 45.9%. The increase in comprehensive income resulted from the higher net profit achieved from robust operating activities, as well as the positive valuation of investment securities.

For the three months ended 30 September 2019; the bank achieved net profit of BD 15.5 attributable to the owners of the bank compared to BD 13.6 million reported in similar period of last year, with an increase of 13.5%. The increase in the net profit for the third quarter of 2019, is attributable to lower net provision charges by 44.9%, offset by higher operating costs of 7.9%. The bank also achieved a net operating profit (net of provisions and excluding share of profit from associated companies and joint ventures) in the third quarter of BD 14.3 million compared to BD 12.8 million during the same period of last year, with an increase of 12.0%. Share of profit from associated companies and joint ventures reached BD 1.5 million for the 3 months period ending 30 September 2019; compared to BD 1.1 million reported in similar period last year which resulted in reporting BD 15.9 million total profit before taxation; compared to BD 13.9 million reported in similar period last year. The bank achieved BD 36.7 million total operating revenues during the third quarter, compared to BD 38.9 million in the third quarter of last year; with a decrease of 5.8%. Basic Earnings per share for the third quarter stood at 12 fils, compared to 13 fils reported in the similar period of last year.

Total comprehensive income attributable to owners of the bank during the third quarter of the current year stood at BD 17.9 million compared to BD 28.1 million last year, with a decrease of 36.3% due to decrease in valuation of investment securities caused by general financial markets movements and the uncertainties surrounding the outlook of the global economy.

The Board of Directors expressed their satisfaction with the financial results commenting, "Keeping up with our standards, BBK continued to achieve outstanding results. It is with the support of the shareholders, customers, the management and employees that this success is possible. We extend our gratitude to them and all other stakeholders for supporting the bank to excel and maintain its leading position in the market."

Mr. Reyadh Sater, BBK's Group Chief Executive also commented on the results and said "BBK continues to achieve strong results, increasing profits and enhancing shareholder's value as part of its ongoing dedication to success. To achieve this success, the bank embarked on various digitization initiatives during the year, striving to adopt the latest technologies that are in line with the Kingdom of Bahrain's adoption of FinTech based innovations and technological advancements. On that front, BBK has proudly announced being one of the first banks in Bahrain to use Amazon Web Services (AWS) and adopt Cloud based services. Moreover, BBK announced that a new technological solution in the area of Money Transfer, which is aimed at enabling customers to enjoy the latest advent in technology through highly transparent, faster and more secure services. The technology will soon be introduced for all BBK customers to perform cross border payments to bank accounts, mobile wallets and cash-out locations with ease and attractive pricing through the MaxWallet App in collaboration with CrediMax and Master Card International.

The success of the bank has been voted for confidence as the bank successfully raised USD 500 million from international financial markets during July 2019 to fund its future growth activities as part of its Euro Medium Term Notes (EMTN) program, and to replace the existing EMTN, which will be maturing during the first quarter of 2020”.

During the same meeting, the Board discussed other important issues on its agenda including updates regarding Bahrain and Kuwait Central Banks’ inspection reports, the digitalization initiatives implementation updates, opening new branches for the bank and executives appointments. The Board of Directors also approved changes to some of the Risk Management Policies and Human Recourses 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.

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About BBK

BBK has remained at the forefront of Commercial Banking innovation for more than 47 years. As a pioneering market leader, BBK has built a name and reputation which is respected locally and internationally. To maintain this reputation, BBK remains ahead of the innovation curve; incorporating the latest technologies to provide an elevated banking experience. e-banking solutions offered by BBK provide new generation services through a user-friendly award-winning website, www.bbkonline.com, along with the telebanking, cash depository machines and automated teller machines services. BBK is also proud to be honored for string Corporate Governance by the “Hawkamah Institute for the 4th consecutive year – a prestigious, competitive and highly coveted bank award that highlights the industry’s strong commitment to good corporate governance