

BBK's enduring goals are to deliver value to our customers and shareholders, support and develop our people, and enrich the societies in which we operate. Despite the unique challenges of 2020, we maintained focus on these goals and, overall, delivered against these objectives in the face of adversity.

Looking back to the beginning of the year, the global macro-economic landscape – pre-pandemic – was already in a period of slowdown. We had seen downward revisions of interest rates and global growth in the US, Europe, China, and the main emerging markets. This was coupled with stagnant commodity prices and energy price corrections.

By the beginning of 2020, the GCC region had already started to experience an economic slowdown, with budget deficits widening after an extended period of balanced accounts. COVID-19 therefore arrived at a far from favourable time for the region.



BBK's management team extends its gratitude to our government for its generous support of the private sector. Largely due to these measures, we have not seen mass lay-offs in the country during the year.

Of course, the extensive business continuity planning that BBK had undertaken over the past years was modelled on different types of crises. The pandemic was unexpected and unprecedented. It dealt a deep and severe shock to the entire global system, bringing unknown challenges. In particular, the lack of knowledge of the virus itself, and of the ways in which to protect against it, brought huge uncertainty to every country.

BBK had to recalibrate its priorities to meet the new challenges. We had to mobilise at short notice, redeploy staff, and move with speed and agility to address a number of strategic and operational issues.

The first of these was enhancing our liquidity, which becomes particularly essential during periods of stress. Fortunately, the Bank had a very comfortable liquidity position – well beyond the regulatory threshold – providing a buffer throughout the worst period of the crisis.

The second priority to address was BBK's capital adequacy. In early April, the ratio was at a comfortable level of around 20 percent and we were fortunate to have such a robust capital buffer in place. However, the impact and deterioration of all asset classes around the world meant the ratio came under pressure.

We therefore moved quickly to ensure BBK could meet its regulatory requirements at all times. For example, the Bank recomposed its assets and liabilities, an action that was also designed to maintain a healthy operational margin. We extended certain funding into longer maturities (one year and beyond), executed a number of repurchase agreements with international counterparties, and repriced liabilities.

We also reduced exposures to wholesale and higher risk assets to enhance our asset quality, thereby ensuring a healthy margin. In addition, certain emerging markets were showing a higher risk profile as a result of COVID-19, so we reduced our exposure in these.

BBK's overseas operations faced similar concerns but we ensured continuity of operations throughout the period, supporting our customers, both retail and corporate.

BBK Bahrain

In March, the Bahrain government introduced a number of measures to help mitigate economic damage caused by the pandemic. These included paying all salaries of private sector Bahraini employees for three months, extended for the worst affected sectors (50 percent of salaries) up to the year-end.

Bahrain's efforts have been praised by the World Health Organisation (WHO), and BBK's management team extends its gratitude to our government for its generous support to the private sector. Largely due to these measures, we have not seen mass lay-offs in the country during the year.

Although Bahrain did not enforce a complete lockdown during the pandemic, restrictions were in place for some time. Banks were identified as an essential sector and BBK managed to maintain full operations for the entire year, an achievement of which we are justifiably proud.

Throughout the crisis we worked hard to protect and support BBK employees, with around 35 percent redeployed to other locations or working from home.

Of course, the Bank's customers also went through a period of extreme stress and helping them was another key focus. In line with CBB directives, we introduced a range of measures designed to support corporate and retail clients including loan repayment deferrals and interest waivers.

We were particularly supportive of Bahrain's business community because many companies were operating at low capacity and were not earning enough to sustain themselves. We worked closely with these clients to reschedule and restructure lending facilities.

A major achievement of 2020 was our digitisation strategy. Indeed, the pandemic served to accelerate our digital delivery and implementation as we worked to quickly meet exponential customer demand for digital services.

We launched a number of digital facilities during the year. The new state-of-the-art branch format rolled out in January at City Center Mall features the **BBKPLUS** digital zone with a range of self-service technologies: cash withdrawal, cheque deposits, bill payment, printing new and replacement debit cards, and printing bank statements. People can interact with customer service representatives through two-way video and audio facilities, should they need to.

Operating expenses

-4%

BD 60.7 million

We received an excellent response to the new branch format and plan to open two more in 2021, including one that will operate 24/7 within an existing BBK financial mall.

Another digital achievement was the launch of our **BBKPLUS** mobile app, offering on-the-go services. We have seen an influx of new customers and funds through the app since its launch in July. This was in addition to the open banking services introduced during the year.

The year also saw the launch of BBK BanKey, a state-of-the-art solution that offers various digital cash management services for business and institutional clients. The platform uses the highest security standards and protocols to ensure the protection of clients' information and data, while providing a faster, more convenient way for businesses to manage their finances.

BBK Privé, our private banking and wealth management service, also performed well, in line with the Bank's strategy and expectations. We have completed the transfer of all high net-worth accounts since the initial launch in 2018, initiated new relationships, and offered exciting investment opportunities to our clients.

International branches and offices

In Kuwait, the government introduced a number of measures during the year to ease the financial burden on consumers and businesses. These included allowing borrowers to defer loan instalments and extending support to our clients.

Despite the economic slowdown in India due to the pandemic, BBK India maintained asset quality throughout the year, along with a strong balance sheet. Operational highlights included integrating SWIFT cross-border transactions with the Bahrain Head Office.

The Bank's UAE Representative office continued to facilitate the interaction between BBK Bahrain and its clients located across the seven Emirates of the UAE. It also supported the Bank's Mumbai branch, providing liaison services for non-resident Indian customers based in the Emirates.

Although Turkey's economy was severely affected by COVID-19, the government's monetary and fiscal stimulus packages helped the country to endure the crisis. BBK's Turkey representative office, operational since 2017, worked to mitigate the impacts of the pandemic and continued to attract new corporate and institutional relationships.

CrediMax

CrediMax maintained its market-leading position, despite the year's challenges. Financial performance was impacted by regulatory measures capping merchant fees and mandating interest-free breaks for cardholders.

During the pandemic, all merchants were enabled with contactless and tokenised payments while facilitating e-commerce payment acceptance for many merchants, ensuring customers were served in the safest way possible.

Service providers and merchants were also offered new payment methods – Pay-with-Link or Invoicing – allowing online payments to be set-up almost immediately.

Invita


Invita grew and strengthened its client relationships during the year, including being awarded the Electricity and Water Authority (EWA) Contact Center tender for the eighth year.

The company has continued to leverage its digital channels, in line with BBK's vision. Two chatbot services were launched in 2020, cementing the company's reputation as an omni-channel contact centre solutions provider.


COVID-19 provided an opportunity to test the full potential of Invita's systems. The PCI-DSS certification for data security was maintained, and the work-from-home capabilities of Invita's technologies enabled 40% of its employees to work remotely.



We remain committed to supporting businesses, especially small and medium enterprises (SMEs), with a range of services, products and tools.

 Throughout this year of unique challenges for the business community, BBK focused on helping Bahraini entrepreneurs and small businesses, vital contributors to job creation and economic development.

 We also support SMEs through electronic channels and have made these facilities easily available throughout the pandemic.

 The year saw the launch of BBK BanKey, a state-of-the-art solution that offers various digital cash management services for business and institutional clients.

Seven promising Bahraini executives were promoted to senior leadership positions within BBK. Their dedication, outstanding qualifications, and expertise meant they were more than qualified to take the next step in their career journeys.

Aegila

In a difficult investment environment for real estate, the assets acquired by Aegila over recent years have performed well, with positive returns overall. The majority of rental income is derived from investment-grade tenants that have several years remaining on their leases.

With substantial international capital focused on European real estate, Aegila believes the outlook for selective real estate investment is favourable. The firm is well-positioned to participate in this recovery over the coming period.

Our people

The guiding principles of Bahrain's Economic Vision 2030 are sustainability, competitiveness, and fairness – principles that dovetail well with BBK's own values. Banks are an important employer of local talent and we work hard to develop this talent within our own organisation. Today's promising executives are the leaders of tomorrow, and we take pride in nurturing the next generation.

In 2020, seven of those promising Bahraini executives were promoted to senior leadership positions within BBK. Their dedication, outstanding qualifications, and expertise meant they were more than qualified to take the next step in their career journeys. We are thrilled that they will continue to grow and develop with us as leaders and as team-players over the coming years.

In 2019, we launched our first management trainee programme focused on FinTech, developing the next generation of Bahraini talent in this vital field. We celebrated the graduation of the first cohort in 2020, and we look forward to expanding the programme in the coming years.

COVID-19 measures

BBK has undertaken a range of measures to protect employees, customers, shareholders, and local communities. These include:

- implementing social distancing, virtual meetings and training sessions;
- offering remote work options for high risk employees;
- conducting deep sanitisation on a continuous basis;
- relocating employees to reduce the number of people in each workspace;
- communicating effectively with employees, customers, and other stakeholders;
- augmenting BBK's range of e-channels and automated services;
- supporting customers by restructuring their lending facilities;
- donating BD 3 million to the Feena Khair national campaign; and
- undertaking an array of business measures such as enhancing BBK's liquidity and capital adequacy, and reducing exposure to higher risk assets.

Technology

In 2020, substantial investments were made to modernise BBK's technology infrastructure, improve cybersecurity, and digitise customer facing channels.

A large scale programme was initiated to upgrade and update our core banking and other systems, supporting databases, and infrastructure. A number of enhancements were made to fortify our cybersecurity defences, coupled with periodical penetration tests and cyberattack simulations. In line with the Bank's strategy, a number of digital services designed to simplify the customer experience were launched, including fully digital account opening, open banking, card tokenisation, CPR update on ATMs, and corporate deposit machines.

We celebrated technology through the BBK Digital Economy & Expo 2020. Attended by 500 senior representatives from a range of sectors, the event focused on exploring how Bahrain's economy can benefit from the growth potential of today's digital revolution. As a leading tech' focused financial institution, BBK was proud to lead the debate on this critical topic, under the patronage of the CBB and in collaboration with the Bahrain Institute of Banking and Finance (BIBF) as Knowledge Partner.

2,167.4

Total deposits
BD millions

Internal control

With the objective of safeguarding Group assets, BBK maintains sound internal control systems and processes across all entities, departments, branches, and offices. The dedicated Internal Control Unit has implemented comprehensive systems and procedures that help to identify and manage risks that could arise in the course of business. These controls are reviewed periodically and updated as required.

Awards

Early in 2020, BBK received the Best Customer Service Bank (Bahrain) Award from Global Business Outlook, recognising its excellence in customer service for the year 2019. The Bank's profound experience over the years has allowed it to capture the foremost requirements of new-age customers and ensure that their banking needs are met through advanced technologies.

In 2020, the Bank also received the Elite JP Morgan Quality Recognition Award, distinguishing BBK's leadership in payment procedures. This award recognises best-in-class straight-through processing (STP) rates for the full year of 2019.

Business continuity

BBK continues to enforce a robust business continuity programme across the Group, protecting the interests of customers, shareholders and employees while maintaining its reputation and financial sustainability.

Our dedicated Business Continuity Management department plans, simulates, and manages crises and recovery from a wide range of unforeseen scenarios. In 2020, our business continuity plan was successfully deployed to counter the COVID-19 risk, and all services continued with no discernible disruption. BBK also conducted a successful failover of its live core systems to the disaster recovery site.

The Bank's business continuity procedures and plans are reviewed and updated annually, and the adequacy of the Business Continuity Centre is reviewed to ensure it is properly equipped for purpose.

Outlook

A primary focus of our 2019-21 strategic plan is digitisation. We have already delivered on this through the introduction of new banking technology and online services, such as our **BBKPLUS** zones and mobile app, as outlined in this review. In the coming year we will continue to implement the current strategic cycle, but with increased flexibility as we adjust to 'new realities' that emerge from the global impacts of the pandemic.

We are developing a new strategy for our physical branches, including a full review, and a new vision and strategy. We will look to redeploy in terms of size and location, moving away from uniform branch types towards a more specialised approach.

Appreciation

On behalf of my management colleagues, I express appreciation to our Board of Directors for the ongoing support they extend to us. The Board's guidance throughout this tumultuous period has been a source of strength for the entire executive team.

Thanks are also due to the supervisory authorities wherever we operate – the Central Bank of Bahrain, Bahrain Bourse, Ministry of Industry, Commerce & Tourism, and the regulators of the State of Kuwait, the Republic of India, the United Arab Emirates, the Republic of Turkey, and the United Kingdom.

Finally, my deepest appreciation and gratitude go to our loyal customers and exceptional employees, whose efforts and determination over this uniquely challenging year ensured BBK's continued success.

AbdulRahman Ali Saif
Group Chief Executive