



NATIONAL BANK OF BAHRAIN B.S.C. REPORTS A NET PROFIT OF BHD 53.3 MILLION (USD 141.4 MILLION) ATTRIBUTABLE TO THE OWNERS OF THE BANK FOR THE FULL YEAR ENDING 31 DECEMBER 2020

Manama – 17th February 2021 – National Bank of Bahrain B.S.C. (NBB) has reported a 44.0% decrease in its net profit attributable to equity shareholders to BHD 10.2 million (USD 27.1 million) for the fourth quarter ended 31 December 2020, compared to BHD 18.2 million (USD 48.3 million) in the same period of 2019. The decrease in net profit was predominantly attributable to the worldwide COVID-19 pandemic resulting in higher precautionary provisioning requirements.

Basic and diluted earnings per share for the fourth quarter decreased by 45.5% to 6 fils (USD 2 cent) compared with 11 fils (USD 3 cents) in the same period of 2019.

Total comprehensive income attributable to NBB's equity shareholders for the quarter increased by 16.4% to BHD 31.9 million (USD 84.6 million) compared with BHD 27.4 million (USD 72.7 million) in 2019. The increase is predominantly attributable to the mark-to-market movements of the Bahrain Sovereign bond and equity portfolios.

Operating income increased by 35.7% in the fourth quarter to BHD 40.7 million (USD 108.0 million) compared with BHD 30.0 million (USD 79.6 million) in the prior year period. Operating profit increased by 24.7% to BHD 21.7 million (USD 57.6 million) compared to BHD 17.4 million (USD 46.2 million) in the same period of 2019, highlighting the resilience of NBB's core activities during the COVID-19 pandemic.

NBB has reported a 28.2% decrease in its net profit attributable to equity shareholders to BHD 53.3 million (USD 141.4 million) for the year ending 31 December 2020, compared to BHD 74.2 million (USD 196.8 million) in 2019. Creation of precautionary provisions, lower margins, lower income from associate equity valuations and lower received dividends were all factors impacting the net profit in 2020 following the COVID-19 pandemic.

Basic and diluted earnings per share during the year decreased by 23.8% to 32 fils (USD 8 cents) compared with 42 fils (USD 11 cents) in 2019.

Total comprehensive income attributable to NBB's equity shareholders for the year decreased by 44.9% to BHD 50.1 million (USD 132.9 million) compared with BHD 91.0 million (USD 241.4 million) in 2019. Other comprehensive income includes the mark-to-market movements during a year and hence include temporary fair value fluctuations on the Bahrain Sovereign bond and equity portfolios.

Operating income for the year increased by 22.4% to BHD 148.9 million (USD 395.0 million) compared with BHD 121.7 million (USD 322.8 million) in 2019. Operating profit at BHD 77.7 million (USD 206.1 million) was up by 1.6% from the 2019 level of BHD 76.5 million (USD 202.9 million).

The Group's total equity attributable to owners decreased by 2.4% to BHD 519.7 million (USD 1,378.5 million) compared with BHD 532.3 million (USD 1,411.9 million) recorded as of 31 December 2019. The decrease was due to the 2019 cash dividend payout, the reduction in the mark-to-market on Bahrain Sovereign securities classified as fair value through other comprehensive income as well as due to absorbing the cost of deferring loan repayments since March in relation to supporting customers during the first six months of the pandemic.

The Group's total assets increased by 36.5% to BHD 4,361.4 million (USD 11,568.7 million) compared to BHD 3,194.5 million (USD 8,473.5 million) recorded on 31 December 2019. The increase was attributable to the consolidation of Bahrain Islamic Bank B.S.C. ("BISB") following the acquisition in January 2020 as well as strong demand for NBB loan products during 2020.

The recommended appropriations for the year 2020 will be submitted to the shareholders at the annual general meeting. These appropriations include BHD 34.1 million for cash dividend at 20% and BHD 2.7 million for donations and contributions. The Board of Directors have also proposed a 1 for 10 bonus issue through utilisation of BHD 17.0 million from retained earnings and the transfer of BHD 8.5 million from retained earnings to the statutory reserve.

Commenting on the financial results, Mr. Farouk Yousuf Khalil Al Moayyed, Chairman of NBB said, "On behalf of the Board, I am delighted to report that we are pleased with our overall full year financial results for the year 2020, which demonstrate positive growth despite the effects of the pandemic on the global economic environment. The NBB Group witnessed a strong first quarter following the acquisition of majority stake in Bahrain Islamic Bank (BisB), a strategic move that will result in synergies and a

stronger positioning for both banks through enhanced revenue and shared costs. The integration serves to highlight a strong liquid balance sheet to protect both banks, while further enabling BisB to capitalise on NBB's resources and gain wider market access and enhanced product delivery once the markets rebound. We are also committed to supporting our individual and business customers during these difficult times, in line with the Central Bank of Bahrain and the loan deferral initiatives commencing in September of 2020 and lasting throughout the first half of 2021. We are also extremely proud to be one of the first financial institutions in the Kingdom to transact using the Sukuk-based Murabaha facility service offered by the Bahrain Bourse in the second quarter of 2020, enabling us to diversify our services and offerings to reach a larger segment of the market. We did see some drop in the Group's results during the second and third quarters of 2020 which is expected, considering the impact of the pandemic on the economy. But, despite the challenging market conditions, our balance sheet and ratios have remained robust and will continue to safe-guard the Group whilst measures are kept in place for business continuity. I am pleased to say that the NBB Group has had a strong year thus far and exceeded expectations, and we will continue to move forward with our growth plans to reach new levels of banking excellence."

Jean-Christophe Durand, Chief Executive Officer of NBB, added, "The Group's financial performance towards the end of the year has been resilient despite the unstable market conditions witnessed not only across the Kingdom, but also the world, and which have impacted all banks and companies directly and indirectly. We are pleased to report a slight increase in our operational pre-provision profits, mainly due to our acquisition of a majority share of Bahrain Islamic Bank (BISB). These results come despite the drop in market rates which have had a significant impact on profit growth and margins. Our growing market share in the retail segment has allowed us to provide enhanced assistance to our customers during these unusual times by establishing a web chat service, currently available on the NBB website and on WhatsApp, to ensure all customer needs are instantly met in line with our brand promise of staying close to our customers. We have also doubled our efforts in risk management during this period, focussing on cyber-security and successfully obtaining the ISO-27001 certification to further protect our customer and organisational data, in addition to providing the latest in Liquidity Management Solutions, allowing our customers to make well-informed funding or investment decisions through our range of products. As the nation's bank, we have actively diversified our revenue streams and made it our mission to help stimulate the Kingdom's economy through various initiatives; be it through further loan and mortgage payment deferrals for individuals and small companies, in line with CBB directives, or actively offering restructuring to SMEs post the 6-month deferral period,

or partnering with local entities such as Eskan Bank to provide facilitated mortgage solutions to Bahraini citizens. In our efforts to boost our local economy, we embarked on a strategic partnership with StartUp Bahrain to empower the start-up ecosystem within the Kingdom. We continued to demonstrate our commitment to operate as a responsible banking group by focusing on Environmental, Social & Governance (ESG) reporting; we actively contributed to the national ‘Feena Khair’ (There is Good in Us) fund, which was established to contribute to the national efforts to combat the Coronavirus, and to the Capital Governorate’s ‘Together We Care’ campaign which benefited migrant workers through food provision and sustenance supplies. Furthermore, no effort was spared to protect the health and safety of our staff and customers, and a number of proactive measures were put in place to ensure their wellbeing while maintaining business continuity. And as such, NBB was named as the first local Bank within the Kingdom to achieve the highest ESG Ranking in the field, and the second overall ranking among all sectors. Additionally, NBB was the only constituent representing the Kingdom of Bahrain on the Refinitiv Arab Federation of Exchanges (“AFE”) Low Carbon Select Index. I am pleased to add that NBB has also been recognised by several leading global organisations for our efforts on all fronts. The Bank was featured by Forbes in a case study where the continuous efforts towards its human capital development were commended and showcased as best practice. Subsequently, NBB has been recognised internationally by the Association of Chartered Certified Accountants (ACCA), and achieved the ‘Approved Employer’ status, placing us firmly in the lead as an employer of choice within the Kingdom. NBB has also successfully received ‘The Middle East’s Best Bank Transformation’ by the Euromoney Awards for Excellence 2020 – the global financial sector’s most esteemed accolades, which also honoured us with the ‘Bahrain’s Best Bank’ Award for the second consecutive year. We are proud of what we have accomplished in this challenging year, which was the result of our commitment to the nation, to our people and to customer excellence.”

We would like to inform our shareholders that the full set of audited consolidated financial statements and the press release are available on the Bahrain Bourse website.

National Bank of Bahrain B.S.C. shares are traded on Bahrain Bourse under the trading code: NBB.

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