Bank of Bahrain and Kuwait B.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2022 (REVIEWED)

EY
Building a better working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF BANK OF BAHRAIN AND KUWAIT B.S.C.

Introduction
We have reviewed the accompanying interim condensed consolidated financial statements of Bank of Bahrain and Kuwait B.S.C. ("BBK B.S.C." or "the Bank") and its subsidiaries (collectively, "the Group") as at 31 March 2022, comprising of the interim condensed consolidated statement of financial position as at 31 March 2022 and the related interim consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. The Board of Directors of the Bank is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst + Young

27 April 2022
Manama, Kingdom of Bahrain

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022 (Reviewed)

All figures in BD millions

	Notes	***Reviewed 31 March 2022***	*Audited 31 December 2021*
ASSETS			
Cash and balances with central banks		**394.1**	284.8
Treasury bills		**298.0**	279.2
Deposits and amounts due from banks and other financial institutions		**221.8**	337.5
Loans and advances to customers	6	**1,629.5**	1,607.2
Investment securities		**966.3**	985.8
Interest receivable, derivative and other assets		**97.4**	78.5
Investments in associated companies and joint ventures		**66.8**	65.0
Premises and equipment		**34.2**	34.7
TOTAL ASSETS		**3,708.1**	3,672.7
LIABILITIES AND EQUITY			
Liabilities			
Deposits and amounts due to banks and other financial institutions		**278.4**	254.9
Borrowings under repurchase agreement		**383.1**	383.2
Term borrowings		**245.1**	245.1
Customers' current, savings and other deposits		**2,130.2**	2,125.6
Interest payable, derivative and other liabilities		**129.1**	118.7
Total liabilities		**3,165.9**	3,127.5
Equity			
Share capital	7	**164.8**	149.8
Treasury stock		**(5.0)**	(5.0)
Share premium		**105.6**	105.6
Statutory reserve		**72.1**	72.1
General reserve		**64.2**	64.2
Cumulative changes in fair values		**6.4**	(7.9)
Foreign currency translation adjustments		**(12.9)**	(12.2)
Retained earnings		**144.5**	129.3
Proposed appropriations		**-**	46.9
Attributable to the owners of the Bank		**539.7**	542.8
Non-controlling interests		**2.5**	2.4
Total equity		**542.2**	545.2
TOTAL LIABILITIES AND EQUITY		**3,708.1**	3,672.7

Murad Ali Murad	Abdulla bin Khalifa bin Salman Al-Khalifa	Dr. AbdulRahman Saif
Chairman	Deputy Chairman	Group Chief Executive

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Three-month period ended 31 March 2022 (Reviewed)

		All figures in BD millions	
		Three months ended 31 March	
	Notes	***2022***	*2021*
Interest and similar income		**29.3**	30.6
Interest and similar expense		**(9.0)**	(9.7)
Net interest and similar income		**20.3**	20.9
Fee and commission income - net		**4.3**	3.6
Investment and other income	8 , 9	**4.6**	5.1
TOTAL OPERATING INCOME		**29.2**	29.6
Staff costs		**(9.5)**	(8.7)
Other operating expenses		**(5.9)**	(5.3)
TOTAL OPERATING EXPENSES		**(15.4)**	(14.0)
Net provisions and credit losses	10	**(0.8)**	0.3
NET OPERATING INCOME		**13.0**	15.9
Share of profit / (loss) from associated companies and joint ventures		**2.3**	(1.4)
PROFIT FOR THE PERIOD BEFORE TAX		**15.3**	14.5
Tax expense		**(0.1)**	(0.1)
NET PROFIT FOR THE PERIOD AFTER TAX		**15.2**	14.4
Attributable to:			
Owners of the Bank		**15.1**	14.3
Non-controlling interests		**0.1**	0.1
		15.2	14.4
Basic and diluted earnings per share (BD)	11	**0.009**	0.009

Murad Ali Murad	Abdulla bin Khalifa bin Salman Al-Khalifa	Dr. AbdulRahman Saif
Chairman	Deputy Chairman	Group Chief Executive

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Three-month period ended 31 March 2022 (Reviewed)

	All figures in BD millions	
	Three months ended 31 March	
	2022	*2021*
Net profit for the period	**15.2**	14.4
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss		
Fair value through other comprehensive income (equity instruments)	**2.9**	2.0
Items that are or may be reclassified subsequently to profit or loss		
Movement in translation reserve:		
Foreign currency translation adjustments	**(0.7)**	1.0
Movement in hedging reserve:		
Effective portion of changes in fair value	**0.2**	(0.1)
Movement in fair value reserve:		
Net change in fair value	**12.2**	2.8
Net amount transferred to profit or loss	**(1.0)**	(1.5)
Other comprehensive income for the period	**13.6**	4.2
Total comprehensive income for the period	**28.8**	18.6
Attributable to:		
Owners of the Bank	**28.7**	18.5
Non-controlling interests	**0.1**	0.1
	28.8	18.6

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements

Bank of Bahrain and Kuwait B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three-month period ended 31 March 2022 (Reviewed)

All figures in BD millions

	Attributable to the owners of the Bank											
	Share capital	*Treasury stock*	*Share premium*	*Statutory reserve*	*General reserve*	*Cumulative changes in fair values*	*Foreign currency translation adjustments*	*Retained earnings*	*Proposed appropriations*	*Total*	*Non-controlling interests*	*Total equity*
Balance at 1 January 2022	**149.8**	**(5.0)**	**105.6**	**72.1**	**64.2**	**(7.9)**	**(12.2)**	**129.3**	**46.9**	**542.8**	**2.4**	**545.2**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15.1**	**-**	**15.1**	**0.1**	**15.2**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**14.3**	**(0.7)**	**-**	**-**	**13.6**	**-**	**13.6**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**14.3**	**(0.7)**	**15.1**	**-**	**28.7**	**0.1**	**28.8**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**-**	**0.1**	**-**	**0.1**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(29.7)**	**(29.7)**	**-**	**(29.7)**
Issuance of share capital relating to stock dividends (note 7)	**15.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(15.0)**	**-**	**-**	**-**
Donations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2.2)**	**(2.2)**	**-**	**(2.2)**
Balance at 31 March 2022	**164.8**	**(5.0)**	**105.6**	**72.1**	**64.2**	**6.4**	**(12.9)**	**144.5**	**-**	**539.7**	**2.5**	**542.2**
Balance at 1 January 2021	136.2	(5.2)	105.6	66.8	61.6	(11.4)	(12.8)	125.6	45.4	511.8	2.7	514.5
Profit for the period	-	-	-	-	-	-	-	14.3	-	14.3	0.1	14.4
Other comprehensive income for the period	-	-	-	-	-	3.2	1.0	-	-	4.2	-	4.2
Total comprehensive income for the period	-	-	-	-	-	3.2	1.0	14.3	-	18.5	0.1	18.6
Share-based payments	-	-	-	-	-	-	-	0.1	-	0.1	-	0.1
Dividends paid	-	-	-	-	-	-	-	-	(27.0)	(27.0)	-	(27.0)
Issuance of share capital relating to stock dividends (note 7)	13.6	-	-	-	-	-	-	-	(13.6)	-	-	-
Donations	-	-	-	-	-	-	-	-	(2.2)	(2.2)	-	(2.2)
Transfer to general reserve	-	-	-	-	2.6	-	-	-	(2.6)	-	-	-
Movement in treasury stock	-	(0.1)	-	-	-	-	-	-	-	(0.1)	-	(0.1)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(0.5)	(0.5)
Balance at 31 March 2021	149.8	(5.3)	105.6	66.8	64.2	(8.2)	(11.8)	140.0	-	501.1	2.3	503.4

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Three-month period ended 31 March 2022 (Reviewed)

		All figures in BD millions	
		Three months ended 31 March	
	Note	***2022***	*2021*
OPERATING ACTIVITIES			
Profit for the period before tax		**15.3**	14.5
Adjustments for non-cash items:			
Net provisions and credit losses		**0.8**	(0.3)
Share of results from associated companies and joint ventures		**(2.3)**	1.4
Depreciation		**1.7**	1.7
Realised gains on sale of investment securities		**(1.0)**	(1.6)
Accrual on term borrowings		**5.2**	5.2
Operating profit before changes in operating assets and liabilities		**19.7**	20.9
(Increase) / decrease in operating assets:			
Mandatory reserve deposits with central banks		**(2.5)**	0.5
Treasury bills having original maturity of ninety days or more		**(18.7)**	142.0
Deposits and amounts due from banks and other financial institutions		**0.1**	1.8
Loans and advances to customers		**(23.1)**	(12.1)
Interest receivable, derivative and other assets		**(18.8)**	(4.3)
Increase / (decrease) in operating liabilities:			
Deposits and amounts due to banks and other financial institutions		**23.5**	(16.6)
Borrowings under repurchase agreements		**(0.1)**	0.9
Customers' current, savings and other deposits		**4.6**	24.7
Interest payable, derivative and other liabilities		**(26.7)**	(45.4)
Net cash (used in) / from operating activities		**(42.0)**	112.4
INVESTING ACTIVITIES			
Purchase of investment securities		**(41.4)**	(118.0)
Redemption / sale of investment securities		**76.6**	110.0
Purchase of premises and equipment		**(1.2)**	(1.9)
Dividends received from associated companies and joint ventures		**0.3**	-
Net investment in associated companies and joint ventures		**-**	0.4
Net cash from / (used in) investing activities		**34.3**	(9.5)
FINANCING ACTIVITIES			
Movement in treasury stock		**-**	(0.1)
Movement in share-based payments		**0.1**	0.1
Net cash from financing activities		**0.1**	-
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(7.6)**	102.9
Foreign currency translation adjustments - net		**(1.1)**	1.6
Cash and cash equivalents at beginning of the period		**566.9**	517.7
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5	**558.2**	622.2
Additional cash flow information:			
Interest received		**26.3**	27.8
Interest paid		**11.7**	15.4

1 ACTIVITIES

Bank of Bahrain and Kuwait B.S.C. ("BBK" or "the Bank"), a public shareholding company, was incorporated in the Kingdom of Bahrain by an Amiri Decree in March 1971 and registered with the Ministry of Industry, Commerce and Tourism ("MOICT") under Commercial Registration ("CR") number 1234 dated 16 March 1971. The Bank operates in the Kingdom of Bahrain under a conventional retail banking license issued by the Central Bank of Bahrain ("CBB") and its shares are listed at Bahrain Bourse.

The Bank is engaged in commercial banking activities through its branches in the Kingdom of Bahrain, State of Kuwait and Republic of India. It also engages in credit card operations and business process outsourcing services through its subsidiaries. The Bank's registered office is at 43 Government Avenue, P.O. Box 597, Manama, Kingdom of Bahrain.

These interim condensed consolidated financial statements for the three-month period ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 27 April 2022.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The interim condensed consolidated financial statements of the Bank and its subsidiaries (together, "the Group) are prepared in accordance with International Accounting Standard IAS 34, Interim Financial Reporting ("IAS 34"). The consolidated financial statements for the year ended 31 December 2021 were prepared in accordance with International Financial Reporting Standards ("IFRS") as modified by CBB as the comparative information included in those consolidated financial statements were reported in accordance with IFRS as modified by CBB. The transition from "IFRS as modified by CBB" to IAS 34 and IFRS as issued by the International Accounting Standards Board ("IASB") has not resulted in any changes to the previously reported numbers in the consolidated statement of financial position as of 1 January 2020, 31 December 2020 and 2021, and the consolidated statement of profit or loss for the year ended 31 December 2021.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 December 2021. In addition, results for the three-month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending on 31 December 2022.

2.2 Basis of consolidation

These interim condensed consolidated financial statements incorporate the interim financial statements of the Bank and its subsidiaries. All intra-group transactions and balances including unrealised gains and losses on transactions between the Group companies have been eliminated on consolidation.

2.3 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except as disclosed in note 2.1 and the adoption of new standards or amendments to existing standards that have become applicable effective from 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2022, but do not have any impact on the interim condensed consolidated financial statements of the Group.

2 BASIS OF PREPARATION (continued)

2.3 New standards, interpretations and amendments adopted by the Group (continued)

2.3.1 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments did not have any impact on the consolidated financial statements of the Group.

2.3.2 Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments did not have any impact on the consolidated financial statements of the Group.

2.3.3 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and was applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments did not have any impact on the consolidated financial statements of the Group.

2 BASIS OF PREPARATION (continued)

2.3 New standards, interpretations and amendments adopted by the Group (continued)

2.3.4 IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group has applied the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the amendment is applied.

The amendments did not have any impact on the consolidated financial statements of the Group.

2.4 New standards, interpretations and amendments issued but not yet effective

2.4.1 IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments are not expected to have an impact on the Group.

2.4.2 IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach); and
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

2 BASIS OF PREPARATION (continued)

2.5 Impact of COVID-19, including use of estimates and judgments

COVID-19 pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications. Central banks across the world have stepped in with measures to protect the stability of the global economy with a wide range of measures from easing of interest rates, to asset purchase programme besides infusing significant liquidity into the economy.

As a regulatory response to the outbreak of the coronavirus pandemic, the CBB has issued various relaxation measures from time-to- time to contain the financial repercussions of COVID-19. These mainly include, several deferral programs for eligible customers both with and without interest, reduced limits of Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") for all locally incorporated banks, cash reserve ratio for retail banks, cap on merchant fees, adjustments to cooling-off period for transferring exposures from Stage 3 to Stage 2, relaxation concerning days past due for ECL staging criteria, and relaxation on Loan-to-value ("LTV") ratio for residential mortgages.

In preparing the interim condensed consolidated financial statements, judgments were made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were impacted by the potential impacts of the economic volatility in determination of the reported amounts of the Group’s financial and non-financial assets and these are considered to represent management's best assessment based on available or observable information. The ECL methodology has largely remained unchanged from 31 December 2021, which included the changes to factor into account COVID-19 impacts. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition arising from CBB mandated deferrals, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and expert credit assessment and including forward-looking information.

In determining whether credit risk has increased significantly since initial recognition, the Group uses its internal credit risk grading system, external risk ratings, delinquency status of accounts, expert credit judgment and, where possible, relevant historical experience. The Group may also determine that an exposure has undergone a Significant Increase in Credit Risk ("SICR") based on particular qualitative indicators that it considers are indicative of such, and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

The Group continues to closely monitor the situation to ensure operational resilience and continuity of its operations.

All figures in BD millions

3 SEGMENTAL INFORMATION

For management purposes, the Group is organised into four major business segments:

Retail banking	Principally handling individual customers' deposits and providing consumer finance type loans, overdrafts, credit facilities and funds transfer facilities, credit cards and foreign exchange.
Corporate banking	Principally handling loans and other credit facilities, deposit and current accounts for corporate and institutional customers in Bahrain.
International banking	Principally handling loans and other credit facilities, deposit and current accounts for international corporate and institutional customers. This also covers the operations of the overseas units.
Investment and treasury activities	Principally providing money market, trading and treasury services as well as the management of the Group's funding operations. Investment activities involve handling investments in local and international markets, investment advisory services and funds management.
Other activities	Other activities include business process outsourcing services.

These segments are the basis on which the Group reports its information to the chief operating decision maker. Transactions between segments are generally recorded at estimated market rates on an arm's length basis. Interest is charged / credited to business segments based on a transfer pricing rate which approximates the marginal cost of funds on a matched funding basis.

All figures in BD millions

3 SEGMENTAL INFORMATION (continued)

Segment information of statement of profit or loss for the three-month period ended 31 March 2022 was as follows:

	Retail banking	*Corporate banking*	*International banking*	*Investment and treasury activities*	*Other activities*	*Total*
Interest income	8.7	6.7	4.2	9.7	-	29.3
Interest expense	(0.7)	(1.3)	(2.2)	(4.8)	-	(9.0)
Internal fund transfer price	(1.5)	(1.1)	0.4	(1.7)	3.9	-
Net interest income	6.5	4.3	2.4	3.2	3.9	20.3
Other operating income	3.3	0.5	0.9	3.0	1.2	8.9
Operating income before results from associated companies and joint ventures	9.8	4.8	3.3	6.2	5.1	29.2
Net provisions and credit losses	(0.7)	(1.6)	1.5	-	-	(0.8)
Segment result	1.5	(0.4)	1.9	4.5	5.4	12.9
Share of profit from associated companies and joint ventures	-	-	-	0.8	1.5	2.3
Net profit for the period						15.2
Net profit attributable to non-controlling interests						(0.1)
Net profit for the period attributable to the owners of the Bank						15.1

Segment information of statement of financial position as at 31 March 2022 was as follows:

	Retail banking	*Corporate banking*	*International banking*	*Investment and treasury activities*	*Other activities*	*Total*
Segment assets	765.0	637.9	684.5	1,304.4	185.2	3,577.0
Investments in associated companies and joint ventures	-	-	-	20.1	46.7	66.8
Common assets						64.3
Total assets						3,708.1
Segment liabilities	1,087.7	714.8	619.6	659.0	2.4	3,083.5
Common liabilities						82.4
Total liabilities						3,165.9

All figures in BD millions

3 SEGMENTAL INFORMATION (continued)

Segment information of statement of profit or loss for the three-month period ended 31 March 2021 was as follows:

	Retail banking	*Corporate banking*	*International banking*	*Investment and treasury activities*	*Other activities*	*Total*
Interest income	8.6	7.0	4.7	10.3	-	30.6
Interest expense	(1.0)	(1.2)	(2.7)	(4.8)	-	(9.7)
Internal fund transfer price	(1.0)	(1.9)	0.6	(0.6)	2.9	-
Net interest income	6.6	3.9	2.6	4.9	2.9	20.9
Other operating income	2.4	0.7	0.8	3.9	0.9	8.7
Operating income before results from associated companies and joint ventures	9.0	4.6	3.4	8.8	3.8	29.6
Net provisions and credit losses	(0.2)	1.0	(0.1)	(0.4)	-	0.3
Segment result	2.0	1.8	0.7	7.3	4.0	15.8
Share of loss from associated companies and joint ventures	-	-	-	(0.2)	(1.2)	(1.4)
Net profit for the period						14.4
Net profit attributable to non-controlling interests						(0.1)
Net profit for the period attributable to the owners of the Bank						14.3

Segment information of statement of financial position as at 31 December 2021 was as follows:

	Retail banking	*Corporate banking*	*International banking*	*Investment and treasury activities*	*Other activities*	*Total*
Segment assets	686.6	622.3	792.4	1,267.8	187.1	3,556.2
Investments in associated companies and joint ventures	-	-	-	20.6	44.4	65.0
Common assets						51.5
Total assets						3,672.7
Segment liabilities	1,040.1	574.9	764.6	639.0	2.4	3,021.0
Common liabilities						106.5
Total liabilities						3,127.5

All figures in BD millions

4 COMMITMENTS AND CONTINGENT LIABILITIES

	Reviewed 31 March 2022	*Audited 31 December 2021*
Contingencies		
Letters of credit	**33.8**	30.2
Guarantees	**165.2**	164.0
	199.0	194.2
Commitments		
Undrawn loan commitments	**163.9**	170.1
Other commitments	**808.5**	779.1
	1,171.3	1,143.4

The Group does not expect all its commitments to be drawn before the expiry of the commitment.

As of 31 March 2022, ECL of BD 3.3 million was held against off balance sheet and other credit exposures (31 December 2021: BD 3.9 million).

5 CASH AND CASH EQUIVALENTS

	Three months ended 31 March	
	2022	*2021*
Cash in hand and vaults	**22.2**	20.5
Current accounts and placements with central banks	**315.5**	283.8
Deposits and amounts due from banks and other financial institutions having original maturity of ninety days or less	**220.5**	317.9
	558.2	622.2

6 LOANS AND ADVANCES TO CUSTOMERS

At 31 March 2022 (Reviewed)	***Stage 1: 12-month ECL***	***Stage 2: Lifetime ECL not credit-impaired***	***Stage 3: Lifetime ECL credit-impaired***	***Total***
At amortised cost:				
Commercial loans and overdrafts	**690.8**	**264.8**	**77.4**	**1,033.0**
Consumer loans	**668.1**	**11.6**	**9.3**	**689.0**
	1,358.9	**276.4**	**86.7**	**1,722.0**
Less: Expected credit losses	**(5.3)**	**(27.4)**	**(59.8)**	**(92.5)**
	1,353.6	**249.0**	**26.9**	**1,629.5**

All figures in BD millions

6 LOANS AND ADVANCES TO CUSTOMERS (continued)

At 31 December 2021 (Audited)	*Stage 1: 12-month ECL*	*Stage 2: Lifetime ECL not credit-impaired*	*Stage 3: Lifetime ECL credit-impaired*	*Total*
At amortised cost:				
Commercial loans and overdrafts	673.2	274.4	79.5	1,027.1
Consumer loans	651.7	10.7	9.0	671.4
	1,324.9	285.1	88.5	1,698.5
Less: Expected credit losses	(4.7)	(26.4)	(60.2)	(91.3)
	1,320.2	258.7	28.3	1,607.2

At 31 March 2022, interest in suspense on past due loans that are credit impaired was BD 30.1 million (31 December 2021: BD 28.5 million).

The fair value of the collateral consisting of cash, securities and real estate that the Group holds relating to loans individually determined to be credit impaired at 31 March 2022 was to BD 51.7 million (31 December 2021: BD 50.2 million).

At 31 March 2022, gross loans and advances include Islamic financing facilities provided by the Group to corporates was to BD 84.7 million (31 December 2021: BD 77.7 million). These mainly consists of Murabaha and Ijarah financing facilities.

During the three-month period ended 31 March 2022, loans and advances of BD 0.4 million (31 March 2021: BD 0.4 million) were written-off.

7 EQUITY

The shareholders approved a stock dividend pertaining to the year 2021 in the Annual General Assembly held on 28 March 2022 thereby, increasing the share capital by BD 15.0 million (2021: BD 13.6 million).

8 SEASONAL RESULTS

Other income for the three-month period ended 31 March 2022 includes BD 1.2 million (31 March 2021: BD 0.8 million) of dividend income, which is of a seasonal nature.

9 OTHER INCOME

Other income for the three-month period ended 31 March 2022 includes gain of BD 1.0 million (31 March 2021: BD 1.6 million) relating to sale of investment securities.

10 NET PROVISIONS AND CREDIT LOSSES

	Three months ended 31 March	
	2022	*2021*
Loans and advances to customers	**1.6**	1.1
Recoveries from fully provided loans written-off in previous years	**(0.2)**	(1.5)
Off balance sheet exposures	**(0.6)**	(0.2)
Collateral pending sale	**-**	0.3
	0.8	(0.3)

All figures in BD millions

11 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the three-month period ended is calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period are as follows:

	Three months ended 31 March	
	2022	*2021*
Net profit for the period attributable to the owners of the Bank for basic and diluted earnings per share computation	**15.1**	14.3
Weighted average number of shares, net of treasury stock, outstanding during the period	**1,635,424,693**	1,635,449,270
Basic and diluted earnings per share (BD)	**0.009**	0.009

12 RELATED PARTY BALANCES AND TRANSACTIONS

Certain related parties (principally the major shareholders, associates, joint venture, directors and key management of the Group, their families and entities controlled, jointly controlled or significantly influenced by such parties) were customers of the Group in the ordinary course of business.

Balances in respect of transactions entered into with related parties as of the interim consolidated statement of financial position date were as follows:

	Major shareholders	*Associated companies and joint ventures*	*Directors and key management personnel*	*Total*
31 March 2022 (Reviewed)				
Loans and advances to customers	**-**	**9.7**	**1.9**	**11.6**
Investments in associated companies and joint ventures	**-**	**66.8**	**-**	**66.8**
Customers' current, savings and other deposits	**172.2**	**1.4**	**10.5**	**184.1**
31 December 2021 (Audited)				
Loans and advances to customers	-	9.7	2.0	11.7
Investments in associated companies and joint ventures	-	65.0	-	65.0
Customers' current, savings and other deposits	161.2	1.4	8.7	171.3

All figures in BD millions

12 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

The income and expense items with related parties included in the interim consolidated statement of profit or loss was as follows:

	Major shareholders	*Associated companies and joint ventures*	*Directors and key management personnel*	*Total*
Period ended 31 March 2022				
Interest and similar income	**-**	**0.1**	**-**	**0.1**
Interest and similar expense	**0.6**	**-**	**-**	**0.6**
Share of profit from associated companies and joint ventures	**-**	**2.3**	**-**	**2.3**
Period ended 31 March 2021				
Interest and similar income	-	0.3	-	0.3
Interest and similar expense	0.7	-	-	0.7
Share of loss from associated companies and joint ventures	-	(1.4)	-	(1.4)

Compensation for key management, including executive officers, comprises the following:

	Three months ended 31 March	
	2022	*2021*
Salaries and other short-term benefits	**2.9**	2.5
Post-employment benefits	**0.1**	0.6
Share based compensation	**0.1**	0.1
	3.1	3.2

13 FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market date.

The significant inputs for valuation of equities classified under Level 3 are annual growth rate of cash flows and discount rates and for funds it is the illiquidity discount. Lower growth rate and higher discount rate, illiquidity discount will result in a lower fair value. The impact on the consolidated statement of financial position or the consolidated statement of shareholders' equity would be immaterial if the relevant risk variables used to fair value the unquoted securities were altered by five per cent. There were no material changes in the valuation techniques used for the purpose of measuring fair value of investment securities as compared to the previous year.

The following tables show an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

All figures in BD millions

13 FINANCIAL INSTRUMENTS (continued)

	Level 1	***Level 2***	***Level 3***	***Total***
31 March 2022 (Reviewed)				
Financial assets				
Bonds	**647.2**	**5.4**	**-**	**652.6**
Equities	**50.3**	**10.1**	**17.8**	**78.2**
Managed funds	**-**	**1.3**	**-**	**1.3**
Derivatives held-for-trading	**-**	**0.6**	**-**	**0.6**
Derivatives held as fair value hedges	**-**	**19.4**	**-**	**19.4**
	697.5	**36.8**	**17.8**	**752.1**
Financial liabilities				
Derivatives held-for-trading	**-**	**0.5**	**-**	**0.5**
Derivatives held as fair value hedges	**-**	**6.9**	**-**	**6.9**
	-	**7.4**	**-**	**7.4**

	Level 1	*Level 2*	*Level 3*	*Total*
31 December 2021 (Audited)				
Financial assets				
Bonds	677.3	5.4	-	682.7
Equities	45.5	10.1	17.8	73.4
Managed funds	-	1.3	-	1.3
Derivatives held-for-trading	-	0.4	-	0.4
Derivatives held as fair value hedges	-	3.4	-	3.4
	722.8	20.6	17.8	761.2
Financial liabilities				
Derivatives held-for-trading	-	0.4	-	0.4
Derivatives held as fair value hedges	-	28.2	-	28.2
	-	28.6	-	28.6

Transfers between level 1, level 2 and level 3

During the reporting period / year ended 31 March 2022 and 31 December 2021, there were no transfers into and out of Level 3 fair value measurements. Further, there was no significant movement within equity instruments classified under Level 3.

The tables below sets out the estimated carrying values and fair values of those on and off statement of financial position financial instruments carried at amortised cost where fair values are different from the carrying amounts shown in the consolidated financial statements:

	31 March 2022 (Reviewed)			*31 December 2021 (Audited)*		
	Carrying value	***Fair value***	***Difference***	*Carrying value*	*Fair value*	*Difference*
Financial assets						
Investment securities	**234.3**	**240.8**	**(6.5)**	228.4	236.3	(7.9)
Financial liabilities						
Term borrowings	**245.1**	**250.5**	**5.4**	245.1	253.1	8.0

The above financial assets and liabilities are at Level 1 fair value. The fair value of financial assets and financial liabilities approximate their carrying values, other than those disclosed in the table above.

All figures in BD millions

14 NET STABLE FUNDING RATIO (NSFR)

The NSFR ratio is calculated in accordance with the Liquidity Risk Management Module guidelines, issued by the CBB. The minimum NSFR ratio limit as per CBB is 100%. However, as per CBB circulars OG/106/2020 dated 17 March 2020, OG/296/2020 dated 26 August 2020, OG/431/2020 dated 29 December 2020, OG/170/2021 dated 27 May 2021 and OG/417/2021 dated 23 December 2021, the limit was reduced to 80% until 30 June 2022, to contain the financial repercussions of COVID-19. The Group's consolidated NSFR ratio as of 31 March 2022 is 135.6% (31 December 2021: 136.9%).

The main drivers behind our robust Available Stable Funding (ASF) are the solid capital base, sizeable Retail and Small business deposits portfolio, large portfolio of non-financial institutions deposits (related to Government and Corporate deposits), as well as medium term funding from Repo and Euro Medium Term Notes (EMTN) and Term Debt. The capital base formed 21.3% (31 December 2021: 21.5%) of our ASF, while the Retail and Small business deposits formed 47.3% (31 December 2021: 46.7%) of the ASF (after applying the relevant weights).

For the Required Stable Funding (RSF), the primary reason for the relatively low RSF, in comparison to the ASF, is related to the sizeable portfolio of BBK's High Quality Liquidity Assets (HQLAs) which accounts for 23.5% (31 December 2021: 21.4%) of total RSF (before applying the relevant weights).

In comparison to 31 December 2021, the NSFR ratio decreased from 136.9% to 135.6% primarily due to increase in RSF due to increase in other assets.

All figures in BD millions

14 NET STABLE FUNDING RATIO (continued)

The NSFR (as a percentage) as at 31 March 2022 is calculated as follows:

	Unweighted Values (i.e. before applying relevant factors)				
Item	*No specified maturity*	*Less than 6 months*	*More than 6 months and less than one year*	*Over one year*	*Total weighted value*
Available Stable Funding (ASF):					
Capital:					
Regulatory Capital	**554.8**	**-**	**-**	**26.3**	**581.1**
Retail deposits and deposits from small business customers:					
Stable deposits	**-**	**515.3**	**3.3**	**0.3**	**493.0**
Less stable deposits	**-**	**785.2**	**64.7**	**29.0**	**793.9**
Wholesale funding:					
Other wholesale funding	**-**	**1,001.4**	**161.7**	**475.9**	**855.5**
Other liabilities:					
All other liabilities not included in the above categories	**-**	**126.7**	**-**	**-**	**-**
Total ASF	**554.8**	**2,428.6**	**229.7**	**531.5**	**2,723.5**
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	**-**	**-**	**-**	**-**	**234.6**
Performing loans and securities:					
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	**-**	**253.4**	**8.8**	**63.3**	**105.7**
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	**-**	**328.0**	**103.3**	**941.6**	**1,016.0**
With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	**-**	**5.2**	**-**	**153.6**	**102.4**
Performing residential mortgages, of which:					
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	**-**	**34.6**	**48.6**	**210.1**	**240.7**
Other assets:					
NSFR derivative assets	**-**	**6.8**	**-**	**-**	**6.8**
NSFR derivative liabilities before deduction of variation margin posted	**-**	**0.1**	**-**	**-**	**0.1**
All other assets not included in the above categories	**250.7**	**-**	**-**	**-**	**250.7**
OBS items	**-**	**1,017.6**	**-**	**-**	**50.9**
Total RSF	**250.7**	**1,645.7**	**160.7**	**1,368.6**	**2,007.9**
NSFR (%) - As at 31 March 2022					**135.6%**

All figures in BD millions

14 NET STABLE FUNDING RATIO (continued)

The NSFR (as a percentage) as at 31 December 2021 is calculated as follows:

Item	*Unweighted Values (i.e. before applying relevant factors)* No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	*Total weighted value*
Available Stable Funding (ASF):					
Capital:					
Regulatory Capital	557.6	-	-	26.9	584.4
Retail deposits and deposits from small business customers:					
Stable deposits	-	503.7	2.9	0.2	481.5
Less stable deposits	-	773.0	70.3	30.2	789.2
Wholesale funding:					
Other wholesale funding	-	1,043.4	114.3	470.6	868.7
Other liabilities:					
NSFR derivative liabilities	-	30.4	-	-	-
All other liabilities not included in the above categories	-	116.5	-	-	-
Total ASF	557.6	2,467.0	187.5	527.9	2,723.8
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	242.2
Performing financing and loans / securities:					
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	-	373.4	19.8	72.3	138.2
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	360.6	89.3	895.8	986.4
With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	3.1	-	133.2	88.1
Performing residential mortgages, of which:					
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	36.8	33.2	223.4	246.5
Other assets:					
NSFR derivative liabilities before deduction of variation margin posted	-	6.1	-	-	6.1
All other assets not included in the above categories	234.3	-	-	-	234.3
OBS items	-	960.0	-	-	48.0
Total RSF	234.3	1,740.0	142.3	1,324.7	1,989.8
NSFR (%) - As at 31 December 2021					136.9%