



BBK posts strong growth, net profit up 24% to BD 24.2 million

BBK announced a healthy increase of 24% in its net profit for the first six months of 2008 when compared to the same period last year. The bank's profits for the period, attributable to the shareholders of the parent, rose to BD 24.2 million, compared to BD 19.5 million in the previous year. The profits for three months ended 30 June 2008 grew impressively to BD 13.1 million, an increase of 32% when compared to BD 9.9 million for the same period in 2007.

The improvement in profitability was driven by continuous growth in net interest income, as well as in other income. The net interest income for the first half of 2008 at BD 27.5 million registered an increase of 14% when compared to the previous year. This resulted from an increase in average balances of key balance sheet parameters, namely, loans & advances to customers which were up by 25% and customer deposits which increased by 17% over the same period in the previous year.

The bank's other income for the first six months of the year rose sharply to BD 27.5 million, on the back of growth in fees & foreign exchange income, as well as contributions from bank's strategic investments. The growth trend in non-funded income continued in the three months period ended 30 June 2008, where the other income grew 29% when compared to the same period last year.

The operating expenses for the six month period increased by a modest BD 1.8 million, or 12%, although the bank continued to invest in building new businesses and developing human resources. The bank's core cost to income ratio continued to remain at an impressive level of around 36%.

The bank's balance sheet at BD 2,241 million grew by BD 145 million or 7% when compared to June 2007. At the same time, the customer loans and advances increased sharply by 29% to reach BD 1,294 million, reflecting a robust business growth.

Driven by much improved operating results, the bank's basic earnings per share for the current six months period increased to 30 fils, compared to 27 fils for the same period last year. The bank has issued 100 million new shares through rights issue in the last quarter of 2007 which is reflected in the current earnings per share.

The Chairman of the bank, Mr. Murad Ali Murad, said, "In the face of the challenging market conditions for the financial industry since second half of the last year, the results of the bank are very impressive. The core performance of the bank continues to show good growth, with effective contributions from most business divisions".

Commenting on the bank's results, Mr. A. Karim Bucheery, Chief Executive Officer of the bank, said, "The bank's long term strategy and business policies, coupled with prudent risk management policies, have helped to deliver consistent growth in the underlying profitability. This is most evident in the sharp increase in non-funded income and low cost deposits. The global banking industry is going through difficult times due to knock-on effect of the sub-prime crisis, but the bank is well positioned on account of its good domestic franchise, adequate liquidity and comfortable capitalization to benefit from the favorable market conditions in the region".



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