

**BBK posts BD . million profit and maintains liquidity position above 25% of the total assets, with capital adequacy ratio above 20%**

The board of directors of BBK has met on Sunday 1<sup>st</sup> of February 2009 to review and approve the financial results for 2008. Mr. Murad Ali Murad, Chairman of the Board of Directors, announced that BBK posted a profit of BD . million compared to BD 30.0 million in 2007. In conformity with the norms in the industry, BBK has to prudently provide for provisions against certain financial assets to respond to the adverse conditions in the global financial markets.

Besides the provisions of BD 4 . million which have been taken against certain investments, all other core activities reported a positive trend compared to the previous year, resulting in profits from core business performance of BD 7 .2 million, a growth of 51.0%, if compared to 2007. Net interest income grew by BD 6.4 million to reach BD 57.0 million, while non-interest income grew impressively by 78.1% to BD 54.9 million, mainly driven by investment income of BD 24.6 million, associated companies income of BD 3.2 million, foreign exchange income of BD 4.3 million, and income from fees and commissions of BD 22.0 million.

The bank has reported a net profit of BD . million for its 4<sup>th</sup> quarter 2008 operations, compared to BD 4.3 million for the same period of 2007, mainly on the account of interest, and investment income.

Although operating costs grew by 14.5% to accommodate the expense growth on account of the recent staff incentive initiatives, further expansion of core business activities and development of IT & premises infrastructure of the bank, operating costs to income ratio of the core business activities improved from 37.8% in Dec 2007 to 31.5% in December 2008, which reflects the strong underlying growth of core business.

After the opening of “City Centre” branch in October 2008, to improve service and outreach to retail customers, BBK has recently opened its “Cash Management Centre” at GOSI complex, as part of the bank policy to provide high class service to its corporate customers. The Cash Centre will offer Corporations, Small & Medium Enterprises, Government and Public Sector, and not-for-profit entities a complete over-the-counter cash management services such as funds transfers, deposits and encashment, through fully functional tellers. The bank has also upgraded its ATM base to be compatible with the smart chip, in compliance with regulatory requirements. Going forward, and as part of investing in customer service enhancement, BBK largest Financial Mall will be opened soon in West Riffa, along with three more financial malls in Isa Town, Hamad Town and Exhibition Road.

The bank’s balance sheet grew to BD 2,1 million, an increase of BD7 million when compared to December 2007. The increase resulted from a strong underlying business growth driven by the increase in net loans and advances by 20. % to reach BD1,35 million. Customer deposits also has grown by 19.6% million to reach BD 1,337 million, despite signs of financial meltdown, reflecting the customers’ confidence in the bank.

As a result of following cautious and conservative approach to manage the liquidity risk, the bank maintains a very comfortable liquidity position with a liquid assets-to-total assets ratio above 25%, and a capital adequacy ratio above 20%, well above the regulatory requirements.

Based on the above results, the Board of Directors has decided to recommend cash dividends of fils per share, and 1 bonus share for every 20 shares held.

Commenting on the Bank’s results, Mr. Murad Ali Murad, Chairman, said “Notwithstanding the exceptional provisions we had to make during 2008, we are proud that the bank has achieved excellent core performance, in one of the most difficult years in the global financial markets”.

He also added “We are pleased that against the trend in the industry, ratings agencies have maintained the main rating elements of the bank. Fitch Ratings have maintained the Long Term IDR at A-, and the Short



Term IDR at F2, while Moody's has affirmed its ratings except for the change in A2 long-term foreign currency deposit outlook, from stable to negative, following the change in Bahrain rating ceiling on the same."

Mr. A.Karim Bucheery, CEO, said "2008 was arguably the most traumatic year in global banking history, but we can look back on the period with quiet satisfaction. While many banks struggled for survival, BBK is in the enviable position of having achieved a good performance on behalf of shareholders. The Bank made substantial provision for impairments arising from the global financial crisis, which would have made 2008 results even more impressive" Also he said "The professionalism of employees at all levels and across every area of operations has shone through at all times, when their skills and resources were examined as never before".

"Despite the uncertainties that still lie ahead, we are looking forward for the coming period with proactive strategies and business plans, where we will continue offering our valuable customers the best world-class services in the financial industry", he added.

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