

BBK reports BD 22.3 million net profit for the first half of 2009

BBK yesterday announced that it has recorded BD10.4 million net profit for the three months ending June 30 2009 compared to BD13.1 million in the same period in 2008, notwithstanding that the stronger performance of the three months ended 30 June 2008 was driven by one time gain on sale of long term investments It also reported that the Bank made BD22.3 million net profit for the first half of 2009. This compares with BD 24.2 million for the first half of last year. Net interest income of BBK grew from BD 27.5 million for the six months ending June 08, to BD 28.9 million for the same period this year, while fee income grew from BD 10.4 million to BD 11.0 million. Furthermore, provisions requirement for the period dropped by 72.5% to only BD 3.9 million, as BBK already reacted promptly during 2008 to the financial downturn, and had provided a comfortable level of provisioning. ..

“BBK strategy is to react directly to the market challenges, thus we took the initiative to provide adequate level of provisions in 2008. No major deteriorations in loans took place during 2009. It should be noted that the impairment provisions must not be treated as a complete and permanent write-offs; there may well be at least partial recovery at future dates, specially that certain positive signals are being noticed in the market. Improvement of market prices is witnessed in the Bank’s reported comprehensive income increasing by 22.7% from BD 13.5 million for the first six month ending June 2008 to BD 16.6 million for the same period in 2009”. Chairman, Murad Ali Murad said.

He added “On other important issues, I am pleased to announce that BBK was ranked number one in Bahrain and second in GCC amongst all listed banks for its corporate governance practices, according to the survey released in April 2009 by HAWKAMAH, the Institute of Corporate Governance. The ranking is based on BASIC methodology which was developed by The National Investor and endorsed by Hawkamah. BASIC is a measure of risk for listed companies which include measures of corporate governance, transparency and disclosure.”

A.Karim Bucheery, Chief Executive, commented on the reported results: “BBK was able to report a good level of profit for its first half of the year, thanks to the Bank’s strong core retail and corporate businesses. The Bank has been adopting a prudent strategy for lending amidst the current turbulent financial markets”. He added “We will continue to invest in customer services, technology, infrastructure, and human resources to ensure delivering the best value to our customers. Our customers deserve the best at all times, notwithstanding the circumstances of the market.”

The bank will soon open its Riffa Financial Mall, its largest financial mall in Bahrain, and signed an agreement to open two more financial malls in Isa Town and Exhibition Road. Riffa financial mall will cover various banking operations, and will have a crisis centre to enable the bank to run its operations in case the main branch is unable to operate for any unforeseen reason.

The Bank subsidiaries also continue to provide the best services in the market. CrediMax, the Bank credit card subsidiary, having the largest credit card market share in Bahrain, has in April 09 signed an agreement with the e-Government Authority for a kiosk project to enhance access to e-government services currently available online, which is a further confirmation of the strong market confidence in BBK retail banking services in Bahrain, through its delivery channels, branches, financial malls, and subsidiaries”.

Also, “Capinnova”, the wholesale Islamic arm of BBK, has recently signed a project finance deal, to build the biggest commercial mall in Muharraq.

Continuing to invest in human resources, the Bank has just launched its 6th batch of the “Management Trainee Program”. Under this program, the Bank will hire highly talented graduated students and induct them to intensive training program, after which they will be deployed in various departments in the Bank, for jobs which best suit their potentials. Also the Bank has developed a joint initiative with “Tamkeen”, to help 100 Bahrainis (in batches of 20), with a 2-year technical or academic diploma, to get fast-track retail banking training, who will then be eligible to find employment in BBK’s rapidly-growing Retail Banking operations.

Though the Bank is continuing to make substantial investments in various projects, it had still maintained a healthy cost-to-income ratio of 43.8%.

The Bank’s balance sheet at the end of 30th June 2009 stood at BD 2,055 million compared to BD 2,241 million in June 2008. Loans & advances grew by BD 57 million, while customer deposits grew by 16.5% to stand at BD 1,278 million. Also, the Bank continues to maintain its capital adequacy at a comfortable level higher than 18%, well above the regulatory requirement of the Central Bank of Bahrain of 12%. The Bank continues maintaining its liquidity at a healthy level, and was also able to comfortably settle on its due date its medium-term syndicated borrowing of USD 125 million, giving the financial market the confidence that BBK is able to meet its financial obligations as they become due.

“With all these positive numbers, and major projects going on, BBK will hopefully end up the year with a good level of profits, while maintaining its position in the



market as a leader in providing the best retail and other banking services in Bahrain.” Mr. Bucheery added.