

**A record year for BBK with 29% increase in net profits  
BBK reports net profits of BD 35 million, with robust balance sheet and  
high liquidity level**

The board of directors of BBK has met on Sunday 31 of January 2010 to review and approve the financial results for 2009. The bank reported a net profit of BD 35.0 million for the year ended 31 December 2009 compared to BD 27.1 million in 2008 (an increase of 29.3%).

Commenting on the results, Mr. Murad Ali Murad, the chairman of the Board, said “In normal circumstances, 2009 would have marked the beginning of a new three-year strategic plan for BBK. However, as the prevailing conditions were not conducive to confident planning, the decision was taken to work to a 12-month business plan until future prospects became clearer. The underlying principle was to minimize risks and maximize opportunities. With BBK reporting an all-time record of profits at BD 35.0 million, I am proud to say that our approach proved to be very effective”

The chairman expressed his appreciation to the Bank’s customers for their confidence and relationship, and to the executive management team and the employees for their dedication and efforts in achieving this record result.

The increase in net profit was mainly attributed to an increase of net interest income to reach BD 61.3 million, representing 7.6% growth over 2008. Provisioning requirement has drastically been decreased to BD 14.2 million (2008: BD 52.2 million), as the bank promptly provided for provisions in response to market turbulence during 2007-2008. The provisions charged for 2009 includes collective provisions provided based on the bank’s conservative provisioning policy and approach. On the other hand FX & investment income has contracted mainly due to one off gain realized on sale of investments during 2008, while fees & commission income stood at a healthy level of BD 22.1 million.

Based on the above performance, the Board of Directors has decided to recommend to the shareholders’ general assembly cash dividends of 25 Fils per share.

For the 4<sup>h</sup> quarter of 2009, the bank has reported a net profit of BD 10.0 million, compared to BD 7.0 million for the same period of 2008, mainly on account of lower provisioning requirement.

Comprehensive income also has grown impressively to BD 39.2 million (2008: loss of BD 7.3 million), as investment prices started adjusting upward, and with the bank new investment strategy committed towards restructuring the investment portfolio,

upgrading and diversifying to shift the bias towards resilience and non-cyclical sectors.

BBK balance sheet stood at BD 2,279 million, higher than Dec 2008 by BD 113 million, with customer deposits increasing by 13.5% to reach BD 1,517 million, reflecting customer confidence in the bank even in turbulent times. The bank non-trading investments also have increased by 24.7%, continuing to invest in high quality investments. Loans on the other hand stood at BD 1,269 million, compared to BD 1,352 million in 2008, a 6.1% decrease mainly due to reduction of lending activities in the international markets in favor of the local and GCC markets.

Capital adequacy also stood comfortably at over 17.5%, while other liquidity measures have also improved substantially, with liquid assets (Cash and balances with central banks, Treasury bills and placement with financial institutions), representing 25.7% of total balance sheet. Loan to customer deposit ratio improved to 83.7%, from its 101.2% level in 2008 while loans to total deposit (including deposits from Banks) improved to 72.3%.

Mr. A.Karim Bucheery, Chief Executive commented saying” We will remember 2009 as a remarkable year, one that presented complex challenges to the financial sector – regionally and internationally – yet proved to be a period of record performance for BBK. Achieving record profits during 2009 gives us a high sense of satisfaction, especially during a period when global and regional economies were still coming to terms with the traumatic financial events that had wrought such havoc around the world. Our business focus changed from international to local and regional, while the re-designation of the top management and the reorganization of the retail banking led to a more collaborative inter-departmental approach with the emphasis on customer relationships rather than product-led marketing.”

Looking into BBK future strategic plan direction, Chairman Mr. Murad Ali Murad, commented saying: “BBK has worked during the later part of 2009 on formulating BBK strategic plan for 2010-12, which has been developed internally, using the professional skills of the management team, and reinforcing commitment to the goals set forth. The plan will seek to build on the success of 2009 and capitalize on the opportunities that will arise over the next three years, especially those driven by Bahrain’s Economic Vision 2030, the Government’s long-term plan to create a diversified and globally competitive economy.”

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## **About BBK**

BBK has been the pioneer in Commercial Banking for over 35 years in the Kingdom of Bahrain. As a revolutionary market leader, BBK has built a name and reputation which is respected locally as well as internationally. To maintain this reputation, BBK has been at the forefront, incorporating the latest technologies to provide the finest services. One example of which is the e-banking solutions offered by BBK, which provide new generation services through its user friendly award winning website [www.bbkonline.com](http://www.bbkonline.com), along with the telebanking, cash depository machines and automated teller machines services. BBK is proud to win the first place in a major regional survey on corporate governance conducted by the Hawkamah Institute for Corporate Governance and the Union of Arab Banks (UAB). This award has become a prestigious, competitive and highly coveted bank award that highlights the industry's strong commitment to good corporate governance.

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