

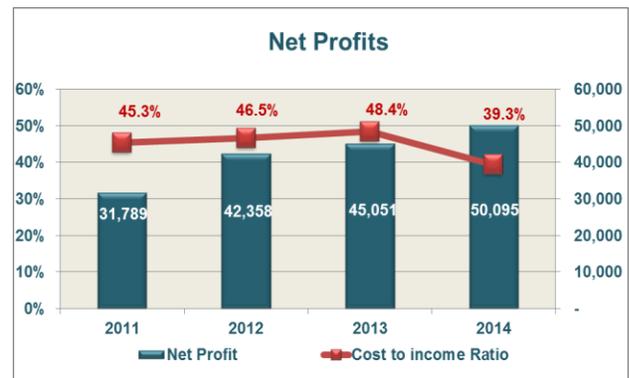
BBK Press Release – To be released 10th February 2015

BBK reports 11.2% increase in net profits for the year ended 31 December 2014

BBK’s Board of directors were pleased yesterday to announce a new profit record of BD 50.1 million for the year ended December 2014, 11.2% higher than the same period of last year of BD 45.1 million; with earnings of 50 fils per share (2013: 44 fils per share).

Commenting on the bank’s performance, Mr. Murad Ali Murad, Chairman of the Board of Directors, said: “Our strong results for this year reaffirm the success of the bank’s focus on implementing the key initiatives for growth outlined in its strategic plans. Our financial results tell their own story, and we believe that the Bank will continue as a major player in the domestic market, serving all sectors of Bahrain’s economy, while providing world-class services and products that reflect BBK’s pioneer position regionally and its strong reputation internationally”.

He also added “Being the second year of BBK’s three-year corporate strategic plan, 2014 was a pivotal year – very successfully achieving planned objectives while beginning preliminary planning for the next cycle and intensifying the expansion and diversification activities that are so crucial to future growth. The coming year will be even more critical as we appraise our achievements in the last year of our current strategic cycle, and determine the best ways to develop as a financial services group in the future.”



The Bank’s strong performance was supported by the remarkable growth in Fees and Commission income, accompanied by a healthy increase in Net Interest income. Fees and Commission income significantly grew by 10.5% to BD 28.9 million compared to BD 26.2 million reported in 2013. Net Interest income stood at BD 72.3 million as of end of 2014 compared to BD 68.9 million reported in the same period of last year. The bank also generated strong FX and investment income of BD 16.3 million as of end of 2014.

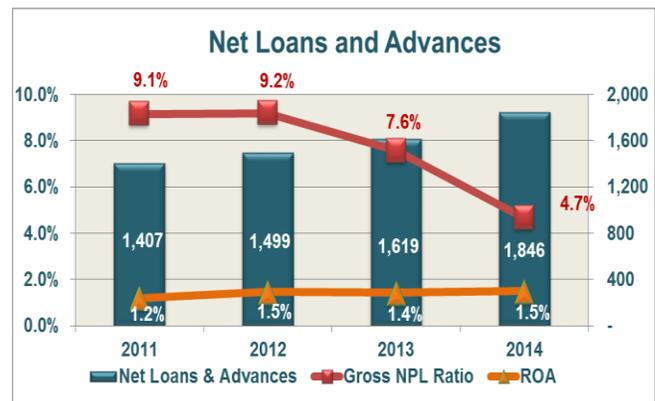
The bank’s 2012-13 cost optimization initiative is now bearing fruits as operating costs remarkably decreased by 15.0% to reach BD 46.2 million as of end of 2014, compared to BD 54.4 million reported in 2013. BBK’s cost to income ratio has improved substantially from 48.4% as of end of 2013 to 39.3% as of end of 2014.

The bank continues to invest in its human resources and capital structure. During 2014, the Bank announced the re-launch of its Management Trainee Development Program for the seventh time since inception in 2004. Through this program BBK will contribute to the talent pool of the Kingdom in the area of banking and financial services, and it will continue to be the “Employer of Choice”, providing young Bahrainis the tools and expertise for a brighter life enabling them to contribute to the economy and the prosperity of the nation.

The bank also, has opened its fourth branch in New Delhi, India which is in line with the Bank's growth vision in strategic locations, outside Bahrain, as the Indian market remains a main pillar in BBK's international operations. ”

The continuous investments in technological advancement has won the bank the prestigious award – ‘Best Customer Experience Overall Website’. The bank's website had continuous improvements over the past few years, adopting the latest IT technologies which provided convenience of use and more security for its clients.”

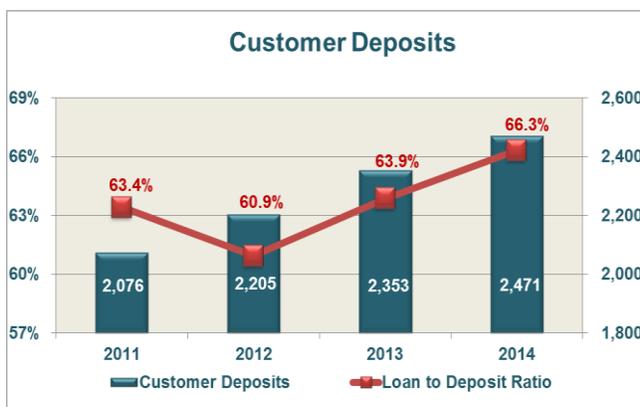
In continuation of the bank's efforts to strengthen its prudent risk management practices, the bank has amended its general loss reserves criteria to include total Risk Weighted Exposure which shall encompass all potential future eventualities of its gross exposure. Accordingly, the loss provision reserves for 2014 increased by BD 20.8 million (2013: BD 12.1 million). The bank shall continue building up its precautionary general provisions to cater for unexpected future turbulences in the financial market. On the other hand, the bank had intensified its remedial and collection efforts during the year, which resulted in significantly reducing the level of non-performing loans.



Comprehensive income for the year ended 31st December 2014 reported at BD 40.1 million, compared to BD 52.0 million reported in the corresponding year of 2013. This was partially driven by the bond and equity investments volatility market prices, maturities, and partial sale of investments during the year.

Commenting on the Bank's financial results, Mr. A.Karim Bucheery, Chief Executive, said: "BBK has a proud record of achieving successive annual increases in profitability. And by looking back on 2014, we can confidently say that it was an excellent year where we made notable progress in many areas, and continued to report record profits year over year. We could achieve those remarkable results through emphasizing a customer led strategy, where we strive to remodel ourselves and the bank to

ensure we don't only meet our customers' expectations, but we exceed them. As we reach the end of the second year of our current three-year strategic cycle, our solid performance is a very good indicator that BBK is very well positioned to face any challenges that could be imposed by domestic or global markets, while continuing to serve our customers with delight and pride, the best banking services in the Kingdom.



For the three months ended 31st December 2014, BBK reported a net profit of BD 12.8 million compared to BD 10.5 million for the same period

of last year, with net interest income of BD 19.7 million an increase of 13.0% when compared to BD

17.4 million reported in the three months ended 31 December 2013. Other income including fees and commission, FX and investment income stood at BD 11.9 million for the fourth quarter of 2014, compared to BD 10.9 million reported in the same period of last year. The bank registered provision charges net of recoveries of BD 7.7 million for the fourth quarter of 2014, compared to BD 2.5 million in the same period of 2013.

BBK's balance sheet as of 31st December 2014 registered a growth of 8.4% to reach BD 3,501 million, compared to BD 3,231 million reported in 2013. This was mainly due to strong growth in net loans & advances as well as the boost in non-trading investment portfolio. Net loans & advances grew by 14.1% to reach BD 1,846 million, Non-trading investment portfolio stood at BD 788 million compared to BD 744 reported in December 2013. Customer deposits continued with its upward positive trend and grew during the year by 5.0% to reach BD 2,471 million.

BBK managed to keep its liquidity and funding positions at very comfortable levels with liquid assets (Cash and balances with central banks, treasury bills, Financial assets at fair value through statement of income, and Deposits and due from banks and other financial institutions) to total assets standing at 21.3% (December 2013: 23.0%), and loan to total deposit ratio at 66.3% (December 2013: 63.9%) and capital adequacy ratio remained at comfortable levels well above the regulatory requirement.

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About BBK

BBK has been the pioneer in Commercial Banking for 40 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, along with the telebanking, cash depository machines and automated teller machines services. BBK is proud to be honoured for its Corporate Governance by the "Hawkamah Institute for the 4th consecutive year. 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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