

BBK Press Release – To be published 21st April 2015

BBK reports net profit of BD 14.9 million for the first quarter of 2015

Mr. Murad Ali Murad, Chairman of the Board of Directors, announced the Board's approval for the Bank's financial results for the three months ended 31st March 2015. The Bank recorded net profit of BD 14.9 million in the first quarter of 2015, 6% higher than the profit of BD 14.0 million reported for the same period of last year; increasing the earnings per share from 13 fils to 14 fils.

Mr. Murad Ali Murad, Chairman of the Board of Directors, commented on the results saying "Once again I am very honored to announce such good results achieved by the bank, with most business indicators showing an encouraging trend. The growth reported during the first quarter of 2015 was a result of carefully crafted and successfully implemented strategy, which had paid the bank record profit for the last few years. The year 2015 represents a special year for BBK as it marks the end of its current strategic cycle, and sets the path for the 2016-2018 cycle. The bank has started in shaping the theme for the next strategic plan, where we will ensure building on the success we have achieved so far, while at the same time develop new and innovative ways that would ensure a greater success to the bank in the future".

The increase in the bank's net profit was mainly attributable to the robust growth in fees & commission income and the healthy increase in net interest income. Fees & commission income grew by 8.4% to amount to BD 7.3 million compared to BD 6.7 million reported in the same period of last year. The net interest income stood at BD 17.9 million, 4.7% higher than the amount reported in the first quarter of 2014. The improvement in net interest income was mainly driven by a 9.2% growth in the bank's loans and advances portfolio, and a 9.5% growth in the non-trading investments portfolio, when compared to the same period of last year. Fx and investment income reported at BD 4.3 million, compared to BD 4.8 million for the first quarter of 2014.

Enhanced overall credit quality was reflected in relatively lower loss provisions in 2015 of BD 2.9 million, of which BD 1.0 million was on the account of general provisions, which is aimed at creating a selective coverage for all the bank's risk weighted exposures.

The bank reported a comprehensive income of BD 9.4 million compared to BD 20.2 million reported for the period ended 31 March 2014. The drop was mainly driven by the fluctuation in the market prices for bonds and equities.

The bank's continuous investments in enhancing customer service through various delivery channels won it "The best Customer Experience Overall Website" award in the Customer Experience Benchmarking Index 2014 (CEBI 2014) administered by Ethos Integrated Solutions. Despite of the bank's continuous investment strategy in its human capital, technology platform and branches network, the operating cost of the bank is well managed within industry best practice where the cost to income ratio stands at 39.7% as of 31 March 2015.

BBK's balance sheet as of 31st March 2015 grew by 10.9% over a similar period last year and reached BD 3,683 million. Net loans & advances grew by 9.2% compared to 31 March 2014, to stand at BD 1,887 million, and Non-trading investment portfolio grew by 9.5% and stood at BD 797 million. The growth in the balance sheet was fuelled by a remarkable growth in customer deposits of 13.7% amounting to BD 2,588 million, in addition to the USD 400 million capital market funding raised through the bank's EMTN program during the month of March 2015.

Liquidity position continued to remain at 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 23.7% (March 2014: 22.1%), and loan to total deposit ratio at 67.0% (March 2014: 66.1%).

Commenting on the Bank's financial results, Mr. A.Karim Bucheery, Chief Executive, said: "Continuing its track record of increased profitability on a year-on-year basis, the bank achieved a strong performance in the first quarter of 2015 evidencing the confidence which our customers have put in the bank. BBK's impeccable reputation regionally and internationally have supported the success of our EMTN program, where we have raised USD 400 million at a very attractive rate during a time of volatility and tensioned market conditions. We promise our customers and investors that we will be committing ourselves to always do our utmost to meet stakeholders' expectation and keep the financial standing of the bank intact, while we will never compromise on the quality of our services and delivery channels.

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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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