

BBK Press Release – to be released 25th October 2016

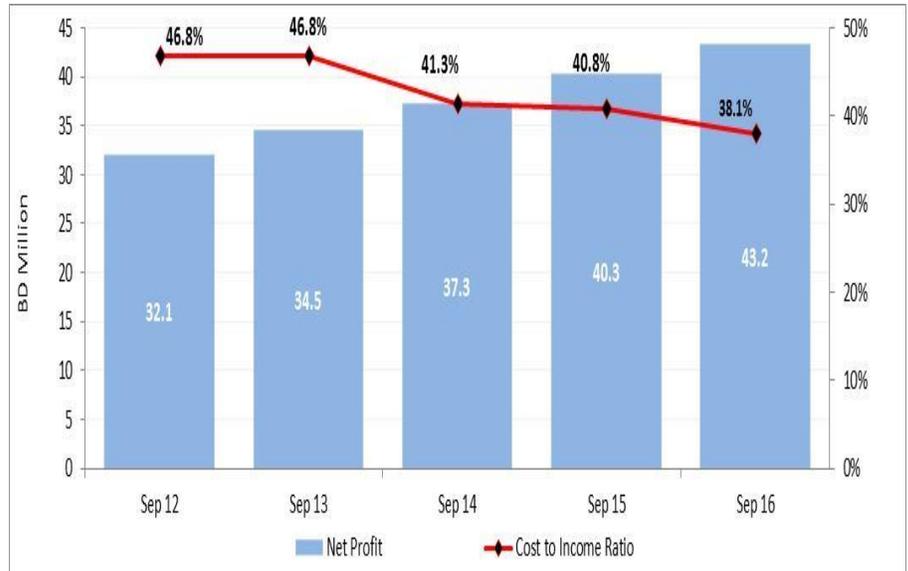
BBK reports 7.4% increase in net profit attributable to the owners of the bank for the nine months ended 30th September 2016 to reach BD 43.2 million

BBK's Board of Directors yesterday reviewed and approved the financial results of the bank for the nine months ended 30th September 2016. The Board of Directors announced that the bank achieved a net profit attributable to the owners of the bank of BD 43.2 million during the first nine months of 2016, an increase of 7.4% when compared to the BD 40.3 million reported during the corresponding period of 2015.

Expressing its satisfaction on the achieved results, the Board of Directors commented saying “We are delighted with the results and the continuous growth and improvement in the bank's performance despite the subdued macroeconomic environment. BBK's clear strategic vision, solid and flexible business model, along with the robust financial and human resources, sound risk management practices and customer-centric approach always enabled us to effectively withstand all challenges and vigorously pursue, achieve and exceed our objectives”.

The increase in the bottom line was fueled by the solid growth in operating revenues by BD 11.5 million, a 12.8% to reach BD 100.9 million during the nine months ending 30th September 2016, compared to BD 89.4 million during the same period of 2015. The main contributor to such improvement was the growth in net interest income by 24.2%, which was a result of active balance sheet management and restructuring of the assets base towards higher yielding asset. The bank share of income from its associates also increased to BD 3.7 million (September 2015: BD 3.0 million), representing a 24.5% year-on-year growth. Other income (fees and commission, foreign exchange and investment income) for the first nine months of 2016 amounted to BD 31.8 million, compared to BD 33.8 million for the nine months ending September 2015.

Operating expenses increased moderately by 5.3% during the nine months ended September 2016 compared to the same period of last year, due to the continuous investment in human capital, enhancement of operations and distribution networks, as well as the investment in the bank's strategic initiatives for the current strategic cycle. Nevertheless, the cost-to-income ratio improved from 40.8% to 38.1% reflecting the bank's ability to generate healthy growth in income streams and prudently manage operating expenses.



The higher net profit was achieved in spite of the bank's decision to conservatively increase the net provision for impairments including general reserves by BD 18.4 million (2015: BD 14.3 million).

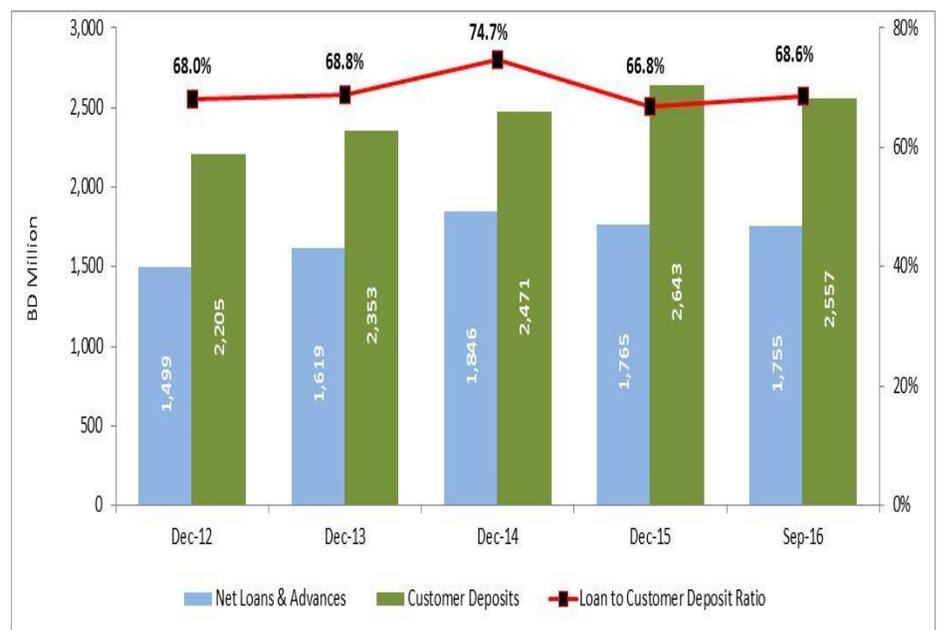
Despite the continuation of volatility and ambiguity in the financial markets, the bank's valuation reserve on its investment portfolio improved significantly by BD 22.8 million. Moreover, The bank's foreign currency valuation reserve improved by BD 3.3 million. These improvements along with the reported growth in net profits, have resulted in improving the bank's total comprehensive income attributable to the bank's owners, from BD 8.6 million as of 30th September 2015 to BD 38.0 million as of 30th September 2016.

For the three months ended on 30th September 2016, the bank achieved a net profit of BD 11.9 million, compared to BD 10.9 million reported during the same period of 2015, an increase of 9.9%. The improvement was mainly due to the increase in net interest income by 25.7% from BD 17.7 million to BD 22.2 million during the aforementioned period. Operating costs for the third quarter of 2016 stood at BD 12.7 million and were slightly higher by 2.3% compared to the same period of

2015. The net provisioning requirements for the third quarter of 2016 amounted to BD 9.2 million compared to BD 8.2 million during the third quarter of last year.

Commenting on the results, the Chief Executive, Mr. Reyadh Sater said “the prosperous performance and the up-ward positive trend in profitability are the outcomes of our successful strategic direction and leading market position. We were able to improve our performance and grow our business by maintaining close relationship with all stakeholders and paying close attention to the needs of our business partners and responding to their needs with creative solutions and premium customer service. During the year, the bank has achieved some of its strategic initiatives developed for the current strategic cycle, the major of which was the establishment of the bank’s representative office in Turkey. We expect other major milestones to be achieved in the coming period, which will be announced in due course”.

BBK’s balance sheet stood at BD 3.656 billion as of end of September 2016 (December 2015: BD 3.646 billion). The loans portfolio stood at BD 1.755 billion (December 2015: BD 1.765 billion), as the bank continues its strategy to restructure its balance sheet towards higher yielding assets. The non-trading investment securities portfolio increased by 3.4% year-to-date to stand at BD 783.8 million (December 2015: BD 758.1 million) and treasury bills grew by 15.1% to BD 453.4 million (December



2015: BD 394.1 million). The stock of liquid assets, consisting of cash and balances with central banks, treasury bills and placements with banks and other financial institutions remained at a very comfortable level of BD 0.990 billion or 27.1% of total assets (December 2015: BD 1.006 billion or 27.6%). Customer deposits stood at BD 2.557 billion compared to BD 2.643 billion as of end of December 2015, with a very comfortable loans to customer deposits ratio of 68.6% (December 2015: 66.8%). Total Banks' equity as of end of September 2016 was standing at BD 460.0 million, 27.5% higher year-to-date. Equity was boosted by the issuance of perpetual Tier 1 securities of BD 86.1 million during the year. This has reflected positively on the capital adequacy ratio which continue to remain well above the current and estimated future regulatory requirements.

During the same meeting, the Board discussed other important issues on its agenda such as the quarterly liquidity report, the Bank lines and country limits and some of the risk management policies.

The discussion of these items is due to the Board of Directors' diligence in directing the Bank towards greater growth and success.