

BBK discloses its financial results for
the quarter ended 30th September 2018

At the beginning of the meeting held for reviewing the financial results, the Chairman of the Board and on behalf of the other Board members, the Executive Management and the employees of the Bank congratulated the Kingdom of Bahrain's leadership on the occasions of the Kingdom winning a seat on the United Nation's Human Rights council and the achievements in the field of sports, latest being his Highness Sheikh Nasser Bin Hamad AlKhalifa' achievement in Kona USA. The Board also expressed its appreciation to the leadership's vision for achieving the fiscal balance program by the year 2020 through signing of the joint program between Bahrain and other GCC counties (KSA, UAE & State of Kuwait). The Board wishes that these efforts be successful to achieve sustainability and financial stability that these efforts are ought to bring to various financial sectors.

BBK (trading code BBKB.BH) announces its financial results for the nine months ended 30th September 2018. The bank achieved a net profit attributable to the owners of the bank of BD 48.4 million, compared to BD 44.9 million reported for the similar period in the previous year, witnessing growth of 7.9%. The bank also achieved an operating profit (excluding net provisions and tax) during the year of BD 75.6 million, compared to BD 67.9 million last year, with an increase of 11.2%. The bank achieved Operating revenue of BD 119.0 million, compared to BD 107.6 million in last year, with an increase of 10.6%. Basic Earnings per share were 42 fils compared to 38 fils in last year.

The total shareholders' equity (excluding minority interests) as end of September 2018 was BD 498.5 million compared to BD 498.6 million as end of the financial year 2017.

The total assets by the end of September 2018 reached BD 3,593.6 million compared to BD 3,763.1 million as of the 2017 financial year-end, registering a decrease of 4.5%. Net loans and advances continued to grow, achieving a healthy increase of 6.2 % in 2018 to reach BD 1,848.1 million compared to BD 1,740.7 million as end of December 2017. Similarly, the Investment securities portfolio increased by 3.2 % to stand at BD 773.3 million compared to BD 749.0 million as end of December 2017. The Customer deposit portfolio stood at BD 2,398.5 million compared to BD 2,623.6 million, while the loans to customer deposits (excluding banks' deposits) ratio stood at a comfortable level of 77.1 % compared to 66.3 % reported at the year-end of 2017.

The increase in the net profit for the 9 month ending September 2018 in comparison to last year mainly relates to the increase in Net interest income by 18.5 % to stand at BD 80.1 million; driven by increase in loans and investment portfolio, as well as the improvements in margins resulting from increase in global interest rates as well as dynamic and effective assets and liabilities management. Other income also increased by 1.2 % mainly due to improved performance of the bank's investment portfolio. This was partially offset by the increase in net provisioning requirements to BD 26.3 million

at the end of September 2018 (BD 22.1 million in last year). Operating costs also increased by 9.6 % to BD 43.4 million compared to BD 39.6 million at the end of September last year as a result of the continuous investment in the human capital, infrastructures and processes. Nevertheless, the cost-to-income ratio improved slightly to 36.5% (36.8% last year), reflecting the bank's ability to grow revenue streams and prudent management of operating costs.

Total comprehensive income attributable to owners of the bank for the nine months ended 30th September 2018 amounted to BD 44.6 million compared to BD 51.6 million during the corresponding period last year. While the core operating activities were robust and resulted in higher net profit, the other comprehensive income was negatively impacted by negative revaluation on investment securities that resulted from the volatility of local, regional and global financial markets.

The bank achieved a net profit attributable to the owners of the bank during the third quarter of 2018 of BD 13.6 million, compared to BD 12.7 million during the third quarter of the previous year, with an increase of 7.3%. The bank also achieved an operating profit (excluding net provisions and tax) in the third quarter of BD 25.0 million, compared to BD 24.3 million in the third quarter of last year, with an increase of 2.9%. The bank achieved BD 40.0 million operating revenue during the third quarter, compared to BD 37.2 million in the third quarter of last year, with an increase of 7.6%. Basic Earnings per share during the third quarter were 13 fils compared to 12 fils in the third quarter of last year.

The increase in the net profit for the third quarter in comparison to the third quarter of last year relates mainly to the robust increase in Net interest income by 25.2% to stand at BD 28.9 million; driven by the improvements in margins resulting from increase in the global interest rates. On the other hand, operating costs were higher by 16.3%.

Total comprehensive income attributable to the owners of the bank during the third quarter of the current year stood at BD 28.1 million compared to BD 11.2 million last year, an increase of 151.1%. This was fueled mainly by unrealized valuation gains on investment securities resulting from general financial markets movements.

The Board of Directors expressed their satisfaction with the bank's results, commenting, "We are delighted with good and steady growth in the bank's performance. We thank our shareholders, the banks dedicated management and employees, in addition to our loyal customers for their continuous support in achieving excellent results and persisting to thrive in our economy."

Mr. Reyadh Sater, BBK's CE also commented on the results saying "BBK continues to achieve strong results, increasing profits and improving shareholders' value as part of its ongoing dedication to success. In line with our endeavor of serving our customers with world-class and innovative product and services, we organized BBK EmTech Summit & Expo to showcase the latest emerging technologies and their impact on various business segments. BBK and its fully owned subsidiary CrediMax launched Joint Digital Services on MaxWallet. These products as well as other product and



initiatives will be launched in the future as part of the bank's efforts to continue enhancing customers experience and improve services.

During the same meeting, the Board discussed other important issues on its agenda such as such as the quarterly liquidity report and the Group's succession Planning. The Board of Directors has also reviewed some of the Human Resources related Policies.

Also the Board of Directors has reviewed 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.

The full set financial statements and the press release are available on Bahrain Bourse's website.