

**BBK discloses its financial results for
the first quarter ended 31st March 2019**

BBK (trading code BBKB.BH) announces its financial results for the three months ended 31st March 2019. The bank achieved a net profit attributable to the owners of the bank of BD 20.0 million, compared to BD 16.7 million in the previous year, with an increase of 20.0%. The bank also achieved operating profit (excluding net provisions and tax) during the quarter of BD 27.7 million, compared to BD 25.1 million last year, with an increase of 10.5%. The bank achieved operating revenue of BD 42.9 million, compared to BD 39.2 million in last year, with an increase of 9.5%. Basic Earnings per share were 19 fils compared to 15 fils in last year.

The total shareholders' equity (excluding minority interests) as end of March 2019 was BD 485.0 million compared to BD 497.7 million as end of the financial year 2018. The decrease is mainly related to payment of dividends to shareholders.

The total assets by the end of March 2019 reached BD 3,598.5 million compared to BD 3,581.7 million as of the 2018 financial year-end, registering a marginal increase of 0.5%. The Investment securities portfolio increased by 4.9% to stand at BD 839.2 million compared to BD 800.3 million as end of December 2018, and cash and balances with central banks increased by 37.7% to stand at BD 263.1 million compared to BD 191.0 million as end of December 2018. On the other hand, Net loans and advances decreased by 4.2% to reach BD 1,698.3 million compared to BD 1,772.5 million as end of December 2018. The bank continued to maintain a very robust liquidity position that is mainly funded by customer deposits which amounted to BD 2,360.3 million (December 2018: BD 2,374.5 million), while the loans to customer deposits ratio stood at a comfortable level of 72.0% (December 2018: 74.6%).

The increase in the net profit for the first quarter of 2019 in comparison to last year mainly relates to the increase in net interest income by 18.7% driven mainly by the improvements in margins compared to the previous year as a result of higher global interest rates and dynamic and effective assets and liabilities management, as well as due to the increase in the investment portfolio. Moreover, the bank's share of profit from associated companies and joint ventures increased by 26.3%, while other income decreased by 9.8 % due to lower investment income arising from sale of securities in comparison to last year. Net provisioning requirements for the first quarter of 2019 has been set at BD 7.5 million , lower than the net provisioning requirements set during the first quarter of the previous year at BD 8.1 million. Operating costs increased by 7.8% to BD 15.2 million (Q1 2018: BD 14.1 million) as a result of the continuous investment in the human capital, infrastructures and processes. Despite the increase in costs, the cost-to-income ratio improved to 35.5% from 36.1% during the same period of last year, reflecting the bank's continuous efforts of growing revenues and maintaining prudent management of operating costs.

Total comprehensive income attributable to owners of the bank for the three months ended 31st March 2019 amounted to BD 31.7 million compared to BD 11.6 million during the corresponding period last year, representing a significant increase of 174.2%. The other comprehensive income was positively

impacted by the movement in financial markets which led to unrealized valuation gains on investment securities.

Commenting on the bank's results, the Board of Directors expressed their satisfaction stating, "The Board is pleased with the results of 2019's first quarter. The Bank continues to excel and grow to our satisfaction, and it is due to the support of our shareholders, and dedication of the management and employees, and the loyalty of our customers that the bank continues to deliver satisfying results to its shareholders."

Mr. Reyadh Sater, BBK's CE said, "BBK's solid fundamentals and approach towards a sustainable and balanced growth enabled maintaining the track record of continuous increase in net profits and delivering higher value to shareholders. As part of BBK's strategies to grow business and enhance customer satisfaction, BBK launched its biggest Al Hayrat cash prize of BD 500,000 which has been a major contributor to changing the lives of many lucky winners. On the international front, BBK appointed a new CEO for its branch in Kuwait with the confidence that the branch will continue on its path of achievements. Additionally, BBK announced its intention to convert its perpetual tier 1 convertible capital securities to ordinary shares to support the bank's business growth targets as set out in its strategic plan for 2019-2021, and the conversion process is progressing well in line with the set plans".

During the same meeting, the Board discussed other important issues on its agenda such as updates about Bahrain and Kuwait Central Bank's inspection report and the Bank investment strategy, Compliance Charter, Digitalization initiatives update report and some of the risk management policies and the Conflict of Interest Policy for the Board member. The Board of Directors has also discussed recommendations related to the Board and Board Committees evaluation with the objective of enhancing the Board and its Committees.

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.