

## **BBK reports an increase in net profit attributable to shareholders to reach BD 32.2 million for the first half of 2017**

The Board of Directors of BBK, Bahrain's pioneer in retail and commercial banking, yesterday announced a net profit attributable to owners of BD 32.2 million for the first half of 2017 compared to BD 29.8 million for the corresponding period of last year, an increase of 8.1% after reflecting the restatement negative impact of BD 1.5 million on last year's comparable period financial results due to IFRS9 applications. The basic earnings per share for the first half of 2017 reached 27fils compared to 28fils during the same period of 2016. The financial results were reviewed and approved by the bank's Board of Directors during its meeting held on Monday 17<sup>th</sup> July 2017.

The Board of Directors commented on the results saying "the strong financial results posted by BBK and the steady improvement across all performance measures are very satisfactory and in line with the bank's corporate plans for 2017 . Despite the challenging and subdued operating environment, we remain optimistic and confident in BBK's ability to continue building that steady performance, enhancing shareholders' values".

Healthy growth across all income streams led to 7.5% increase in operating revenues to reach BD 70.3 million during the first half of 2017, compared to BD 65.4 million during the same period of 2016. Net interest income increased by 3.3% due to BBK's dynamic balance sheet management approach and adequate control over funding costs, supported by increase in global interest rates. Similarly, Other income (consisting of fees and commissions, foreign exchange and investment income) improved by 16.5%, benefiting from the bank's income diversification initiatives and strong investments portfolio management. The bank's investments in associated companies and joint ventures continued to perform strongly, increasing the bank's share in their profits by 9.4% compared to the same period of last year.

BBK's continuous endeavor to develop its human capital and enhance its operations and delivery channels resulted in a moderate increase in operating costs of 3.6% for the first six months of 2017 to stand at BD 26.7 million (First half 2016: BD 25.7 million). Nevertheless, the cost to income ratio improved from 39.3% reported for the first half of 2016 to 37.9% for the current reporting period reflecting robust revenue generating capabilities and prudent control of operating costs.

In line with the bank's prudent policy of building adequate provisions to strengthen its financial position and resilience, as well as the higher provisioning requirements mandated by the

Expected Credit Loss Model under IFRS 9, BBK increased its net provision reserves by BD 10.8 million during the first half of 2017 (First half of 2016: BD 9.4 million).

Total comprehensive income for the first half of 2017 attributable to owners increased from BD 13.7 million as of 30<sup>th</sup> June 2016 to BD 40.4 million, mainly due to improvement in the fair value reserve of investment securities and higher net profit during the current year.

For the three months ended on 30<sup>th</sup> June 2017, the bank achieved a net profit of BD 16.4 million compared to BD 15.2 million reported during the same period of 2016, an increase of 8.2%. This was attributable to a robust increase in operating revenues by 2.9% to BD 34.8 million on the back of 16.0% growth in other income to BD 11.4 million. Operating costs for the second quarter of 2017 amounted to BD 13.5 million compared to BD 12.7 million during the corresponding period of 2016, and net provisioning requirements stood at BD 4.6 million compared to BD 5.7 million during the same period of 2016.

Commenting on the bank's performance, Mr. Reyadh Sater, Chief Executive said "I am very delighted with the good results achieved and the steady up-ward trend in profitability. This prosperous performance is a result of BBK's prudent strategic direction that fosters its market position and reflects its sustained culture of operational excellence and superior customer services. BBK continues to perform very well in the domestic market and our regional and international diversification initiatives are progressing as planned and adding to our growth momentum. During the first half of 2017, we received the final regulatory approvals for our joint-venture investment firm in London "AEGILA Capital Management Ltd", appointed the management team and the firm will very soon start its activities in the global financial center of London. We expect that this joint venture to enhance the products offering to our customers, and provide them with first class investment opportunities in the British Market. In the local market, and continuing with our customer-centric approach, we launched several campaigns during the second quarter of 2017 to provide our customers access to financial services and products at very competitive prices, and rewarded their loyalty with generous prizes including a second instant millionaire. I would like to take this approach to thank our customers for their loyalty".

BBK's balance sheet stood at BD 3,494.0 million as of end of June 2017, 5.6% lower than similar period of last year due to the bank's strategic directions toward more efficient and dynamic approach in managing its balance sheet. Core lending and investing activities remained robust with net loans and advances standing at BD 1,695.5 million (December 2016: BD 1,767.1 million) and Investment securities standing at BD 765.5 million (December 2016: BD 768.1 million). Treasury bills portfolio amounted to BD 415.9 million (December 2016: BD 401.6 million). The bank's liquidity and funding positions remained at very comfortable levels with a liquid assets portfolio (consisting of cash and balances with central banks, deposits with banks and other financial institutions, and treasury bills) of 26.0% of total assets, a strong customer deposits base of BD 2,171.4 million and a loans to customer deposits ratio of 78.1%. Total equity attributable to owners reached BD 477.3 million as of 30 June 2017 with a capital adequacy ratio that is well above minimum regulatory requirements.

During the same meeting, the Board discussed other important issues on its agenda such as the review of the Bank's strategic initiatives for the years (2016-2018), its technological strategies for the upcoming periods, the quarterly liquidity report, the half yearly investment portfolio performance, and some of the risk management policies. The Board of Directors has also reviewed the Board Charter and the Board Committees' terms of reference and other policies, in addition to the review and approval of the terms of reference of the newly established "Independent Directors Committee", with the objective of effective decision making.

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

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### **About BBK**

BBK has been the pioneer in Commercial Banking for 46 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](http://www.bbkonline.com), along with the telebanking, cash depository machines and automated teller machines services. BBK is proud to be honored 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. Aside from many industry related awards, BBK is ISO 27001 & ISO 22301 certified for its Information Security Management System (ISMS) and Business Continuity Management System (BCMS).

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