

**BBK Press Release – to be released April 19<sup>th</sup> 2016**

**BBK reports a net profit attributable to the owners of the bank of BD 15.28 million for the first quarter of 2016**

The Board of Directors of BBK, yesterday approved the financial results for the first quarter of 2016. The bank recorded a net profit attributable to the owners of BD 15.28 million, an increase of 2.9% compared to the corresponding period of the previous year of BD 14.85 million.

Commenting on the Bank's results, the Board of Directors expressed its satisfaction and commented "We are pleased with the good performance of the bank and our ability to enhance shareholders' return continuously. The bank was able to achieve a 2.9% growth over the same period of 2015, despite the unprecedented macroeconomic challenges, economic uncertainties, and the volatility in financial markets that started by the movement of China's Financial Markets in 2015 followed by the historical fall in oil prices, which continued during the first quarter of 2016. We demonstrated once again the robustness of our business model and our ability to adapt our operations to the market circumstances and contribute positively to all our stakeholders at all times. In addition to the success in achieving the financial objectives, we took important measures to achieve the strategic objectives set for the period by deepening our domestic market penetration through opening our seventeenth branch in Bahrain Hidd area, and enhancing our international presence as the bank successfully obtained a license to open a representative office in the Republic of Turkey.

The increase in net profit was fueled by a 9.4% hike in operating revenues to reach BD 32.2 million compared to BD 29.5 million during the first quarter of last year. Net interest income soared by 14.0% from BD 17.9 million to BD 20.4 million at the end of the first quarter of 2016 as the bank continued its efforts to restructure its balance sheet toward higher yielding assets. Foreign Exchange, investment, and associates' income increased by 6.3% to BD 4.5 million (March 2015: BD 4.3 million) during the aforementioned period, while fees income stood at BD 7.3 million (same level of last year).

As the bank continued to invest in its human capital, technology infrastructure and distribution networks, operating expenses increased by 11.1% to stand at BD 13.0 million for the first quarter of 2016 compared to BD 11.7 million during the same period last year. Nevertheless, BBK was able to maintain an excellent cost to income ratio of 40.3% reflecting the bank's ability to exert proper cost control and generate healthy growth in revenue streams.

Total comprehensive income for the first quarter of 2016 stood at negative BD 0.6 million compared to BD 9.4 million recorded for the same period of 2015 due to revaluation adverse impact arises from the severe volatility in the market prices of some investments.

In line with the bank's prudent provisioning policy, BBK set aside BD 3.7 million as net provision for its exposures, bringing the total coverage ratio for impaired loans to a very safe level of 123.8%(considering both specific and collective provisions), at the same time reducing the non-performing loans by BD 1.98 million from the 2015 year-end balance.

Commenting on the bank's performance, Mr. Reyadh Sater, Chief Executive said "year 2016 marks the first year of our new 2016-2018 strategic cycle and I am very happy with the strong start we have. We were able to maintain our growth momentum, increase our profitability and expand our balance sheet by weathering the storm that hit the financial markets and withstanding the slowdown in the local and global economy. Moreover, we continued building adequate reserves for our exposures, as well as maintaining ample liquidity. Furthermore, during the first quarter of 2016, we planned for the issuance of new regulatory capital and we successfully completed the regulatory and legal requirements and started the subscription period on 3<sup>rd</sup> April 2016. We will use the new regulatory capital to grow our core activities and vigorously pursue the objectives of our new strategy".

BBK's financial position as of 31<sup>st</sup> March 2016 showed a growth of 3.6% year-to-date, standing at BD 3,777.3 million. The growth in the balance sheet was mainly a result of the bank's shift in strategy towards maintaining higher stocks of highly liquid assets, to help the bank cater for any liquidity pressures that might be triggered by the prevailing market circumstances. To support this strategy; the bank increased its liquid assets portfolio consisting of cash and balances with central banks, deposits with banks and other financial institutions, and treasury bills from BD 1,005.9 million as of 31<sup>st</sup> December 2015, to BD 1,142.8 million as of 31<sup>st</sup> March 2016 (an increase of 13.6%). As a result, the liquid assets to total assets ratio increased to 30.3% (December 2015: 27.6%). The bank' capital base remained to be at comfortable level with capital adequacy ratio of 13.55%, well above the regulatory requirement.

The total net loans and advances portfolio stood at BD 1,750.7 million (December 2015: 1,764.8 million), while the non-trading investment portfolio stood at BD 764.5 million (December 2015: BD 758.1 million), as the bank continued its efforts to re-structure its balance sheet towards higher yielding assets, evident by higher net interest income reported during the quarter. Customer deposits continued to stand at strong levels of BD 2,668.0 million compared to BD 2,642.9 million in December 2015.

During the same meeting, the Board discussed other important issues on its agenda such as the investment strategy 2016, the annual liquidity strategy and some of the Board level policies and 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.