

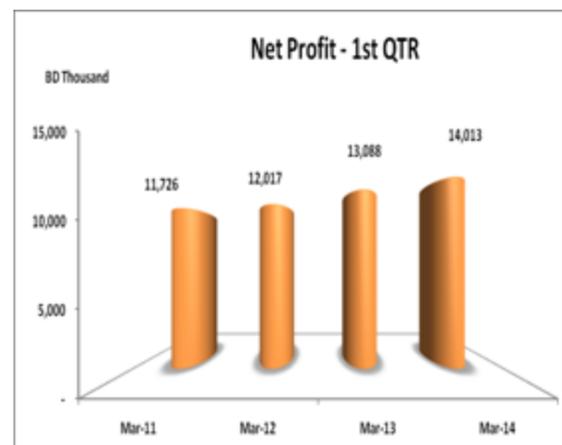
Press Release

BBK reports net profits of BD 14 million for the three months ending 31st March 2014

BBK's Chairman of the Board of Directors, Mr. Murad Ali Murad announced yesterday the Board of Directors' approval of the bank's financial results; where the bank reported BD 14.0 million, a 7.1% growth in net profits for the three months ended 31st March 2014, compared to BD 13.1 million for the same period of last year. The earnings per share reported for the period was 14 fils per share (2013: 13 fils per share).

In appreciation for the achieved results, Mr. Murad Ali Murad, commented that "BBK's achieved success was a result of a series of successful strategies and initiatives which the bank embarked to implement year after year. Prudent risk management practices, diversified investment strategies, innovative technologies, as well as optimized expenditures on human resources and capital infrastructure, were the focus of the bank's management to achieve these very satisfying results, despite the challenging and competitive operating environment of the banking sector. The bank is expected to continue doing well for the remainder of the year, especially as we have started reaping the fruits of implementing the cost optimization initiatives which the bank implemented during 2013"

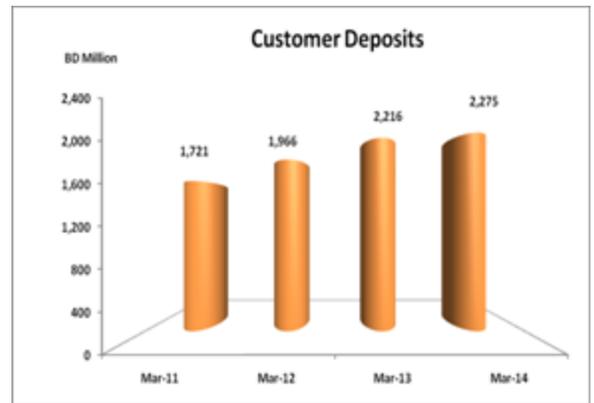
Despite the challenging loans market in Bahrain, and the shrinking margins, BBK managed to slightly increase its net interest income to BD 17.1 million in March 2014. Fee income generated from loans, credit cards, commercial services, and other services have reported a notable increase of 12% to reach BD 6.7 million. The bank also reported good foreign exchange and investment income of BD 4.8 million at the end of first quarter of 2014. In line with its conservative approach, the bank provided adequate provision reserves during the quarter of BD 3.2 million, mostly in the form of discretionary provisions against unexpected deteriorations in the market.



The bank was successful in implementing the cost optimization initiatives during 2013 which helped the bank in reducing its operating expenses, by 7.6% to reach BD 11.4 million (March 2013: BD 12.4 million), and improved its cost to income ratio from 42.6% to 39.9%. Yet, the bank continued to invest in its human resources capital as well as the bank's infrastructure to ensure that it offers its customers the best banking experience in the Kingdom.

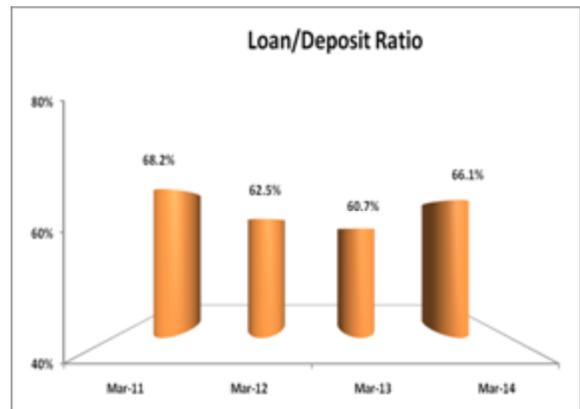
Comprehensive income reported a remarkable growth of 19.0% to reach BD 20.3 million for the first quarter of 2014, compared to BD 17.0 million reported for the same period of last year. The comprehensive income was affected positively by the improvement in fair market value of the bank’s investment portfolio by BD 1.4 million (34.4% increase compared to the same period of last year), the increase in net profits for the period by BD 1.0 million, and the improvement in the foreign currency translation adjustment of BD 0.9 million.

BBK’s financial position as of 31st March 2014 shows a growth of 3.8% compared to its position as of the end of the same period of last year, standing at BD 3,321 million. The growth in the balance sheet was due to the increase in the bank’s loans and advances portfolio by 12.2% to reach BD 1,728 million (March 2013: BD 1,540 million), and the increase in non-trading investment portfolio by 1.3% to reach BD 727 million (March 2013: BD 718 million). The growth in the assets of the bank was fuelled by a growth in the bank’s customer deposits portfolio from BD 2,216 million as of 31st March 2013, to BD 2,275 million as of 31st March 2014.



As a result of the bank’s efforts to utilize the excess liquidity for better returns, the bank liquid assets ratio (Cash & balances with central bank, treasury bills, and deposits with banks to total assets) was managed to stand at 22.1% compared to 25.5% as of March 2013, while the loans to deposits ratio managed to be at 66.1% (March 2013: 60.7%).

Mr. Abdulkarim Bucheery, Chief Executive said: “BBK continues to place itself smartly in the market. We are pleased about the steady return which the bank offers to its shareholders, particularly that the whole revenues continue to be generated from core activities, weighting the prevailing competitive environment that keeps trying to squeeze the margins and pressurize pricing decisions. The appreciation and gratitude for the achieved results are directed to our valuable customers who continue to have confidence in the bank, to our shareholders who continue to offer their support, to the members of the executive management who keep investigating practical and more efficient operational frameworks to run the bank, and to our dedicated employees who put doubled efforts to ensure that the bank achieves its goals”



Editors notes:

About BBK

BBK has been the pioneer in Commercial Banking for 40 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, 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.

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