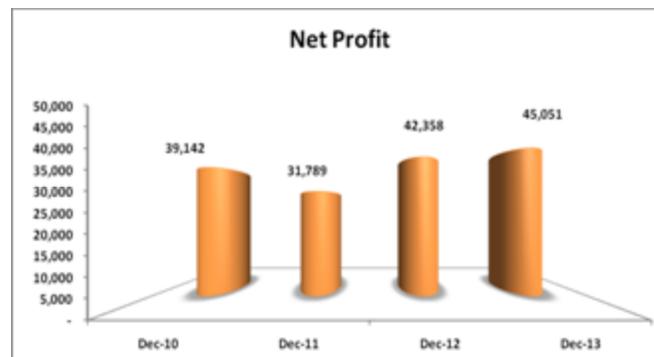


## BBK reports BD 45.1 net profits for the year ended December 2013

BBK Board of directors announced yesterday net profits of BD 45.1 million for the year ended 31 December 2013, with a growth of 6.4% over last year reported results of BD 42.4 million; with earnings per share of 49 fils (2012: 46 fils per share).

On this occasion, Mr. Murad Ali Murad, Chairman of the Board of Directors, conveyed his gratification of the achieved results stating: “It is my pleasure to announce that BBK has had another successful year. Our 2013 results are a testament to the strength of our business model and the performance of our talented and dedicated employees with a newly aligned Executive Management team. The success in 2013 stems from, and builds upon the financial performance and is in pursuit of the goals set out in our 2013-2015 Strategic Plan. We have developed our business across diverse revenue streams, further expanded our horizons in overseas endeavors and successfully implemented an organization-wide restructuring program while maintaining a high level of profitability and growth.”

Mr. Murad Ali Murad further added “Thanks to the skills and commitment of the Bank’s Governing Board and the Executive Management team, the implementation of internal restructuring initiatives in line with our strategic objectives were seamless and I feel confident as we journey into 2014, BBK will be even more effective and competitive organization by streamlining activities, optimizing human capital, fostering synergies between divisions and automating many processes.”



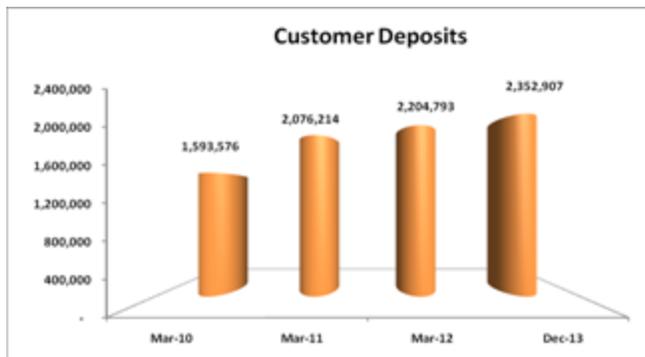
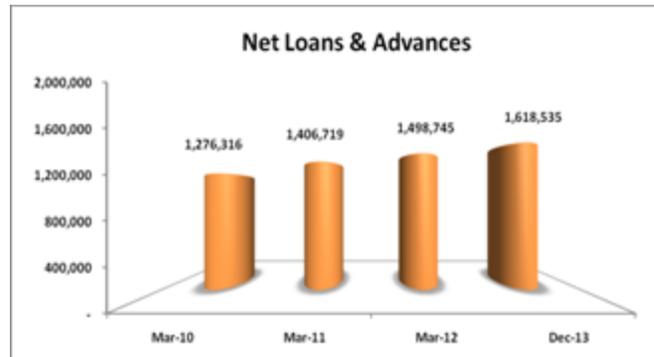
BBK showed sustainable growth in net interest income of 4.7% to reach BD 68.9 million compared to BD 65.8 million reported in 2012. The successful investment strategies implemented during 2013, along with increased FX volumes resulted in increasing the FX and investment income by a solid 24.7% to reach BD 17.4 million compared to BD 13.9 million reported in the same period of last year. Fees and Commission income stood at BD 26.2 million (December 2012: BD 27.5 million). Comprehensive income was reported at BD 52.0 million for the year ended December 2013.

Operating costs grew by 10.7% to reach BD 54.4 million in December 2013 compared to BD 49.1 million recorded in the corresponding period of last year. The increase in operating costs was mainly driven by the one-off costs incurred as part of the organizational restructuring and early retirement plans which was implemented during the year.

Extensive efforts and progresses were made during the year toward improving the quality of the bank’s loans and investment portfolios that resulted in reducing the provision requirements for the year from BD 15.0 million in 2012 to reach BD 12.1 million in 2013, despite the fact that the general provisions

reserve has been increased during the year in line with the conservative approach followed by Management for providing for unexpected adverse movements in the markets.

Based on the above performance, the Board of Directors has decided to raise its recommendation to the shareholders for a profit distribution of 20%, comprising of 10% cash dividend per share, and 10% stock dividend per share, with earnings per share of 49 fils.



During the three months ended 31<sup>st</sup> December 2013, BBK registered net profits of BD 10.6 million compared to BD 10.3 million reported for the same period of last year, with net interest income of BD 17.4 million (Q4 2012: BD 17.4 million). Other income including fees and commission, FX and investment income stood at BD 10.9 million for the fourth quarter of 2013 (Q4 2012: BD 10.3 million). Operating costs stood at BD 15.1 million, and the bank reported provision charges net of recoveries of BD 2.5 million for the fourth quarter of 2013, compared to BD 5.3 million reported in similar period last year.

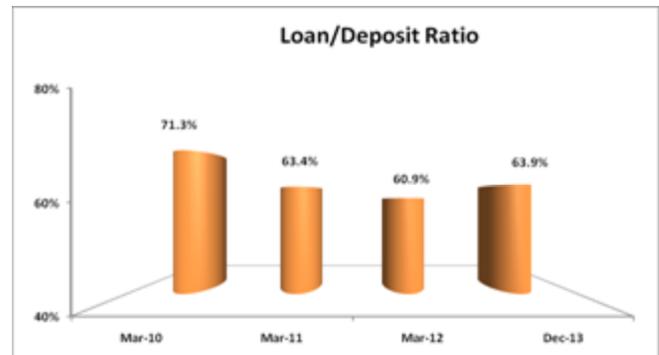
Commenting on the results, Mr. A.Karim Bucheery, Chief Executive said: “I am proud to say that BBK has returned an excellent financial performance in 2013. The numbers speak for themselves, but we are particularly pleased to have achieved these results in a year that saw us making important structural changes while fulfilling challenging of commitments laid out in our Strategic Plan. Our success testifies to the dedication and skill of BBK’s employees, managers and Board of Directors and our responsible actions.”

He also added: “In 2014, BBK will build on the success of 2013 by continuing to increase and diversify business activities across Bahrain, in the GCC region and selective international. In line with strategic objectives, BBK extended its reach into the Indian market this year, opening a third branch in Aluva city and obtained a license from the Reserve Bank of India for a fourth branch, scheduled to open in 2014 in New Delhi city. Regional branches in Kuwait and Dubai also continue to gain, showing positive future outlooks. With regards to our subsidiaries, a recommitment to CrediMax has helped the Bank defend its market share in the card business while Invita expands regionally opening a new branch in Kuwait. 2013 has been a transformative year for BBK and I’m very determined and excited to be leading BBK during the next phase of transformation.”

BBK balance sheet for the year ended December 2013 increased by 4.0% to reach BD 3,231 million, compared to BD 3,108 million recorded as of December 2012. This was mainly fuelled by the robust sequential growth in net loans & advances and non-trading investment portfolio as well as the increase in customer deposits balances.

Net loans & advances grew by 8.0% to reach BD 1,619 million (2012: BD 1,499 million), while customer deposits grew by 6.7% to amount to BD 2,353 million, compared to BD 2,205 reported in December 2012. Non-trading investment portfolio continued its upward positive trend to stand at BD 744 million compared to BD 717 million registered in the corresponding period of last year.

BBK managed to keep its liquidity and funding positions at very comfortable levels with loans to deposits ratio standing at 63.9% compared to 60.9% in 2012, and capital adequacy ratio remained at comfortable levels well above the regulatory requirement.



It worth mentioning that Fitch Rating Agency has recently upgraded BBK's Long-Term Issuer Default Rating (LT IDR) to 'BBB', with a 'Stable' outlook.

- Ends -

#### **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](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.

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