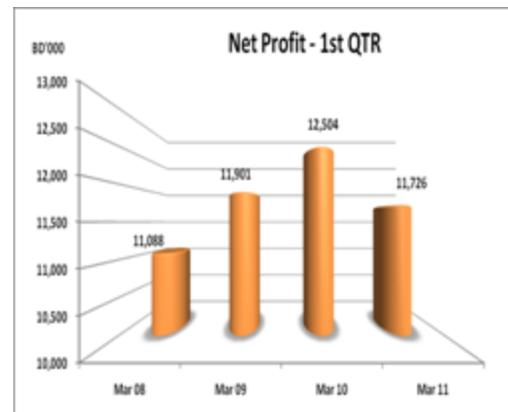


## BBK reports net profits of BD 11.7 million for the 1<sup>st</sup> Quarter 2011

Mr. Murad Ali Murad, Chairman of the board of directors of BBK, announced yesterday, April 17<sup>th</sup>, BBK's financial results for the three months ended 31 March 2011, which revealed a net profit of BD 11.7 million compared to BD 12.5 million in 2010.

Commenting on the results, Mr. Murad Ali Murad said "Despite the challenging financial environment during the 1<sup>st</sup> quarter of 2011, BBK has achieved a net profit of BD 11.7 million, while continuing our focus on expanding the Bank's core business in retail and corporate in the region, which is stemming from the Banks' Strategic Plan 2010-2012, highlighting BBK's commitment in maximizing shareholders' value on the long term".

For the quarter ended March 2011, the Bank reported net interest income of BD 13.8 million compared to BD 15.4 million of the same period of last year which included BD 2.2 million gain on redemption of sub-debt (March 2011: BD 283M). Fees and commissions witnessed a slight growth over the same period of last year to reach BD 5.8 million. Investment assets contributed BD 4.8 million to the net profit, compared to BD 8.7 million for the period ended 31<sup>st</sup> March 2010, which included BD 4.4 million non-recurring investment income arose from the sale of non-trading investments. Excluding such non-recurring investment gain, investment income increased 12% over 1<sup>st</sup> quarter of 2010. Loans and investment provisioning requirements has decreased to BD 1.1 million compared to BD 6.5 million of the same period of last year, reflecting improvement of asset quality and better quality control over the same.

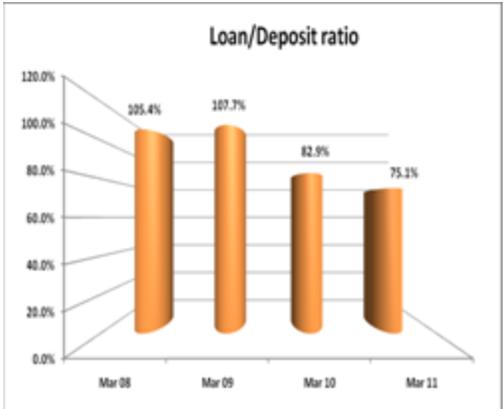
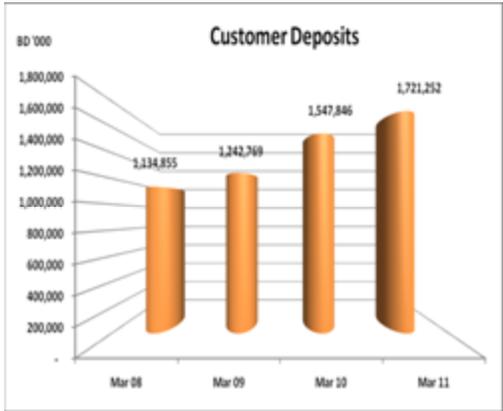


Operating costs increased by 7% compared to the same period of last year, as the Bank continues to invest in various strategic initiatives, focusing on improving customer service and expanding its customer outreach to more active locations around the Kingdom. On the same, the Bank has opened a new modernized branch in Souq Waqif during March 2011, which was located in a more strategic location. The branch will be able to serve more customer base and enable our clients to perform their day to day banking transactions in a modern and comfortable atmosphere. The Bank is also in the process of building another two similar branches, the first in Al Seef Area in CrediMax new building which is expected to be launched during May 2011, and another in BBK Health Centre at Hidd which is expected to be launched early next year.

Mr. A.Karim Bucheery, Chief Executive, said "The financial results of the Bank for the first quarter of 2011 were pleasant, indeed if we were to exclude the non-recurring gain on the sale of non-trading investments, and partial redemption gain of our sub-debt, the Bank net profit would have grown significantly compared to the same period of last year. Hence our

continuous success is a sign of financial system strength in Bahrain. On the other hand, the Bank is currently reviving its strategic plan for the year, to ensure developing appropriate plans to face the recent market challenges including offering support to our clients with cash flow difficulties to assist their business repositioning process. We are aiming to maintain the bank’s goals and objectives for the year, while ensuring that we maximize the value of our shareholders’ and the interests of our customers.”

BBK’s balance sheet has grown by 7% to BD 2,415 million, compared to the same period of last year, with customer deposits growth of 11% to reach BD 1,721 million, driven mainly by the increase in retail banking deposits. This was accompanied with a growth in Loans & advances by around 1% to BD 1,293 million, compared to BD 1,284 million in March 2010, and compared to December 2010 balance of BD 1,276 million. This shows a slight upward trend in loans market after being almost flat during 2010, and we are hopeful that 2011 will witness further growth. Non-trading investment portfolio has increased by 13% in an effort from the bank to diversify its activities and income sources.



Liquidity parameters stood at very comfortable positions, with liquid assets (Cash and balances with central banks, Treasury bills, trading investments, and placement with financial institutions) to total assets ratio improving from 24% to 26%, and loan to customer deposit ratio improving from 83% to 75%. Capital Adequacy remained at a very comfortable level, well above regulatory requirements. It’s worth mentioning that the Bank has successfully repaid its Euro Medium Term Note of USD 500 million matured during March 2011, reflecting the financial strength and the

comfortable liquidity levels the bank stands on.

On the outlook for the remaining period of the year, Mr. Murad Ali Murad, commented: “there is no doubt that all banks and companies are facing a very challenging year, which Bahrain didn't witness before, but we are confident of the strength of the financial system in Bahrain, and we highly value the continuous guidance provided by the Central Bank of Bahrain to all the banks on the Island, and we also value the confidence of our investors and customers in the bank. We look to close this year with a better performance than last year, and we will work on reviving our strategy on a continuous basis to achieve our targets”.

## **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 ebanking 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 awarded the “Distinguished Corporate Governance” at the “Hawkamah-UAB 2010 Bank Corporate Governance Award”. This award has become a prestigious, competitive and highly coveted bank award that highlights the industry’s strong commitment to good corporate governance.

For Media Enquiries, you may contact:

Abeer Swar

Officer

BBK- Corporate Communications Department

P.O. Box 597

Kingdom of Bahrain

Tel:17207240

Fax:17215587

email:[swar@bbkonline.com](mailto:swar@bbkonline.com)

Website : [www.bbkonline.com](http://www.bbkonline.com)