

## **BBK reports net profits of BD 31.8 million for the year ending 2011**

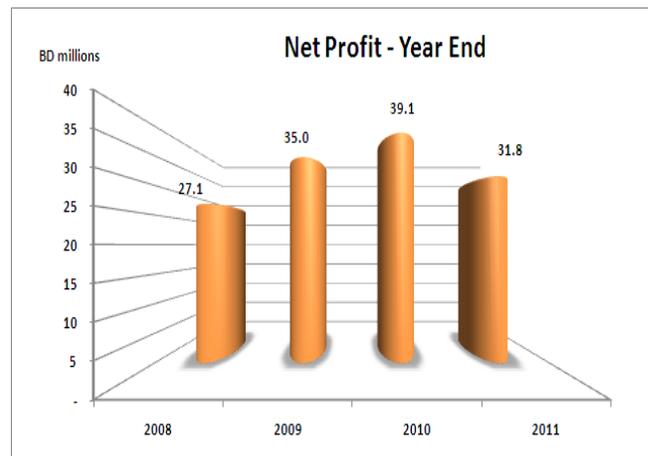
BBK announced that its Board of Directors have approved the Bank's financial statements for the year ended 31<sup>st</sup> December 2011, in the meeting held on Sunday 29<sup>th</sup> January 2012. Mr. Murad Ali Murad, the Chairman of the Board of Directors said "I am pleased to announce that in 2011, BBK produced good financial results, achieving a net profit of BD 31.8 million, compared to BD 39.1 million in 2010." Based upon, the Board has recommended a dividend of 25 fils per share

Mr. Murad commented on the results saying: "It was a year which saw continued turbulence in world markets stemming in large part from the sovereign debt crisis in the Eurozone and the fear that the United States would fall back into recession. In addition to lackluster global economic growth, there have also been a number of uprisings in countries across the Middle East and North Africa region. Bahrain itself has had periods of civil unrest which has been exceeded and this has inevitably had a negative impact on business sentiment locally. Despite these events, none of which were foreseen a year ago, the outstanding efforts of the BBK management team and all employees have ensured that BBK's businesses have continued to perform well".

For the year ended 31<sup>st</sup> December 2011, the bank reported a solid growth in net interest income of 9.6% to reach BD 58.9 million. Fees and commissions also grown by 3.9% compared to December 2010 to reach BD 26.3 million.

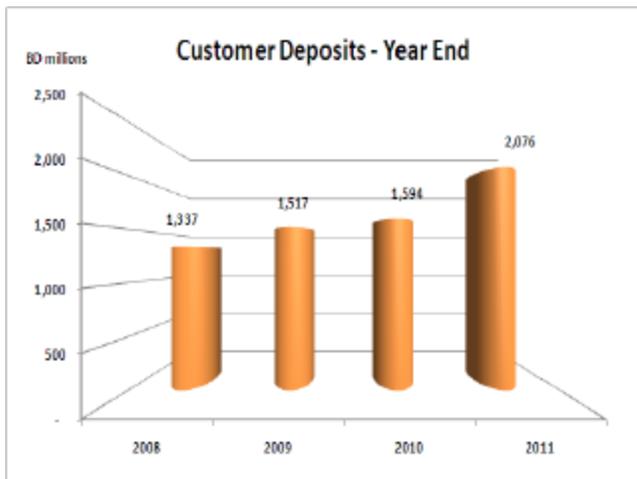
Investment income stood at BD 20.6 million compared to BD 30.1 million for the period ended 31<sup>th</sup> December 2010. The investment income included BD 9.2 million of income that arose from the exchange of BBK sub-debt notes to senior notes in November 2011.

The bank has exchanged around 85 per cent of its subordinated notes with a senior debt notes. Since the exchange is done on a substantially different terms, it is accounted as an extinguishment of the old debt. The differences between the carrying amount of the old sub-debt (extinguished) or transferred to the investors and the new liabilities assumed is recognized as other income. Other investment income also includes a gain on the redemption of sub-debt of BD 0.6 million (2010: BD 2.2 million). The investment income in year 2010 included non-recurring income arose from the sale of non-trading investments of BD 17.1 million. BBK follows a prudent approach to risk management, where BD 25.5 million



was taken as provisions to cater against unexpected losses caused by market turbulences out of which around BD 6.0 million was provision set to cater for the changes in the fair market value of investments

For the three months ended 31<sup>st</sup> December 2011, BBK reported a net profit BD 4.7 million compared to BD 7.9 million for the same period of last year, with net interest income of BD 14.9 million, being higher by 37.0%, along with other income at BD 18.2 million being higher than last year income by BD 9.8 million, and provision charges at BD 16.3 million, compared to BD 0.5 million last year.



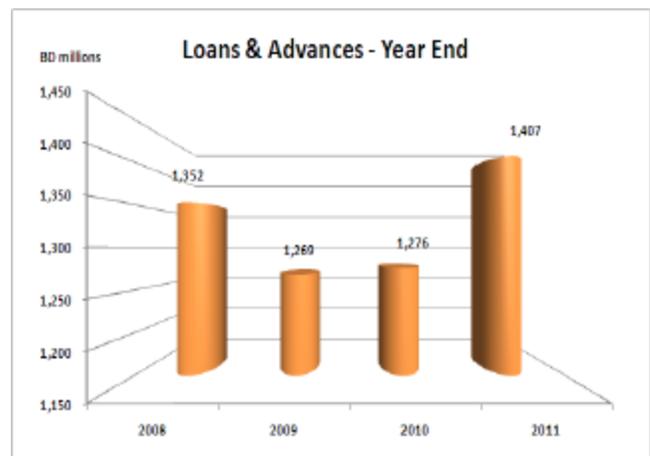
Mr. Abdulkarim Bucheery, Chief Executive said: “2011 was the second year of BBK’s 2010-2012 3-year Strategic Plan and we have continued to focus on implementing the key initiatives for growth outlined in this plan. Of the initiatives BBK implemented during the year was the transition of CrediMax, the bank credit cards subsidiary to Seef district to be able to provide high quality services to customers in the credit cards business, and be equipped for further expansion in the future as well as the imminent expansion of the distribution network of the bank by opening a

branch at the Credimax’s headquarters and adding eight new devices of the ATM.

BBK **launched “BBK Cashlink”**, which is a new internet accessible payments management system. The bank has also launched a new service for NRIs (Non Residents Indians) in Kuwait – through a joint venture between BBK, BNP- Geojit of India and a Kuwaiti partner to offer the NRI’s an opportunity to purchase a range of investments products in India.

Mr. Bucheery commented further on those initiatives by saying: “The success of the adopted strategy can be evidenced by the growth achieved in the reported loans and advances, investments, and customer deposits, despite the prevailing slow down in the market”

BBK’s balance sheet as of 31<sup>st</sup> December 2011 stood at BD 2,765 million, a growth of 13.0% compared to last year. The growth in the balance sheet was driven by the growth of net loans & advances by 10.2% to stand at BD 1,407 million, and the growth in non-trading investment portfolio by 32.6% compared to December 2010 to reach BD 564 million. Customer deposits on the other hand grew



during the year by 30.3% to reach BD 2,076 million, benefiting from the flights to quality that started when the Global Financial Crisis hit in 2008. Depositors remained focused on the quality of the institutions where they put their funds and despite the ratings downgrade to both the Kingdom of Bahrain and Bahrain banks, BBK has proved a favored destination for funds.

Mr. Bucheery extended the BBK leadership team's sincere appreciation to the bank's customers for their loyalty and trust, the bank's shareholders for their ongoing support, and all staff members for their dedication and hard work.

### **Editor's 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 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:**

Alya Khunji  
Officer  
BBK - Corporate Communications Department  
P.O. Box 597  
Kingdom of Bahrain  
Tel:17207512  
Fax:17215587  
email:[alya.khunji@bbkonline.com](mailto:alya.khunji@bbkonline.com)  
website : [www.bbkonline.com](http://www.bbkonline.com)