



BBK net profit up 16.1% despite taking more provisions

BBK has announced a growth of 16.1% in its net profits for first three months of 2008 when compared to the same period last year. The bank's profits for the period, attributable to the shareholders of the parent, rose to BD 11.1 million as compared to BD 9.5 million in the previous year.

The bank's core operating performance improved significantly during the period, though the financial results were impacted by additional provisions of BD 13.8 million made against certain financial assets. The adverse conditions in the global financial markets had a major negative impact on the bank's exposure in Structured Investment Vehicles managed by likes of Citibank, Dresdner bank, HSBC and Bank of Montreal.

The improvement in underlying profitability was driven by robust growth in net interest income as well as other income. The net interest income for the quarter grew sharply to BD 14.5 million on volume growth, an increase of 25% over the same period last year. The bank's other income also showed impress growth across the business activities, with fees income, foreign exchange income and investment income all showing a good growth.

The operating expenses for the quarter increased by BD 1.3 million, or 19%, as the bank continued to invest in building blocks as part of the strategic initiatives. However, the bank's core cost to income ratio at under 35%, continued to improve as compared to the previous year.

The bank's balance sheet at BD 2.41 billion grew sharply by BD 522 million or 29.7% when compared to March 2007. This reflected a robust business growth, with net loans and advances increasing by 25% to reach BD 1.19 billion and customer deposits at BD 1.26 billion rising by 15%, when compared to March 2007.

The Chairman of the bank, Mr. Murad Ali Murad, said, "In a time where the world financial market is going through turbulence, it is very satisfying that BBK has been able to deliver good results, despite providing conservatively against impacted financial assets. The underlying performance of the bank has been sturdy with considerable improvement in key balance sheet parameters and related fees income streams".

Commenting on the bank's results, Mr. A. Karim Bucheery, Chief Executive Officer of the bank, said, "We are pleased with the improvements in the bank's performance for the quarter which has shown good growth of 16% over the last year despite making exceptional provisions against certain financial assets, which are now adequately provided. The bank is on course to implement all its strategic initiatives and further improve its domestic franchise".

BBK has been the pioneer in Commercial Banking for the last 35 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 such service is the e-banking solutions that provides new generation services through its user friendly award winning website www.bbkonline.com

