

## **BBK discloses its financial results for the half year ended 30<sup>th</sup> June 2018**

BBK (trading code BBKB.BH) announces its financial results for the half year ended 30<sup>th</sup> June 2018. The bank achieved a net profit attributable to the owners of the bank of BD 34.8 million, compared to BD 32.2 million in the previous year, with an increase of 8.1%. The bank also achieved an operating profit (excluding net provisions and tax) during the year of BD 50.6 million, compared to BD 43.7 million of last year, with an increase of 15.8%. The bank achieved Operating revenue of BD 79.0 million, compared to BD 70.3 million in last year, with an increase of 12.2%. Basic Earnings per share were 29 fils compared to 27 fils in last year.

The total shareholders' equity (excluding minority interests) as end of June 2018 was BD 472.0 million compared to BD 498.6 million as end of the financial year 2017, with a year-to-date decrease of 5.3%.

The total assets by the end of June 2018 reached BD 3,685.8 million compared to BD 3,763.1 million as of the 2017 financial year-end, registering a decrease of 2.1%. Net loans and advances continued to grow, achieving a healthy increase of 4.8% year-to-date to reach BD 1,824.5 million compared to BD 1,740.7 million as end of December 2017. Similarly, the Investment securities portfolio increased by 2.0% to stand at BD 764.1 million compared to BD 749.0 million as end of December 2017. The Customer deposit portfolio stood at BD 2,559.7 million compared to BD 2,623.6 million, while the loan to customer deposits ratio stood at a comfortable level of 71.3% compared to 66.3% reported at the year-end of 2017.

The increase in the net profit for the first half of the year in comparison to last year mainly relates to the increase in Net interest income by 14.9% driven by increase in loans and investment portfolio, as well as improvements in margins resulting from sound assets and liabilities management. Other income also increased by 13.7% due to higher investment income resulting from dividend income from equity investments. This was partially offset by the increase in net provisioning requirements of BD 15.2 million at the end of June 2018 (BD 10.8 million in last year) mandated by IFRS 9, as well as the increase in operating costs by 6.3% to BD 28.3 million compared to BD 26.7 million at the end of June last year as a result of the continuous investment in the human capital, infrastructures and processes.

Total comprehensive income attributable to owners amounted to BD 16.5 million for the first half of 2018; compared to BD 40.4 million reported in the corresponding period of last year, representing a drop of 59.1%. While the core operating activities were robust and resulted in higher net profit, the other comprehensive income was negatively impacted by the big volatility in financial markets which led to unrealized valuation losses on investment securities.



The bank achieved a net profit attributable to the owners of the bank during the second quarter of BD 18.1 million, compared to BD 16.4 million during the second quarter of the previous year, with an increase of 10.3%. The bank also achieved an operating profit (excluding net provisions and tax) in the second quarter of BD 25.6 million, compared to BD 21.3 million in the second quarter of last year, with an increase of 20.2%. The bank achieved BD 39.8 million operating revenue during the second quarter, compared to BD 34.8 million in the second quarter of last year, with an increase of 14.4%. Basic Earnings per share during the second quarter were 13 fils compared to 12 fils in the second quarter of last year.

The increase in the net profit for the second quarter in comparison to the second quarter of last year relates mainly to the robust increase in Net interest income by 21.3% due to active balance sheet management and deployment of resources in higher yielding assets such as Loan and advances and Investment securities. While, operating costs were higher by 5.3% and stood at BD 14.2 million, net provision charges were also higher by 56.5% and stood at BD 7.1 million as the bank continued to build strong provision reserves to reinforce its resilience and cope with the challenging market conditions.

Commenting on the bank's results, the Board of Directors expressed their satisfaction stating , "The Board is pleased to announce the positive results for the first half of 2018. It is due to the loyalty of our customers, support of our shareholders, and dedication of the management and employees that the bank continues to excel and substantiate its place as one of the key players in Bahrain's financial market."

Also commenting on the results, Mr. Reyadh Sater, BBK's CE said "Once again, BBK continues its path to grow profits, strengthen results, boost the bank's financial position and increase shareholders' value".

Reflecting BBK's robust financial position, the bank paid off on a timely basis its Euro Medium Term Note that has matured in June of this year, amounting to USD 130 million, while still maintaining strong liquidity and financial position.

During the same meeting, the Board discussed other important issues on its agenda such as the review of the Bank's strategic initiatives for the years (2016-2018), the quarterly liquidity report, the half yearly investment portfolio performance, and some of the risk management policies and draft guidelines issued by the Central Bank of Bahrain. The Board of Directors has also discussed some procedural issues relating to the Board and the annual assessment of the independence of directors, with the objective of effective decision making.

The discussion of these items is in accordance with the Board of Directors' overall responsibility in directing the Bank and its executive management towards greater growth and sustainability.

The full set financial statements and the press release are available on Bahrain Bourse's website.