

## Another remarkable year for BBK reporting (BD 39.15 million) USD 103.84 million in net profits (11.80% growth over last year)

BBK announced that the Bank's Board of Directors in their meeting on Sunday 30th January 2011 approved the Bank's financial statements for the year ended 31 December 2010. Mr. Murad Ali Murad, the Chairman of the Board of Directors said "I am very pleased to report that BBK achieved a record net profit of BD 39.15 million in 2010 with return on equity of 16.90 per cent compared to 16.38 per cent in 2009. Total assets at the end of the year grew by 7.38% to reach BD 2,447 million compared to BD 2,279 million in 2009. The Board has recommended a cash dividend of 25 fils per share".

The growth in net profit was attributed to the increase in fees and commission income by 14.6 per cent to reach BD 25.27 million. Investment income also has grown from BD 9.2 million in December 2009, to BD 27.85 million, which included non-recurring gain on sale of non-trading investment in Kuwait during the first quarter of 2010. Net interest income on the other hand, stood at BD 55.96 million, which included gain on partial redemption of medium term loan of BD 2.22 million (2009: BD 7.69 million).



Though BBK has invested in number of initiatives during the year, including but not limited to opening two financial malls, one on the Exhibition Road and another in Isa Town, the launch of Cash Management Platform, beside investment in training and employees development, BBK costs were well controlled with growth of only 6.3 per cent compared to last year, improving the cost-to-income ratio from 46.4 per cent as of December 2009 to 41.8 per cent. Additionally, as a precautionary measure to strengthening BBK's position against future unexpected market downturns, general portfolio provision reserves have been increased significantly during the year, in line with the bank's strategic plan.

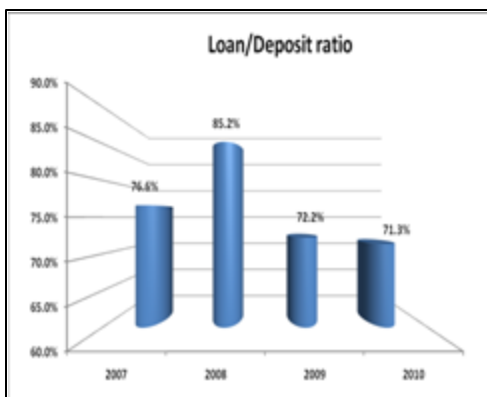
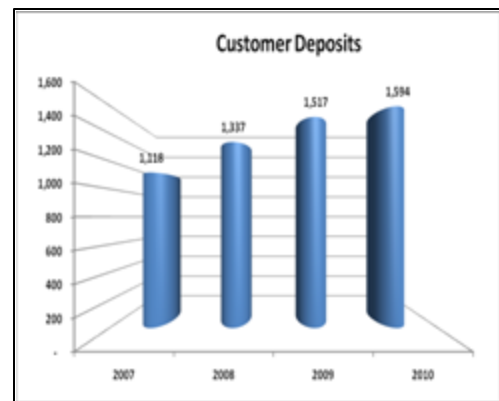
"During 2010 we began implementing the various initiatives as been outlined in our Corporate Strategic Plan for 2010-2012. We have been able to get off to a strong start and the fact that BBK achieved a new record net profit gives us considerable satisfaction" Mr. Abdulkarim Bucheery, Chief Executive of BBK, said.

He added that "We have re-focused our efforts squarely on local and regional business. A number of initiatives which started in 2009 were completed during 2010 and the benefits of these are now being realized. There has been strong growth in our customer deposit base, particularly on the retail and local corporate sides of the business. On the corporate side we

have been able to increase market share, helped by the launch of our new cash management platform”

The net profit for the fourth quarter of 2010 stood at BD 7.9 million compared to BD 10.0 million for the same period last year. While other income increased to BD 7.90 million, compared to the same period of last year of BD 6.70 million, net interest income stood at BD 13.1 million compared to BD 15.9 million which included a gain of BD 1.8 million from the buy back of the sub-debt in last quarter of last year (Q4-2010: nil).

BBK balance sheet grew by BD 168 million to reach BD 2,447 million as of end of December 2010. Customer deposits grew from BD 1,517 million to BD 1,594 million, reflecting customers’ confidence in the bank. This helped improving the liquidity of the bank as can be witnessed from the improved loan to deposit ratio of 71.0 per cent (2009: 72.0 per cent), and liquid assets (including cash, balances with central banks, treasury bills, and deposits with banks and financial institutions) to total assets of 27.0 per cent (2009: 25.7 per cent). Non-trading investments has grown by 19.1 per cent to reach BD 425.4 million, in line with bank’s strategic plan, making a solid contribution to the bank income in 2010. Loans portfolio marginally grew from BD 1,269 million to BD 1,276 million with a more focus on quality lending opportunities available in the market. Capital Adequacy also stood comfortably well above the regulatory requirement at % , compared to 17.51% as of end of 2009.



BBK enjoys a stable rating outlook from two globally recognized rating agencies. Fitch Ratings has assessed the Long Term IDR at A-, with stable outlook, and the Short Term IDR at F2. Moody’s has rated the Bank Deposit Obligation (FC & LC) at A3/P-2, with a Bank Financial Strength of C-, a Long Term Senior rating of A3, and subordinated debt of Baa1.

On the way looking forward for 2011, Mr. Murad said “As 2010 proved, BBK is following the right path for success amid all the difficulties and challenges in the market. With

the success achieved in 2010, we will be looking for even more ambitious targets in 2011, and I am sure that the well balanced strategy developed by BBK, will help us achieve that objective”. He finally thanked the outgoing Directors Mr. Jamal Al Hazeem and Mr. Khalid Janahi for their valued contributions during their tenures. He also thanked current Board of Directors for providing the vision and guidance to ensure continued success of BBK in the



highly competitive industry, and BBK management and employees for their contribution to the remarkable success.

From his side, Mr Bucheery expressed his deep appreciations and sincere thanks to the Government of the Kingdom of Bahrain, particularly its Central Bank and BBK Board of Directors for their continued support and guidance. He also thanked the entire staff members of the Bank for their dedication and hard work amidst such challenging environment that has resulted in achieving such impressive results.

### **Editors notes:**

#### **About BBK**

BBK has been the pioneer in Commercial Banking for over 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 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.

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