

BBK posts net profit of BD 9.6 million for 1st Quarter 2007

BBK has announced a net profit of BD 9.6 million for the first quarter of 2007, an increase of 6% over the last year's first quarter profits of BD 9 million. However, the income for 2006 included seasonal dividend income of BD 0.48 million received from a particular investment while similar income for 2007 was not recorded in the first quarter pending shareholders approval. If adjusted for comparison purposes, the underlying net profit for the current year would be higher by BD 1.0 million or 12% as compared to last year.

The improvement in profitability was mainly driven by continuous growth in net interest income, which at BD 11.5 million grew impressively by 19.5% when compared to the same period in 2006. The growth was driven by sharp increase in customer loans and investment securities.

The bank's FX and fees income for the period also increased to BD 4.2 million, an increase of 13% over previous year. The main contributors to the increase were foreign exchange income, card income and corporate commission.

The operating expenses for the bank increased by about BD 1.0 million (16%) as the bank continued to invest in further building the business. Despite the increase, the bank's cost to income ratio improved further to 40%, compared to 41.4% for the year 2006. The bank continued to provide prudently against impaired assets, which resulted in a net provision charge of BD 0.93 million for the quarter.

The bank has also shown a healthy growth in its balance sheet which increased to BD 1,859 million from BD 1,694 million in December 2006, an increase of BD 165 million or 10% in one quarter. The growth was reflected in all key balance sheet parameters such as customer loans, customer deposits and investment securities.

The bank's performance indicators also improved further in line with the operating results. The basic and diluted earnings per share (annualised) increased to 58 fils compared to 52 fils for the year 2006 while return on average equity was up at 22%, compared to 19.1% for 2006.

Commenting on the bank's results, Dr Farid Al-Mulla, General Manager Chief Executive Officer, expressed his satisfaction with the progress made and improvement in the core profitability driven by robust growth in the balance sheet. He added that the bank was going through a phase where it was building capabilities which required considerable investment in human resources and infrastructure, the returns on which would come in the near future.

Dr Farid Al Mulla thanked the Bank's shareholders for their continuous support, customers for their patronage and employees for their commitment and hard work.