

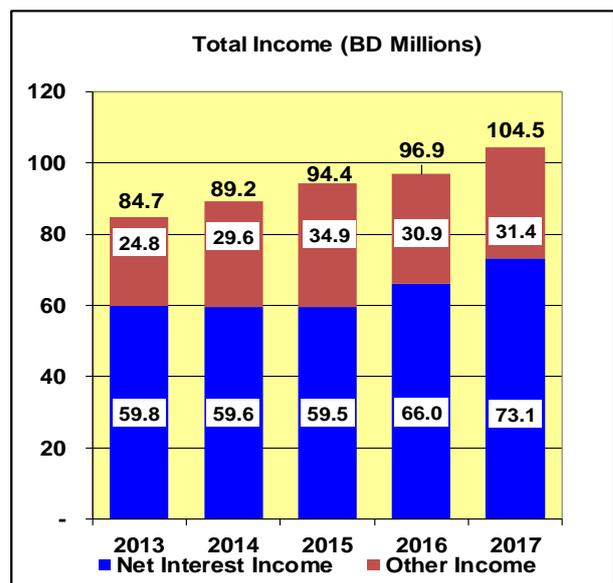
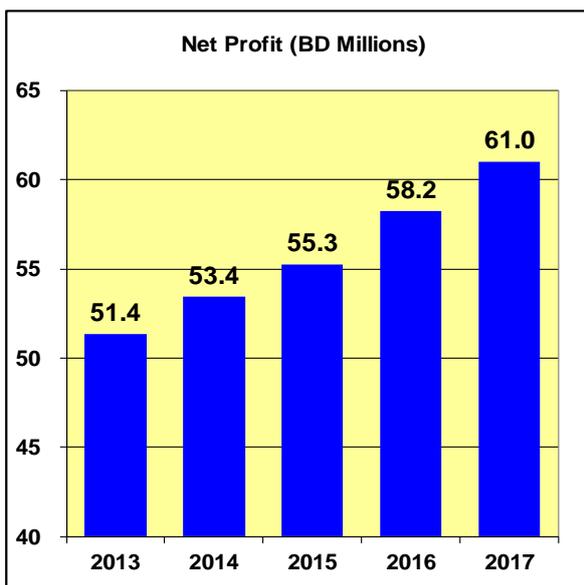


## NBB Reports Record Net Profit of BD 61.0 million (US\$ 162.3 million) for 2017

**Board proposes dividend of 35 % (25 % cash & 10 % stock)**

**Manama, January 29, 2018** -- National Bank of Bahrain (NBB) reported strong financial results and growth for the financial year ended 31 December 2017 with record Net Profit of BD 61.01 million (US\$ 162.25 million), an increase of 4.8%, compared to BD 58.24 million (US\$ 154.88 million). For the fourth quarter of the year, the Bank recorded a Net Profit of BD 11.58 million (US\$ 30.80 million) compared to BD 12.03 million (US\$ 31.99 million) for the corresponding period in 2017. Earnings Per Share (EPS) for the year also improved to 48.4 fils for 2017 from 46.3 fils in 2016 reflecting the Bank's enhanced performance and continued effective cost management. These results, which were reviewed and approved by the Bank's Board of Directors on 29 January 2018, saw the Board recommend a 2017 dividend of 35 % (25 % cash dividend and 10 % stock dividend).

Commenting on the results, Mr. Farouk Yousuf Khalil Almoayyed, Chairman of NBB, said, "We are pleased with the strong financial results and record net profit reported by NBB for 2017. Despite challenging economic conditions, the Bank continued to grow and deliver improved returns for shareholders. Strengthened performance and returns were supported by a new strategy, adopted during 2017, which focuses on diversification, both in existing business lines and through the addition of new revenue streams, and wide reaching operational enhancements including digital innovation across the Bank. Having already begun to see the benefits of these efforts in 2017, NBB is well positioned for ongoing sustainable growth, greater profitability and the expansion of the already important role the Bank plays in driving economic development in the Kingdom of Bahrain. As we embark on a new year, I'd like to extend our gratitude to the customers and partners of NBB and thank our management and staff for their continued dedication and hard work."

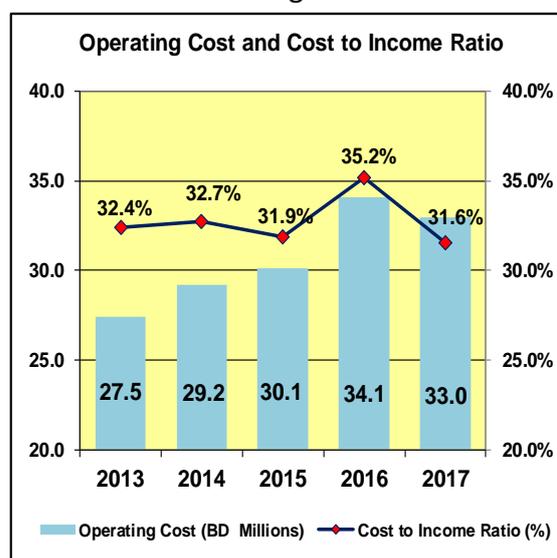


Mr. Jean-Christophe Durand, NBB's Chief Executive Officer, added: "2017 saw strong improvements in the underlying business of the Bank. This is reflected in 7.8 % increase in Total Income for the year and a 3.2 % decrease in operating expenses due to careful expense management and cost rationalisation. As a result, Profit before Provisions grew strongly by 13.9 % reaching BD 71.48 million (US\$ 190.10 million) the highest rate in several years. In a challenging environment, provisions were higher than previous year but the Net Profit still registered a healthy growth by 4.8 % reaching BD 61.01 million (US\$ 162.25 million). Importantly, also contributing to the successes of 2017, was significant operational improvements. This included a considerable strengthening of our human capital through the hiring of new talent to support our diversification agenda and substantial investments that were made in training and development to ensure excellence across the Bank. We also launching a journey of digital transformation to allow us to achieve greater internal efficiencies and, critically, to enhance the customer experience in order to remain at the forefront of innovation and market leadership."

### **Key Financial Highlights:**

#### **Income & Expenses (full year 2017 vs full year 2016):**

- The Net Interest Income: BD 73.07 million (US\$ 194.33 million) for 2017 compared to BD 65.99 million (US\$ 175.51 million) for 2016. The increase of 10.7 % is attributable to growth in earning assets and effective asset liability management resulting in a strong improvement in the net interest margin.
- Other income: BD 31.40 million (US\$ 83.51 million) for 2017 compared to BD 30.88 million (US\$ 82.14 million), an increase of 1.7 %. Income from core banking activities showed a growth of 14.1 % and income from treasury and investment activities increased by 4.9 % while 2016 had a one-off income from sale of investments resulting an overall modest increase in total Other Income during 2017.
- Total Operating Costs decreased from BD 34.09 million (US\$ 90.70 million) for 2016 to BD 32.99 million (US\$ 87.74 million) resulting in a significant improvement in Cost to Income ratio from 35.2 % in 2016 to 31.6 % in 2017.
- Impairment provision of BD 10.40 million (US\$ 27.66 million) during 2017 due to financial difficulties faced by some borrowers and the resultant inability to meet their obligations.



#### **Balance Sheet (31<sup>st</sup> Dec 2017 vs 31<sup>st</sup> Dec 2016):**

- Total Earning Assets (comprising of Treasury bills, Bank placements, Loans & Advances, Securities and Investment in Associates): BD 2,939.66 million (US\$ 7,818.25 million) as at 31 December 2017 compared to BD 2,822.98 million (US\$ 7,507.92 million) as at 31 December 2016.
- Of particular relevance is the growth in Loans & Advances by 18.9 % to reach BD 1,226.85 million (BD 3,262.90 million) during the same period.
- Customer Deposits: BD 2,165.21 million (US\$ 5,758.55 million) as at 31 December 2017 compared to BD 2,088.35 million (US\$ 5,554.12 million) as at 31 December 2016, an increase of 3.7%.
- Strong Capital Adequacy Ratio of 36.3 % (before 2017 appropriations).

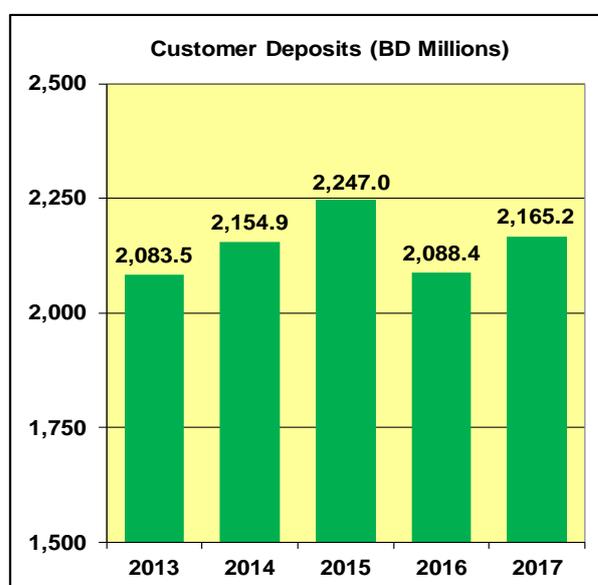
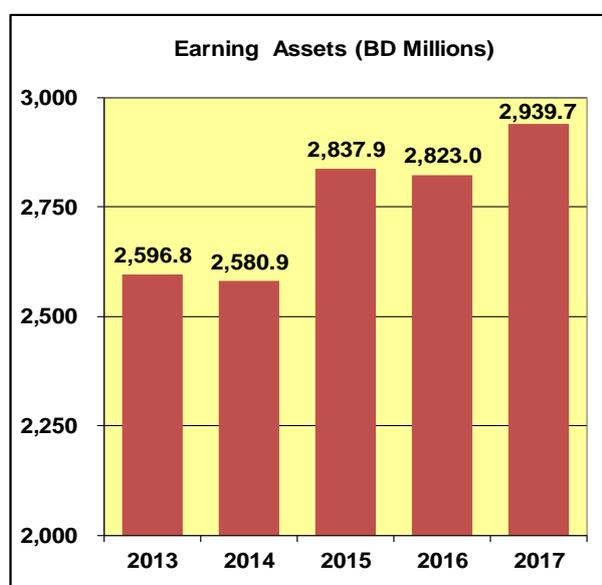
Based on the above results, the Board of Directors has recommend to the Shareholders' General Assembly, the following appropriations:

Cash Dividend: 25 % (2016: 25%)	BD 31.89 million (US\$ 84.80 million)
Donations and Contributions	BD 3.05 million (US\$ 8.11 million)
Transfer to General Reserve	BD 19.13 million (US\$ 50.89 million)

The Board has also proposed to the shareholders a bonus issue of BD 12.76 million at the rate of one additional share for every ten shares held (10 %). The bonus share issue is proposed to be made through utilisation of BD 12.76 million from the General Reserve, which is subject to regulatory approvals. Total cash and stock dividend pay outs for 2017 amounts to 35%.

The appropriations to Donations and Contributions will bring the total allocation under the programme to BD 45.73 million (US\$ 121.62 million) since its inception in 1980. During the year, the Bank disbursed BD 1.57 million (US\$ 4.18 million) to numerous worthy causes in the Kingdom of Bahrain.

Concluding, Mr. Durand said, "We have entered 2018 with great confidence in our ability to build on the momentum achieved over the past year. With a robust team and strategy in place, we will stay focused on diversifying our business and better serving and growing our customer base through digital innovation, among other enhancements to our offering and delivery capabilities. We already see a more positive economic outlook for the region in 2018 supported by improving oil prices and economic reforms. This includes opportunities for NBB to expand core businesses, strengthen our regional footprint and capitalise on new opportunities in Bahrain. Leveraging our solid capital base and strong liquidity, specifically, we are well positioned to expand our participation and support for Bahrain's infrastructure development as well as plans to drive growth among SMEs and the Fintech sector. Pursuing these and other avenues, we look forward to a further enhancement of results in 2018 and greater value creation and returns for our shareholders."



## Financial Summary

<i>(Millions)</i>	31 December 2017		31 December 2016	
	BD	US\$	BD	US\$
Net Interest Income	<b>73.07</b>	<b>194.33</b>	65.99	175.51
Other Income	<b>31.40</b>	<b>83.51</b>	30.88	82.14
Total Income	<b>104.47</b>	<b>277.84</b>	96.87	257.65
Total Operating Expenses	<b>(32.99)</b>	<b>(87.74)</b>	(34.09)	(90.70)
Total Provisions/impairment	<b>(10.47)</b>	<b>(27.85)</b>	(4.54)	(12.07)
Net Income	<b>61.01</b>	<b>162.25</b>	58.24	154.88
Cash Dividend 25% (2016: 25%)	<b>31.89</b>	<b>84.80</b>	28.99	77.10
Loans & Advances	<b>1,226.85</b>	<b>3,262.90</b>	1,031.93	2,744.48
Investment Securities	<b>1,067.30</b>	<b>2,838.56</b>	1,092.92	2,906.71
Total Earning Assets (Treasury Bills, Bank Placements, Loans & Advances, Investment securities & Investment in Associates)	<b>2,939.66</b>	<b>7,818.25</b>	2,822.98	7,507.92
Customers' Deposits	<b>2,165.21</b>	<b>5,758.55</b>	2,088.35	5,554.12
Total Assets	<b>3,101.54</b>	<b>8,248.79</b>	2,977.10	7,917.83
Shareholders' Equity	<b>447.94</b>	<b>1,191.33</b>	414.70	1,102.92
Earnings Per Share	<b>48.4 fils</b>	<b>13 cents</b>	46.3 fils	12 cents