



NBB NET PROFITS RISE 33.9% IN Q1 2018 TO BD 19.74 MILLION (US\$ 52.50 MILLION)

Manama: 2 May 2018 - National Bank of Bahrain (NBB) today announced strong financial results for the first quarter of 2018 reporting an 33.9% rise in Net Profit to BD 19.74 million (US\$ 52.50 million) compared to BD 14.74 million (US\$ 39.20 million) for the corresponding period of 2017. Strengthened performance during the quarter was supported by higher net interest income linked to growth in loans and advances coupled with better asset liability management resulting in a strong improvement in the net interest margin. Provisions were also significantly lower than in the corresponding period for 2017, further contributing to the overall rise in net profits”.

Other Financial Highlights for Q1 2018:

- Operating Profit of BD 20.11 million (US\$ 53.48 million), up 5.6% y-o-y.
- Net Interest Income increases 14.8% y-o-y to BD 19.65 million (US\$ 52.26 million).
- Other Income up 9.1% y-o-y to BD 10.47 million (US\$ 27.85 million) resulting from stronger general income in business and a higher share of profit from the Bank’s investment in associates.
- Total Operating Costs of BD 10.01 million (US\$ 26.62 million) compared to BD 7.66 million (US\$ 20.37 million) reflecting the Bank’s planned and ongoing investment in people and technology in line with its new business strategy.
- Net impairment loss of BD 0.37 million (US\$ 0.98 million) compared to BD 4.31 million (US\$ 11.46 million) y-o-y.
- Total Earning Assets of BD 2,871.88 million (US\$ 7,637.98 million) compared to BD 2,808.96 million (US\$ 7,470.64 million) y-o-y.
- Customer Loans & Advances up 13.5% to BD 1,270.22 million (BD US\$ 3,378.24 million).
- Customer Deposits of BD 2,102.43 million (US\$ 5,591.57 million) compared to BD 2,143.16 million (US\$ 5,699.89 million) y-o-y.
- Earnings per share (EPS) of 14.1 fils, compared to 10.5 fils y-o-y.

Commenting on the Bank’s performance, Mr. Farouk Yousuf Khalil Almoayyed, Chairman of NBB, said, “On behalf of the Board, I’m pleased to report another period of growth and strengthened performance at NBB. Having recorded a solid 33.9% rise in profitability, our results, once again, validate our strategy and reinforce NBB’s market leadership. Contributing to the quarter’s success was the ongoing expansion of the business mix and greater penetration of the local economy. Prudent management and controls were also critical to increased profitability despite the planned increase in costs attributable to investments in human capital

and technology to support the Bank’s modernisation, strengthening of its digital capabilities and efforts to drive ongoing growth both in Bahrain as well as regional markets where NBB is focused on leveraging and expanding its presence.”

Mr. Jean-Christophe Durand, Chief Executive Officer of NBB, added, “We are proud of the strong performance and increased profitability delivered for the first quarter of 2018, which saw further diversification of our revenue streams and the expansion of our participation in the local economy, both key objectives for the Bank. We reported a significant rise of 5.6% in Operating Profit for the period, driven largely by the healthy increase in loans and advances and resulting improvements in the Net Interest Income of 14.8%. This is evidence of our success in refocusing the business and a positive sign of our increasing support for businesses across the Kingdom including SMEs, which are the engines of the economy and a priority for NBB.”

Mr. Durand continued, “We also made important investments during the first three months of the year, which are critical for our sustained growth and diversification strategy. This included the onboarding of a new Corporate Institutional and Investment Banking (CIIB) team, which significantly advances our ability to advise on and finance economic growth in the Kingdom, alongside new hires in retail and IT to support our digital transformation and focus on better meeting the needs of our customers and delivering value especially through new digital channels. While these investments have led to higher expected expenses during the quarter, they have not come at a cost to the bottom line. We remain focused on efficiency and cost management in order to maintain strong financial growth and continue to deliver enhanced profitability in the forthcoming periods.”

Financial Summary (31 March 2018)

(in Millions)

	2018 BD	2018 USD	2017 BD	2017 USD
Loans and advances	1,270.22	3,378.24	1,118.85	2,975.66
Investment securities	1,040.09	2,766.20	1,112.15	2,957.85
Total Earning Assets (Treasury Bills, Placements, Loans & Advances, Investment Securities and Investment in associates)	2,871.88	7,637.98	2,808.96	7,470.64
Customers’ deposits	2,102.43	5,591.57	2,143.16	5,699.89
Total assets	3,009.03	8,002.74	2,952.86	7,853.35
Net Profit	19.74	52.50	14.74	39.20
Earnings per share	14.1 fils	3.7cents	10.5 fils	2.8 cents
Annualised return on average equity	18.2%	18.2%	14.2%	14.2%