



**NBB NET PROFITS INCREASE 8.7% TO BHD 40.0 MILLION (USD 106.4 MILLION)  
FOR THE FIRST HALF OF 2019**

**Manama: 16 July 2019** - National Bank of Bahrain (NBB) today announced another period of continued growth reporting a net profit of BHD 40.0 million (USD 106.4 million) and an operating profit of BHD 44.7 million (USD 118.9 million) for the first six months of the year ended 30 June 2019, an increase of 8.7% and 17.3% respectively compared to a net profit of BHD 36.8 million (USD 97.9 million) and an operating profit of BHD 38.1 million (USD 101.3 million) in the prior year period. This was achieved despite provisions of BHD 4.7 million, which were more than double the provision amount in the corresponding period in 2018. For the second quarter of 2019, the Bank's net profit increased by 14.6% to BHD 19.6 million (USD 52.1 million) compared to BHD 17.1 million (USD 45.5 million) in the second quarter of 2018.

**Key financial highlights:**

- Operating profit rose by 17.3% y-o-y to BHD 44.7 million (USD 118.9 million) compared with BHD 38.1 million (USD 101.3 million) in the prior-year period. For the second quarter of 2019, it rose by 17.2% to BHD 21.1 million (USD 56.1 million) compared with BHD 18.0 million (USD 47.9 million) in the second quarter of 2018.
- Operating income rose by 12.2% y-o-y to BHD 66.2 million (USD 176.1 million) compared with BHD 59.0 million (USD 156.9 million) in the prior-year period. For the second quarter of 2019, it rose by 10.7% to BHD 32.0 million (USD 85.1 million) compared with BHD 28.9 million (USD 76.9 million) in the second quarter of last year.
- Net interest income increased by 16.8% y-o-y to BHD 48.0 million (USD 127.7 million) compared with BHD 41.1 million (USD 109.3 million) in the prior-year period. Improvements were driven by prudent asset liabilities management and the acquisition of new customers from various sectors across the Bank's business lines during the first half of the year. For the second quarter of 2019, an increase of 12.6% to BHD 24.2 million (USD 64.4 million) was reported compared with BHD 21.5 million (USD 57.2 million) in the prior-year-period.
- Other income rose by 1.7% y-o-y to BHD 18.2 million (USD 48.4 million) compared with BHD 17.9 million (USD 47.6 million) in the prior-year period. For the second quarter of 2019, it rose by 5.4% to BHD 7.8 million (USD 20.7 million) compared with BHD 7.4 million (USD 19.7 million) in the second quarter of last year.
- Operating costs were up to BHD 21.5 million (USD 57.2 million) compared to BHD 20.9 million (USD 55.6 million), an increase of 2.9% which is in line with the ongoing investments in human capital and technology to support the Bank's transformation strategy. Cost-to-income ratio was 32.5%, which

nevertheless remains well in line with industry norms. For the second quarter of 2019, operating costs stood at the same level of BHD 10.9 million (USD 29.0 million) compared to the second quarter of 2018.

- Total comprehensive income for the period was BHD 44.5 million (USD 118.4 million) compared with BHD 14.4 million (USD 38.3 million) in the prior-year period. For the second quarter of 2019, it rose to BHD 18.8 million (USD 50.0 million) compared with BHD 4.3 million (USD 11.4 million) in the second quarter of last year.
- Total earning assets increased by 4.7% to BHD 3,012.1 million (USD 8,010.9 million) compared with BHD 2,876.1 million (USD 7,649.2 million) as at 30 June 2018.
- Average loans and advances increased by 6.9% to BHD 1,230.5 million (USD 3,272.6 million) compared with BHD 1,150.6 million (USD 3,060.1 million) in the prior-year period.
- Average customer deposits remained steady at BHD 2,108.8 million (USD 5,608.5 million).
- Total equity grew by 14.6% to BHD 486.4 million (USD 1,293.6 million) compared with BHD 424.3 million (USD 1,128.5 million) as at 30 June 2018.
- Earnings per share during the period increased by 8.3% to 26 fils (USD 69 cents) compared with 24 fils (USD 64 cents) in the prior-year period.

Mr. Farouk Yousuf Khalil Almoayyed, Chairman of NBB, said, “NBB continued to deliver strong growth and performance throughout the first half of 2019. Record results once again reflect the ongoing success of our strategy and the achievements made in transforming the bank with a focus on modernisation and further diversification and digitalisation of the business. Continued expansion and income generation from our core banking activities drove strong gains in operating profit with another significant increase of 17.3% reported for the first half of the year. With the new brand identity launched during the first quarter, we have also gone on to introduce our new branch concepts for the future. During the second quarter of 2019, we opened our flagship Seef Mall branch, which embodies the enhanced customer journey we aim to provide across all of our network, which remains the largest and most robust in Bahrain. The second quarter also saw NBB named by Euromoney as Best Bank in Bahrain, an honour awarded to us in recognition of our continued market leadership and the impressive growth, profitability and innovation that our strategy continues to deliver. We are extremely proud of these achievements and of the hard work and dedication of our management and employees. In the second half of the year, we will build on this momentum and are confident that we will achieve continued growth and even greater value creation of our shareholders, customers and community as we work to get closer to all our stakeholders.”

Mr. Jean-Christophe Durand, Chief Executive Officer of NBB, added, “Record profitability and results for the first half of 2019 reflect the success of the transformation underway at NBB. Consistent top and bottom line growth demonstrates that our strategy is working and that our customers and the market are seeing and responding positively to the new and innovative approach, which firmly puts both the customers and the economy at the centre of our journey. Gains in operating income and profits during the period were the result of further business expansion and growth as well as the prudent management of costs. Keeping this balance remains essential to achieving our objectives and ensures we are able to continue investing in innovation and grow in a market that demands we stay at the forefront.”

Mr. Durand added, “We are pleased with the many tangible improvements and progress reported over the past six months and notably of the ongoing and marked increase in NBB’s participation in the local economy. During

the first half of 2019, the bank increased by 2.0% its level of loans and financing across individuals, SMEs and corporates. Continued product innovation and effective promotions also helped retain robust levels of retail and institutional customer deposits. On efforts to enhance the customer experience, the first half of the year and second quarter have seen further upgrades across the Bank's physical and digital platforms. We are better by using technology and automation to raise efficiency while also introducing customer service innovations at our call centre and in branches through new partnerships and on-site services and care. During the period, we also saw more progress in diversification and geographic expansion, central pillars of our business transformation. For SMEs, we are working to create tailored solutions that enable us to be the preferred local partner for business while for large corporates and the economy, we are significantly stepping up our debt capital market and advisory activities. With a market leading team in place, we are now focused on taking a more leading role alongside other sizeable regional banks in the provision of financing and syndications and have already developed a strong track record. On the regional front, we are also now swiftly moving ahead with planned expansion in the Kingdom of Saudi Arabia and the UAE. Over the past six months, we have continued building our team based in the Kingdom's capital and have recently received approval from the Central Bank of UAE for "reactivation" of our branch licence in Dubai, from where we will focus on growth in corporate and commercial banking operations. We are extremely pleased with the direction that these developments are taking us and anticipate further progress and strong performance throughout the second half of the year."

### Financial Summary (30 June)

	30 June 2019		30 June 2018	
	BHD	USD	BHD	USD
Loans and advances	1,214.1	3,229.0	1,246.8	3,316.0
Investment securities	1,202.6	3,198.4	1,073.0	2,853.7
Total earning assets (Treasury Bills, Placements, Loans and advances, Investment securities and Investment in associates)	3,012.1	8,010.9	2,876.1	7,649.2
Customers' deposits	2,126.0	5,654.3	2,091.5	5,562.5
Total assets	3,208.5	8,533.2	3,039.0	8,082.4
<b>Net profit</b>	40.0	106.4	36.8	97.9
Earnings per share	26 fils	69 cents	24 fils	64 cents