



Press Release

BMB: Despite significant losses recorded for the year US\$ 33.5 million, the Bank ended the year with significant fair value gains of US\$ 9.7 million

Manama, Bahrain (1 March 2010) - BMB Investment Bank (“BMB” or the “Bank”) today announced its full year results for the financial year end 31 December 2009, and discussed the success of some of the key initiatives and, importantly, positive developments on its key business.

While the world witnessed unprecedented financial turmoil in terms of scale and depth in 2009, BMB embarked on an ambitious re-engineering and restructuring plan aimed at transforming the Bank into a niche financial services provider with multiple business lines capable of securing sustainable and more diversified sources of income. The following key initiatives were undertaken by a New Management team:

- Process of right sizing - with the aim of bringing about a proper balance between the Bank’s current needs and its future aspirations.
- Re-assessing, re-engineering all key business processes, an effort that has now led to over 40% cost savings; full results of which are likely to be seen starting this year.
- A complete balance sheet re-engineering process - a result which is now fully reflected in the Bank’s books.
- Sizeable reduction of the Bank’s proprietary unfunded Private equity fund commitments by over 50%.

On the Private equity front, the carrying value of the Bank’s Private Equity portfolio improved by over 40% to 1.3 x times cost at end-2009, from 0.85 x at end-March 2009 and 0.9x at end-December 2008. General improvements in the Private Equity space are also supported by an industry specialized research that highlighted that the PE market secondary valuations have witnessed nearly a 80% increase over a six month period.

However, at the backdrop of a complete standstill in Private Equity Fund realizations, its core business, and reflecting its efforts to completely clean up its books, including address all those legacy related, the Bank reported net losses of US\$33.5 million during the period (2008: US\$14.3 million losses). Comprehensive loss for the period amounted to US\$ 19.3 million (2008: losses of US\$28.4 million).

Commenting on the results of the Bank, the Bank’s Chairman, Mr. Wilson Benjamin, said:

“2009 was no doubt a challenging year by all counts. However, we are pleased with the success of our initiatives and the Bank’s capacity to withstand the crises; more so at the backdrop of failure of some of the largest and the more re-known. We will continue to



Press Release

focus on our capital raising campaign which will enable us address the funding requirements of the Bank. From now on, only positive surprises on the upside are expected”.

Akbar Habib, Chief Executive Officer, said:

“The Bank has emerged from the crises with further resilience and determination to finish the job that started last year. Whilst the Bank has been haunted by the financial crises in 2009, it viewed the challenges as an opportunity to restructure and reorganize the Bank’s business focus and vision. We have now achieved the desired objective in terms of restructuring and redefining the Bank’s business model and the new capital injection is to provide the much needed impetus for the Bank to forge ahead and achieve its future aspirations”.