

Corporate Credit & Issue Rating

New Update

Sector: Banking

Publishing Date: 23/02/2018

Analyst(s)

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RATINGS

		Long	Short	
International	Foreign	BB-	B	
	Local Currency	BB-	B	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Issue Rating	n.a	n.a		
National	Local Rating	AA-(Bhr)	A-1+(Bhr)	
	Outlook	Stable	Stable	
	Issue Rating	n.a	n.a	
Sovereign*	Sponsor Support	2	-	
	Stand-Alone	B	-	
	Foreign	BB-	B	
	Local Currency	BB-	B	
	Outlook	FC	Stable	-
LC		Stable	-	

*Assigned by JCR Eurasia Rating on February 19, 2018

Bahrain Middle East Bank B.S.C.

Company Overview

Financial Data	2017*	2016*	2015*	2014*	2013*
Total Assets (000,000 USD)	245.64	177.35	171.87	172.84	169.50
Total Deposit (000,000 USD)	154.06	126.57	125.10	124.78	129.95
Total Net Loans (000,000 USD)	138.71	123.96	110.71	117.01	98.01
Equity (000,000 USD)	81.78	39.94	35.26	31.00	28.70
Net Profit (000,000 USD)	5.23	5.07	5.08	4.52	-4.66
NPL (%)	2.45	-	4.11	0.71	-
ROAA (%)	2.47	2.91	2.95	2.64	-4.14
ROAE (%)	8.59	13.49	15.33	15.16	-15.75
Equity/Assets (%)	33.29	22.52	20.52	17.94	16.93
CAR - Capital Adequacy Ratio (%)	36.26	23.77	22.52	19.88	15.64
Asset Growth Rate (Annual) (%)	38.50	3.19	-0.56	1.97	206.71

* Audited financial statements

Bahrain Middle East Bank B.S.C. (henceforth the Bank or BMB) was established in 1982 and licensed to operate in 1983 in Kingdom of Bahrain. The Bank was licensed by the Central Bank of Bahrain (CBB) in 2007 as a wholesale bank. BMB provides conventional banking services along with Islamic banking products. The Bank chiefly focuses on international trade finance, treasury services, private banking and asset & wealth management. **AN Investment W.L.L.** (ANI) increased its shareholding to 80.77% in 2017 while **Al Fawares Holding**, a Kuwaiti conglomerate, held 14.48% of shares as of FYE2017. The Bank is listed on the Bahrain Bourse and operates in a strictly regulated environment supervised and overseen by the CBB.

The Bank is well capitalized, compared to the sector averages and meets the mandatory capital level required by CBB. BMB has a solid international network of various financial institutions and diversified customer base comprised of major multinational companies. Currently, the Bank conducts its business from a single premise, located in Manama, Kingdom of Bahrain. The Bank has a total workforce of 23 as of FYE2017.

Strengths

- Accelerated growth figures following the change in major shareholder and focuses on trade finance, treasury and asset management
- High liquidity buffers and maturity-matching approach between assets and liabilities
- Comfortably above sector average capital adequacy figures
- Sound levels of net interest margin thanks to limited financing expenses
- High asset quality thanks to insurance coverage on trade loans
- Diversified customer base comprised of major multinationals
- Strong network with domestic and global financial institutions
- Promising revenue streams through developing demand on trade finance products

Constraints

- Concentrated funding base
- Challenges faced by overall banking sector regarding growth, asset quality and funding
- Persistently subdued oil prices in recent years which led to government deficits and macro challenges
- Political and social tension in the Middle East

