



**JCR
Eurasia Rating**

has assigned

**Bahrain Middle
East Bank B.S.C.**

Long and Short Term
National Ratings of
‘AA-(Bhr)’

and

‘A-1+(Bhr)’,
respectively with
“Stable” outlooks on
both ratings.



RATINGS

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

Sector: Banking

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Press Release

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JCR Eurasia Rating has assigned **Bahrain Middle East Bank B.S.C. Long Term National Credit Rating of “AA-(Bhr)”** and **Short Term National Credit Rating of “A-1+(Bhr)”** with **“Stable”** outlooks on both ratings.

Bahrain Middle East Bank B.S.C. (henceforth the bank or BMB), was established in 1982 in the Kingdom of Bahrain. The Bank is licensed by the Central Bank of Bahrain (CBB) as a wholesale bank with rights to offer Islamic products. The Bank mainly 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.

Bahrain’s overall outlook remains vulnerable despite measures to tame the fiscal environment and efforts to diversify and boost non-oil fiscal revenues. On the other hand, worries remain over the Bahrain Banking Sector’s outlook due to worsening economic fundamentals, low oil prices, narrowing margins, and increased geo-political stress in the region. CBB has regulated and overseen the activities of the Bahrain Banking Sector since 1973. According to CBB statistics, the total asset size of the Bahrain Banking Sector was USD 189bn as of 3Q2017. Banking sector institutions numbered 102, 73 of which operate as wholesale and 29 as retail banks. Out of these banks, 22 are Islamic banks.

The major shareholder change along with the focus on trade finance, treasury and asset management triggered a sound asset growth. BMB has a diversified customer base comprised of major multinational companies and its loan portfolio is secured by insurance coverage eliminating default risk exposure. BMB carries a high level of liquid assets on its balance sheet which provides resilience to external shocks and is well capitalized, compared to the sector averages and the mandatory capital level required by the CBB. Relying on a concentrated funding base limits the Bank’s flexibility. However, based on the relationship with the major depositors, interest expenses incurred by the Bank remained limited and help to achieve satisfactory interest margins. The Bank’s business model, strong regulatory oversight, sound liquid reserves, profitability figures, and high asset quality along the environment that drives the management to maintain solid strategies provided a base for **‘AA-(Bhr)’** on the **Long Term National Rating** scale, a high-investment grade. On the other hand, BMB’s International Foreign and Local Currency Ratings were assigned as **‘BB-’**, which is the Country ceiling.

We are of the opinion that the controlling owners of the Bank have the willingness to provide long-term funds or equity and operational support, should such a need arise. In this perspective, the Group’s Sponsor Support Rating has been assigned as **(2)** within the JCR Eurasia Rating scale.

JCR Eurasia Rating believes that the Bank possesses the capacity and the experience to manage its commitments without external support, considering the its internal resource generation capacity and profitability potential, relationship with financial institutions, asset quality, capitalization level, liquidity profile and risk management applications provided that the macroeconomic outlook does not concentrate on the negative direction. In this regard, the Bank’s Stand-Alone Rating is assigned as **(B)**, indicating a sufficient level within JCR Eurasia Rating notation.

For more information regarding the rating results, you may visit our internet site <http://www.jcrer.com.tr> or contact our analysts **Mr. Abdurrahman Tutğaç**.

JCR EURASIA RATING

Administrative Board