Al Salam Bank's H1 profit rises by 30 percent to USD 32.62 million

August 26, 2019, Manama, Bahrain: Al Salam Bank-Bahrain ("ASBB" or the "Bank"), the pioneering Shari'a-compliant bank in the Kingdom of Bahrain, posted a net profit attributable to shareholders of BHD 12.31 million (USD 32.62 million) for the first half of 2019; reflecting a 30 % increase over the BHD 9.47 (USD 25.13 million) reported for the same period last year. ASBB's quarterly profitability witnessed a significant increase of 65.52%, from BHD 4.11 million (USD 10.90 million) in Q2 2018 to BHD 6.80 million (USD 18.03 million) in Q2 2019. Accordingly, the Bank's basic earnings per share increased by 50%, from 4 fils per share in H1 2018 to 6 fils per share in H1 2019, and from 2 fils per share in Q2 2018 to 3 fils per share in Q2 2019.

The Bank continues to maximize core banking earnings, with gross revenues increasing by 6.6%, from BHD 42.88 million (USD 113.74 million) in H1 2018 to BHD 45.72 million (USD 121.27 million) in H1 2019, along with an increase of 17.9% from BHD 20.69 million (USD 54.88 million) in Q2 2018 to BHD 24.40 million (USD 64.72 million) in Q2 2019. However, due to a decline in one-off items and recoveries, the Bank's total operating income witnessed a decrease of 13.7%, from BHD 31.47 million (USD 83.49 million) to BHD 27.17 million (USD 72.07 million). Nonetheless, operating income marginally picked up by 0.7% in Q2 2019

to BHD 14.79 million (USD 39.23 million) from BHD 14.68 million (USD 38.94 million) in Q2 2018.

Driven by costs associated with strategy implementation, total operating expenses witnessed an 11.7% increase, from BHD 12.21 million (USD 32.38 million) to BHD 13.64 million (USD 36.18 million). The Bank's net provisions witnessed a significant decline of 86.7%, from BHD 9.85 million (USD 26.12 million) to BHD 1.31 million (USD 3.47 million).

Growth in the Bank's asset base during H1 2019 stood at a healthy 7.4%, increasing from BHD 1.71 billion (USD 4.54 billion) at 31 December 2018 to BHD 1.84 billion (USD 4.87 billion) at 30 June 2019. The Bank reported robust growth in its financing book, which increased by 12.9% from BHD 825.80 million (USD 2.19 billion) to BHD 932.01 million (USD 2.47 billion). Asset quality continues to improve as non-performing financings witnessed a 2.2% reduction to 6.8% of its gross financing book. The Bank remains well capitalized with its total equity increasing by 1.3% to BHD 308.90 million (USD 819.36 million) from BHD 304.82 million (USD 808.54) as of 31 December 2018, and a strong capital adequacy ratio of 20.5% as of June 2019.

"Despite a challenging market and rising liquidity costs, our operations continue to become healthier as we invest in streamlining our businesses," Chairman, Khaleefa Butti Omair Al Muhairi commented. "Gross revenues before recoveries and one-off items have shown a 20.0% spike, from BHD36.34 million to BHD43.60 million, proving that the Bank is in a very strong position operationally. Our

liquidity position also remains robust putting us in a privileged position relative to the market."

Group CEO Rafik Nayed added: "Excluding certain one-off items that significantly boosted our results last year, we would have reported one of the best operating incomes results in our recent history. This is despite market liquidity constraints and escalating funding costs." He added: "As part of our ongoing transformation strategy, Al Salam Bank's customer focus continues to yield strong results across our Retail, Corporate and Private Banking businesses. The Bank's core banking business remains on a growth trajectory as we continue enhancing product and service offerings, and leverage technology for more efficiencies in operations. The early results of this transformation have already started to positively impact our financial performance, a trend we expect to continue in the months ahead."

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