Al Salam Bank Reports Strong Growth of 14% in Net Profit Attributable to Shareholders to BD 21.1 million in 2019

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Al Salam Bank-Bahrain ("**ASBB**") (Bahrain Bourse Trading Code "SALAM", Dubai Financial Market Trading Code "SALAM_BAH") reported a net profit attributable to shareholders of BD 4 million in the fourth quarter of 2019 compared to BD 5 million in the fourth quarter of 2018, a variance of 20% and a corresponding earnings per share at 1.8 fils compared with 2.3 fils per share for the same period of 2018. The Bank reported a strong annual performance for 2019 posting a 14% increase in net profit attributable to shareholders to BD 21.1 million, compared to BD 18.5 million in 2018. Correspondingly, earnings per share increased significantly to 9.8 fils for 2019, compared to 8.7 fils per share for the year 2018. Total recognized income and expense attributable to shareholders slightly reduced to BD 3.7 million in the fourth quarter of 2019, compared with BD 4.3 million for the same period of 2018, a variance of 12%. Total recognized income and expense attributable to shareholders for the year recorded strong growth of 18%, surging to BD 20.9 million, from BD 17.7 million in 2018.

Total equity increased by 3.5% to reach BD 314.7 million at the end of 2019, from BD 304.1 million as on 31 December 2018. Total assets recorded strong growth in 2019 increasing by 19% to BD 2.0 billion, compared to BD 1.7 billion on 31 December 2018. The growth was coupled with a solid improvement in asset quality during 2019 with non-performing facilities decreasing significantly to 5.6% of the total portfolio as a result of effective recovery initiatives and quality asset booking. Despite the significant growth in balance sheet, the Bank maintained its solid capital adequacy ratio at 20.9% in 2019, as compared to 20.6% in 2018.

As a result of the Bank's robust performance in 2019, the Board of Directors recommended a dividend distribution of 8% of the Bank's issued and paid-up share capital (8 fils per share) aggregating to BD17.7 million, comprising of 4% cash dividends (4 fils per share) alongside 4% bonus shares, subject to AGM and regulatory authorities' approvals.

The continued strong performance of Al Salam Bank-Bahrain in 2019, and the significant growth in its key banking activities, reflect the successful execution of its new transformation strategy and continued efforts to streamline operations and enhance customer experience. 2019 was the maiden year for the implementation of the 3-year strategy.

As a result of the Bank's continued efforts to enhance its operating model and execute its strategic initiatives including its digital transformation projects, total operating expenses increased by 6.7% in 2019 to BD 29.8 million compared to BD 27.9 million in 2018.

Commenting on the 2019 results, Al Salam Bank-Bahrain's Chairman, Mr. Khaleefa Butti Omair Al Muhairi, said: "We are delighted with the Bank's solid performance which was achieved against a backdrop of restrained global growth, geopolitical uncertainties, and increased competition within the sector. We look forward to continuing the Bank's growth trajectory as we accelerate the implementation and execution of the strategy approved by the Board of Directors at the end of 2018."

Group CEO of Al Salam Bank-Bahrain, Mr. Rafik Nayed, said: "We remain committed to position the Bank for future growth and the everchanging landscape in the sector. Our new strategy is designed to strengthen and streamline the Bank's operating model through a renewed focus on our core banking activities and the roll out of new technologies."

Mr. Nayed added: "Effective implementation of our three-year road map has generated a 30% increase in our financing portfolio, a steady acceleration in customer acquisition, a 28% growth in total deposits, further diversification of funding sources via the expansion of our banking network in frontier emerging markets and, in aggregate, a balance sheet that exceeded two billion Bahraini Dinars for the first time in the Bank's history. The milestones achieved in 2019 translated to a 14% increase in net profit to BD 21.1 million. As we begin 2020, we remain confident of our ability to withstand economic headwinds while steadily continuing the implementation our strategy to position ASBB as a leading financial institution providing best-in-class services to customers and superior returns to shareholders."

Al Salam Bank-Bahrain B.S.C (ASBB) is a leading regional Islamic bank headquartered in the Kingdom of Bahrain and is licensed and regulated by the Central Bank of Bahrain. It offers a comprehensive range of innovative and unique Shari'a-compliant financial products and services through its extended network of branches and ATMs utilizing the state-of-art technology to meet various banking requirements. In addition to its retail banking services, the Bank also offers corporate banking, private banking, investment as well as treasury services.

The full set of the financial statements, which were audited by the external auditors, KPMG, with unqualified opinion, and the press release are available on Bahrain Bourse's website.

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