Al Salam Bank partners with Bahrain Bourse and Central Bank of Bahrain on new Shari'a-compliant asset-trading framework

- Innovative, digitally-enabled system uses Central Bank of Bahrain-issued Ijara Sukuk as underlying asset in Murabaha financing contracts
- New structure reduces fees and provides an alternative for local Financial Institutions that have traditionally been reliant on international brokers
- New offer enhances and diversifies Bahrain's capital market alternatives and meets the growing demand for Islamic Finance solutions

Manama, 22 July, 2020: Al Salam Bank-Bahrain (Al Salam Bank) has signed an agreement with the Bahrain Bourse and Central Bank of Bahrain (CBB) to offer an innovative new Shari'a-compliant brokerage service, which allows for the use of Bahrain-issued Ijara Sukuk as the underlying asset in Murabaha financing frameworks. The innovative new structure meets a growing demand for Shari'a-compliant alternative financing solutions, which has prompted a rise in global Sukuk issuances.

The Bahrain Bourse and CBB have partnered with banks to create a local Shari'a-compliant trading framework using CBB-issued sukuk as the underlying asset. The new framework means local banks are no longer exclusively reliant on pre-traded commodities from overseas brokers in order to comply with Shari'a standards. As well as cementing Bahrain's position as a regional and international hub for Shari'a-compliant financing transactions, the new service will also provide significant reductions in fees for customers and in processing time for offering banks.

Commenting on the agreement, Rafik Nayed, Group CEO of Al Salam Bank-Bahrain, said: "Al Salam Bank has a proud history of leading on local innovation in Islamic Banking. This latest service introduces a new underlying asset to our existing Murabaha financing structure, which until now has been conducted via local and international brokers. The new product not only further diversifies the commodities available to our clients seeking Shari'a-compliant products, but also provides them with a more streamlined service as it is actioned via a digital system which significantly decreases processing time."

Shaikh Khalifa bin Ebrahim Al Khalifa, CEO of Bahrain Bourse, added: "The newly offered Ijara-based Murabaha service is set to address the growing market demand for Shari'a-compliant Ijara Sukuk, while further enhancing Bahrain's capital market offering and creating new opportunities for investment on both a regional and global scale. Al Salam Bank has firmly positioned itself as a pioneer when it comes to innovation in Islamic Finance, and make a fitting partner for this timely and important initiative, which has the potential to further advance Islamic Banking."

The signing ceremony was held virtually on June 25th and attended by Al Salam Bank's Group CEO Rafik Nayed, Deputy CEO Anwar Murad and Head of Treasury & Capital

Markets Hussain Abdulhaq; Bahrain Bourse CEO Shaikh Khalifa bin Ebrahim Al Khalifa; and CBB Executive Director of Banking Operations, Shaikh Salman Bin Isa Al Khalifa.

The Kingdom of Bahrain is a global and regional leader in Islamic Finance and has ranked first regionally in the Islamic Finance Development Indicator (IFDI) for seven consecutive years. The Kingdom of Bahrain has long been a regional leader when it comes to the digitalisation of financial services, in both Islamic and global finance. With its often-pioneering tech-focused initiatives, Al Salam Bank has come to be recognised as one of the key institutions driving this national progress.

The announcement follows closely on from Al Salam Bank being named the best Islamic Bank in Bahrain for the second year in a row by prestigious US-based finance magazine Global Finance. In awarding the title, the publication pointed to the Bank's wide range of innovative Islamic financial products and services.

The new service offering is just the latest installment in the successful roll-out of Al Salam Bank's three-year strategy, focused on giving customers a choice of innovative Shari'a-compliant banking solutions. As part of its digitisation strategy, the Bank has recently launched several new channels to serve its clients including a virtual branch and an onboarding app that enables clients to open their accounts within minutes.

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About Al Salam Bank-Bahrain:

Al Salam Bank-Bahrain is a pioneering Shari'a-compliant Bank in Bahrain. It offers a comprehensive range of innovative and unique financial products and services through its extended network of branches and ATMs, which employ state-of-art technologies to meet its clients' various banking needs. In addition to its Retail Banking services, the Bank offers Corporate Banking, Private Banking, Asset Management, International Transaction Banking as well as Treasury Services. The Bank's high-caliber management team comprises of a highly qualified and internationally experienced professionals with proven expertise in key areas of banking, finance and related fields.

The Bank has received multiple awards, including:

- "Best Islamic Retail Bank in Bahrain for the year 2019 and 2018", "Best Shari'a Compliant Product in Bahrain for 2019" and "Most Innovative Shari'a Compliant Products in Bahrain for 2018" awarded by Global Business Outlook,
- The Enterprise Excellence award in the field of training and national manpower development at the 34th annual ceremony organized by the Ministry of Labour and Social Development.
- The "Critics' Choice award – The Best Islamic Retail Bank in Bahrain for 2017" by Cambridge IFA– a UK-based Islamic finance intelligence provider specialising in strategic advice in the field of financial services and professional academic research for financial institutions.