Al Salam Bank Announces Financial Results for First Half of 2022

Manama, Bahrain. 14 August 2022 – Al Salam Bank (Bahrain Bourse Trading Code "SALAM", Dubai Financial Market Trading Code "SALAM_BAH") announced today net profit attributable to the shareholders of BD 7 million (US$ 18.6 million) for the second quarter of 2022, compared to BD 4.6 million (US$ 12.1 million) for the same period in 2021, reflecting a robust increase of 53%, primarily driven by an increase in core activities.

Correspondingly, earnings per share increased by 58% to 3 fils (US$ 8 cents) in the second quarter 2022 compared to 1.9 fils (US$ 5 cents) for the same period in 2021. Total operating income for the quarter stood at BD 29.2 million (US$ 77.4 million) compared to BD 25.9 million (US$ 68.8 million) for the same quarter in 2021, reflecting a 13% increase quarter-on-quarter.

For the six months period ended 30 June 2022, the Bank reported net profit attributable to shareholders of BD 13.5 million (US$ 35.9 million), compared to BD 10.7 million (US$ 28.3 million) for the same period in 2021, reflecting a robust increase of 27%.

Correspondingly, earnings per share increased by 32% to 5.8 fils (US$ 15 cents) in H1 2022 compared to 4.4 fils (US$ 12 cents) for the same period in 2021. Total operating income for the half year ended 30 June 2022 stood at BD 55.2 million (US$ 146.4 million) compared to BD 54 million (US$ 143.1 million) for the same period in 2021, reflecting a 2% increase. Total shareholders' equity decreased by 3% to BD 288.3 million (US$ 764.8 million) compared to 296.3 million (US$ 785.8 million) as at year ended 31 December 2021, due to dividend distribution and reduction in reserves.

Total assets increased by 6% to BD 2.8 billion (US$ 7.5 billion) as of 30 June 2022 compared to BD 2.7 billion (US$ 7.1 billion) as at year ended 31 December 2021. During the period, financing assets increased by 12% on a half-year basis to BD 1.5 billion (US$ 4 billion) compared to BD 1.4 billion (US$ 3.6 billion) as at year ended 31 December 2021. The growth was accompanied by an improvement in asset quality during the first half of 2022, with the nonperforming facilities ratio decreasing to 1.8%, driven by effective recovery initiatives and quality new asset bookings. The Bank continued to maintain a strong capital adequacy ratio at 25.92% as of 30 June 2022.

His Excellency Shaikh Khalid bin Mustahail Al Mashani, the Chairman of Al Salam Bank, commented: "Despite inflationary pressures and continued economic headwinds around the world, we are pleased by our robust performance over the last six months. We have achieved a substantial increase in profits which reinforces the effectiveness of our operating model. We remain on track to achieve our objectives for 2022 and are confident that the Bank is well positioned to achieve growth in the long-term. Following the acquisition of additional market share during the first half of 2022, Al Salam Bank is now firmly established as Bahrain's largest Islamic financial institution and we look forward to an exciting journey ahead."

Group Chief Executive Officer of Al Salam Bank, Rafik Nayed, said: "The Bank's latest performance demonstrates the ongoing resilience and agility of our operating model. Following the landmark transaction with Ithmaar Holding, we will have a larger network and a stronger value proposition to serve our customer base. In addition to ensuring a seamless transition to integrate Ithmaar Bank and enhance our customer experience, we will continue working this year to implement our digital roadmap and deliver further innovation. We are confident that Al Salam Bank is well positioned to achieve its growth aspirations."

In July 2022, Al Salam Bank completed the acquisition of Ithmaar Bank's consumer banking division in a transaction worth US$2.2 billion. The integration of the two banks is expected to be completed within the second half of 2022. The transaction includes the acquisition of the retail banking business of Ithmaar Bank, alongside a 26.19% stake in Bank of Bahrain and Kuwait B.S.C. (BBKB.BH), a 55.91% shareholding in Solidarity Group Holding B.S.C. (Closed), the parent of Solidarity Bahrain ("SOLID"), and other assets including Benefit Company B.S.C. shares, MasterCard Inc. shares and a portfolio of Sukuk and liquid assets.

The full set of financial statements, which were reviewed by the external auditors, KPMG, are available on Bahrain Bourse's website.

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