

Al Salam Bank Announces Strong Growth in the Third Quarter

Net Profit Attributable to Shareholders Jumps 27% to BD 17.2 million (US\$45.7 Million) for the 9 Months ended 30 September 2019

7 November 2019, Manama, Bahrain

Al Salam Bank-Bahrain reported strong performance in the third quarter of 2019, with net profit attributable to shareholders increasing by 19%, from BD 4.1 million (US\$ 10.9 million) in Q3 2018 to BD 4.9 million (USD 13.0 million) in Q3 2019. Earnings per share remained constant in third quarter of 2019 at 2 Fils, in comparison to the same period of 2018. The Bank's operating income (before finance expenses and share of investment accountholders) for the third quarter grew by a significant 32% to BD 22.5 million (US\$59.6 million) compared to BD 17.0 million (US\$45.1 million) during the same period last year. Total operating income for the third quarter recorded strong growth of 25%, jumping to BD 12.7 million (US\$33.7 million) in the third quarter this year, from BD 10.2 million (US\$26.9 million) in the third quarter of 2018.

The Bank's nine months net profit attributable to shareholders jumped to BD 17.2 million (US\$45.7 million) compared to BD 13.6 million (US\$36.1 million) in 2018, representing a significant increase of 27%. Earnings per share jumped to 8 Fils for the period, compared with 6 Fils per share for the first nine months of 2018. Operating income (before finance expenses and share of investment accountholders) reached BD 68.2 million (US\$180.8 million) for the first nine months of 2019, reporting an increase of 14%, compared with BD 59.8 million (US\$158.8 million) for the same period of last year. Total operating income for the 9-month period slightly declined by 4% to BD 39.9 million (US\$105.8 million), compared to BD 41.6 million (US\$110.4 million) for the same period last year. The slight decline in total operating income is due mainly to one-off items in the previous year.

The strong performance of Al Salam Bank-Bahrain reflects the successful and consistent execution of its business strategy and continued efforts to streamline operations and enhance customer experience.

Reflecting the Bank's continued efforts to enhance its operating model and execute its strategic initiatives, including digital transformation, total operating expenses grew by 23% to BD 20.8 million (US\$55.2 million), in comparison with BD 17.0 million (US\$45.0 million) for the corresponding period of 2018.

The Bank's total assets grew steadily during the period, increasing by 11% to BD 1.897 billion (US\$5.032 billion) on 30 September 2019, compared to BD 1.710 billion (US\$4.537 billion) on 31 December 2018. The growth was reinforced with an improvement in asset quality during the period, with non-performing facilities decreasing by 2.4% to 6.6% of the total portfolio. Total equity also increased by 3% to reach BD 312.8 million (US\$829.8 million) from BD 304.1 million (US\$806.7 million) as of 31 December 2018, further supporting the Bank's strong capital adequacy ratio which stood at 20.9% as of 30 September 2019.

Commenting on this strong performance, Al Salam Bank-Bahrain Chairman, Mr. Khaleefa Butti Omair Al Muhairi, said:

"I am delighted with the successful implementation of the Bank's transformation strategy, which we started executing at the beginning of 2019 with specific emphasis on enhancing and growing our Retail, Corporate, Private, and Transaction banking operations. This has resulted in greater market penetration and improved efficiency and profitability."

Mr. Al Muhairi added, "The consistent implementation of our strategic objectives is yielding promising results, as evidenced by the 27% increase in profits attributable to shareholders and the 32% growth in core revenues. We have managed to maintain robust capital adequacy and liquidity ratios despite the challenging market environment locally and regionally. I am confident Al Salam Bank will continue its unwavering efforts to provide superb services to customers and valuable returns to shareholders."

Group CEO of Al Salam Bank-Bahrain, Mr. Rafik Nayed, said: "The next phase of our strategic plan will focus on more diversification of our products and services, enhanced customer experience, and the pursuit of attractive risk-adjusted growth opportunities. We remain committed to expanding our market share and improve profitability, paving the way to steadily become the leading and trusted Islamic banking force that provides attractive and convenient Shari'a-compliant solutions to a wider customer base."

Mr. Nayed explained that "Al Salam Bank's corporate and international banking business delivered client-led growth through participating in and leading a number of syndications transactions, coupled with successful efforts to grow our liabilities portfolio. Moreover, the retail banking business continued to focus on delivering a diverse selection of rewarding offerings, including Bahrain's largest cash prize of the year through our Danat Savings Scheme.



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“In addition, we launched during the third quarter of the year our Wakala Jawhar Savings Scheme, which is a unique savings product that is bundled with Takaful insurance benefits. While we see positive momentum across all our channels, we remain focused to gear ourselves for the continued roll-out of our key digital initiatives, aiming at improving efficiency and bolstering growth by delivering innovative solutions to our clients.”

Al Salam Bank-Bahrain B.S.C (ASBB) is a leading 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 strong 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.