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Press Release (Local)

Net Income attributable to Al Baraka Banking Group's shareholders reaches US\$ 24 million in the first quarter of 2019, with total assets reaching US\$ 24 billion

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Al Baraka Banking Group BSC (ABG), the leading Islamic banking group with its Headquarters in the Kingdom of Bahrain, achieved a net income attributable to ABG's shareholders of US\$ 24 million during the first quarter of 2019, while total net income reached US\$ 41 million, total operating income US\$ 216 million for the same period, and total assets increased to US\$ 24 billion at the end of March 2019.

The first quarter of 2019 saw a slowdown in the performance of economic activities in some of the main markets in which the Group operates such as Turkey, Algeria, Tunisia and Sudan for various reasons, which affected the volume of business generated by the Group's units in these markets. At the same time, there was stability or narrow movements in the domestic currencies of these countries against the US dollar, which reflected positively on the asset items, but its positive effects on the income items were not yet clear due to the difference in the accounting method in treating the local currency conversion to the US dollar between assets items and income items. We expect these positive effects to emerge in the coming quarters. The first quarter also saw settlement of some large syndicated funding amounts from some units, all of which were budgeted in our budget we set for this year.

In view of the above mentioned factors, total operating income reached US\$ 216 million during the first quarter of 2019, decreasing by 16% compared to US\$ 257 million for the same period in 2018. After deducting operating expenses, provisions and taxes, total net income reached US\$ 41 million during the first quarter of 2019, a decline of 28% compared to US\$ 57 million

for the same period in the previous year. Net income attributable to the shareholders of the Group was US\$ 24 million, a decrease of 31% compared to US\$ 35 million for the same period in the previous year. Earnings per share reached US Cents 1.94 for the first quarter of 2019 compared to US Cents 2.84 for the same period last year.

As we mentioned above, the balance sheet items were affected positively by the narrow movements of local currencies of countries where ABG units operate against the US dollar, the currency of reporting the Group's consolidated statements. Therefore, the consolidated balance sheet of Al Baraka Banking Group reached at US\$ 24 billion at the end of March 2019, an increase of 1% compared to its level as in December 2018. The Group maintained a large portion of these assets in the form of liquid assets in order to seize the financing opportunities and to face the fluctuations in the markets.

Operating assets (financing and investments) amounted to US\$ 18 billion as at the end of March 2019 compared to US\$ 17.9 billion in December 2018, increasing by 1%. Customer accounts including due to banks and financial institutions as at the end of March 2019 reached US\$ 19.8 billion, an increase of 1% compared to US\$ 19.6 billion level as at end of December 2018, and represents 83% of total assets, which indicates the continued customer confidence and loyalty in the Group and growing customer base.

Total equity reached US\$ 2.2 billion at the end of March 2019 compared to US\$ 2.3 billion in December 2018, decreasing by 4% due to the distribution of cash dividends for 2018.

HE Sheikh Saleh Abdullah Kamel, Chairman of Al Baraka Banking Group, said "The results of the Group for the first quarter of 2019 are considered acceptable, taking into account the geopolitical and economic conditions undergone by many countries where our banking units operate. Our units were able to achieve these results while at the same time maintaining the quality of its assets and the soundness of liquidity, besides continuing their efforts to diversify income sources".

For his part, Mr. Abdulla Ammar Al Saudi, Vice Chairman of ABG, said: "The financial results achieved by the Group and its units in the first quarter of 2019, despite all unfavorable conditions, confirmed that they have established a strong presence, rich financial, technical and human resources, and extensive experience in their markets, enabling them to generate sustainable returns, which their size affected sometimes by those conditions."

Mr. Adnan Ahmed Yousif, Member of the Board of Directors and President & Chief Executive of Al Baraka Banking Group, said "The unfavorable geopolitical and economic conditions continued in the first quarter of 2019 in a number of main countries where our units operate. Despite this, we were able to not only maintain our good profits and operational positions, but also to enhance our precautionary measures in the context of sound policies and strategies developed by the Group and implemented by our units. We are very pleased to see the contribution of the majority of our banking units in the positive results of the Group."

With regard to the Group's plans to expand its branch network, the President & Chief Executive said that "The Group's units have continued their careful and well-planned expansion programs, where the number of new branches opened by these units has reached 3 branches during the first quarter of 2019, bringing the total number of branches to 700 at the end of March 2019. The total staff of the Group's branches reached 12,526, which reflects the clear role of our units in creating rewarding jobs to citizens in their communities. In addition, this policy is one of main pillars of growth in businesses and profits in the Group."

In terms of regional and international geographical expansion, and following the opening of our banking unit BTI Bank in Casablanca, Morocco in December 2017, the Bank has started offering various Islamic banking products and services after being approved by the relevant authorities. The bank now has 4 branches which were opened in 2018 as part of its strategy to open 37 branches by 2022 in various Moroccan cities, supported by ATM banking and online channels.

The Group is also planning to enter new markets in the coming period through the presence in the Indonesian and Chinese markets, expansion in East Asia, as well as studying the expansion in the continent of Africa through the presence in several countries, notably Kenya, Tanzania and Uganda. We will announce the details of these projects in due course.

Mr. Yousif added: "During the first quarter of 2019, we continued to focus on the implementation of the digital transformation strategy at the Group level and the banking units, which we believe will make significant transformation in the business strategies of the Units and the Group. Within this context, The Group signed a MoU with MasterCard, in order to enable the Group to tap into new opportunities for business growth and consumer engagement through MasterCard's extensive suite of products and services. Al Baraka's diversified network and the wide reach of its technologies and solutions in the Islamic banking space will further drive the adoption of the latest payment innovations across the region".

The first quarter of 2019 was marked by winning of a number of international awards. The Group's units in Sudan, South Africa, Lebanon and Jordan won the Islamic Finance News 2018 awards through a comprehensive annual poll conducted by Islamic Finance News magazine.

The Group and its banking units in South Africa, Lebanon and Jordan have been awarded the "Best Islamic Bank" award for the year 2019 in various categories within the context of the annual awards by the prestigious Global Finance magazine, a banking and finance specialist for international banking and finance institutions.

The President & Chief Executive of ABG concluded his statement by praising the tireless efforts of the executive management at the Group Head Office, the executive management teams of the banking units of Al Baraka Banking Group and related parties that were instrumental in achieving these satisfactory results for the Group.

Al Baraka Banking Group B.S.C. ("ABG") is licensed as an Islamic wholesale bank by the Central Bank of Bahrain and is listed on Bahrain Bourse and NasdaqDubai. It is a leading international Islamic banking group providing its unique services in countries with a population totaling around one billion. It is rated BBB+ (long term) / A3 (short term) by Islamic International Rating Agency and BB (long term) / B (short term) by Standard & Poor's.

ABG and its Units offer retail, corporate, treasury and investment banking services, strictly in accordance with the principles of the Islamic Shari'a. The authorized capital of ABG is US\$ 2.5 billion.

The Group has a wide geographical presence in the form of subsidiary banking units and representative offices in 17 countries, which in turn provide their services through over 700 branches. Al Baraka Banking Group has operations in Jordan, Egypt, Tunis, Bahrain, Sudan, Turkey, South Africa, Algeria, Pakistan, Lebanon, Saudi Arabia, Syria, Morocco and Germany, in addition to one branch in Iraq and two representative offices in Indonesia and Libya.

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