

Al Salam Bank Announces Financial Results for 2022

Manama, Bahrain. 10 February 2023 – Al Salam Bank (Bahrain Bourse trading code "SALAM", Dubai Financial Market trading code "SALAM_BAH") reported a net profit attributable to shareholders of BD 11.3 million (US\$ 30.0 million) in the fourth quarter of 2022, compared to BD 5.1 million (US\$ 13.6 million) in the fourth quarter of 2021, reflecting an increase of 120%. The increase in net profit was predominantly driven by the growth in core banking activities and the additional revenue generated from the acquired assets as part of the transaction with Ithmaar Holding. Earnings per share during the final quarter of 2022 increased to 4.8 fils (US\$ 13 cents) compared to 2.3 fils (US\$ 6 cents) for the same period in 2021. Total operating income for the fourth quarter stood at BD 56.1 million (US\$ 148.7 million), an increase of 99% from the BD 28.2 million (US\$ 74.8 million) recorded in Q4 2021.

For the fiscal year ending 31 December 2022, the Bank reported a net profit attributable to shareholders of BD 31.6 million (US\$ 83.8 million), compared to BD 21.4 million (US\$ 56.7 million) in 2021, reflecting an increase of 48%. Earnings per share increased from BD 8.8 fils (US\$ 23 cents) to BD 13.5 fils (US\$ 36 cents). Total operating income for the year was BD 155.4 million (US\$ 412.2 million), reflecting a 42% increase compared to BD 109.7 million (US\$ 291.1 million) for the same period in 2021.

Total shareholders' equity increased by 2.4% from BD 296.3 million (US\$ 785.8 million) in 31 December 2021 to BD 303.3 million (US\$ 804.4 million) for the year ended 31 December 2022. The increase was mainly due to profit earned during the year, offset by reduction in reserve balances. Total assets increased by 45% to BD 3.9 billion (US\$ 10.3 billion) in December 2022 compared to BD 2.7 billion (US\$ 7.1 billion) in December 2021, mainly driven by both the organic growth of the core banking engine and the transaction with Ithmaar Holding which included the consumer banking business of Ithmaar Bank. Despite the substantial growth in total assets, the Bank's capital adequacy ratio was 21.9% as of 31 December 2022.

As a result of the Bank's robust performance in 2022, the Board of Directors recommended a dividend distribution of 10% of the Bank's issued and paid-up share capital (5% cash dividends and 5% stock dividends), aggregating BD 24.82 million (US\$ 65.8 million). The dividend recommendation is subject to AGM and regulatory approvals.

Commenting on the Bank's performance in 2022, His Excellency Shaikh Khalid bin Mustahail Al Mashani, Chairman of Al Salam Bank, said: "We are delighted with our performance in 2022 which has cemented our position as Bahrain's largest Islamic bank and one of the region's leading Islamic financial institutions. While the Bank achieved significant inorganic growth from the transaction with Ithmaar Holding, the organic expansion achieved by the Bank leading up to year-end 2022 was significantly higher than market. Looking ahead to 2023, we will continue to execute our strategic roadmap covering new business verticals. We remain set on our upward trajectory and committed to delivering sustainable value for our stakeholders as well as the community."

Rafik Nayed, Group Chief Executive Officer of Al Salam Bank, said: "Our proven strategy continues to deliver robust financial results and has positioned us as Bahrain's fastest growing bank. The Bank

continued to thrive in 2022, but at a very different scale and velocity compared to previous periods. We are confident in our model's resilience and agility as we enter a new fiscal year. Reflecting on 2022, Al Salam Bank continued to build on the successful refresh of its brand identity and the accelerated digital transformation. Having achieved significant scale from the implementation of organic and inorganic growth initiatives, we strongly believe the Bank is well positioned to excel in the coming period focused on optimization and enhanced profitability."

The full set of consolidated financial statements, which were audited by external auditor KPMG, with unmodified opinion, are available on Bahrain Bourse's website.

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