

Al Salam Bank Announces Financial Results for the First Half Ended 30 June 2023

Manama-Bahrain. 10 August 2023 – Al Salam Bank (Bahrain Bourse Trading Code "SALAM", Dubai Financial Market Trading Code "SALAM_BAH") announced today net profits attributable to shareholders of BD 10.28 million (USD 27.26 million) in the second quarter of 2023 compared to BD 7 million (USD 18.58 million) in the same quarter in 2022, reflecting a robust increase of 47%. The significant increase in profitability was predominantly driven by the growth in core banking activities and additional earnings derived from key strategic initiatives including uplifts from the assets acquired from Ithmaar Holding, the acquisition of a majority stake in Al Salam Bank Algeria, and an overall improvement in the performance of the Bank's network of strategic subsidiaries and associates. Earnings per share increased by 43% to 4.0 fils (USD 10.6 cents) in the second quarter of 2023 compared to 2.8 fils (USD 7.4 cents) for the same period in 2022. Total operating income for the quarter reached BD 77.15 million (USD 204.64 million), marking a substantial 155% increase from the BD 30.27 million (USD 80.29 million) recorded in the second quarter of 2022.

For the six months period ended 30 June 2023 ("H1 2023"), the Bank reported net profits attributable to shareholders of BD 20.55 million (USD 54.52 million) compared to BD 13.52 million (USD 35.86 million) for the same period in 2022 ("H1 2022"), reflecting an increase of 52%. Correspondingly, earnings per share increased by 45% to 8 fils (USD 21.2 cents) in H1 2023 compared to 5.5 fils (USD 14.6 cents) for H1 2022. Total operating income for H1 2023 stood at BD 131.05 million (USD 347.60 million), reflecting a 130% increase from the BD 56.88 million (USD 150.88 million) recorded for H1 2022. Total shareholders' equity increased by 4.8% to BD 317.85 million (USD 827.50 million) compared to BD 303.25 million (USD 804.38 million) as of 31 December 2022, driven by H1 2023 net profit.

Total assets increased by 24.9% to BD 4.87 billion (USD 12.92 billion) in H1 2023 up from BD 3.90 billion (USD 10.34 billion) as of 31 December 2022. Financing assets increased by 28.8% during H1 2023, closing at BD 2.56 billion (USD 6.79 billion). The growth in asset base was driven by organic growth of the Bank's operations coupled with the consolidation of Al Salam Bank Algeria. The Bank maintains a strong capital adequacy ratio of 20.65% as of 30 June 2023.

His Excellency Shaikh Khalid bin Mustahil Al Mashani, Chairman of Al Salam Bank, commented: "The first half of 2023 has been both rewarding and productive. We are delighted to announce a substantial increase in profitability coupled with significant asset growth. The Bank reported steady organic and inorganic expansions, and we expect to continue this momentum for the remainder of the year. Our priorities for the second half of 2023 include delivering further significant shareholder value, accelerating product innovation, rolling out digital transformation initiatives, and continuing to support our communities."

Rafik Nayed, Group Chief Executive Officer of Al Salam Bank, said: "Our strong performance in H1 2023 is reflective of our strong foundations and successful strategy implementation. The continued improvement in profitability continues to be driven by the growth of our core banking engine, which has remained on an upward trajectory. To reap the benefits of this new scale, we are implementing initiatives designed to further enhance profitability and optimize operations. These initiatives are part of our work to consolidate our growth as we continue to capture

additional market share. During the second half of 2023, we will continue our commitment to expanding not only the presence of Al Salam Bank, but also the positive impact it has on our wider economies and communities.”

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

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