

Press release (Local)

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Net Income attributable to Al Baraka Banking Group's shareholders reaches US\$ 106 million in 2019, with total assets exceeding US\$ 26 billion

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Al Baraka Banking Group BSC (ABG), the leading Islamic banking group with its headquarters in the Kingdom of Bahrain, and which is traded at Bahrain Bourse and Nasdaq Dubai (under the trading code “Barka”), achieved a net income attributable to equity holders of the parent of US\$ 21.9 million in the fourth quarter of 2019 compared to US\$ 30.9 million for the same period of 2018 with a decline of 29%. While the total net income recorded during the fourth quarter of 2019 was US\$ 48.4 million compared to US\$ 53.5 million for the same period of 2018 with a 9% decline. The basic and diluted earnings per share for the fourth quarter was US Cents 0.73 compared to US Cents 1.65 for the same period of 2018. The profitability results of the quarter were affected by monetary and geopolitical developments in countries where the Group's units operate, in addition to providing more prudential provisions for its banking unit in Turkey, in order to enhance the integrity of its financial conditions and enable it to continue growing in the Turkish market, which is one of the main markets of the Group.

With regards to the performance of the full year of 2019, the Group achieved net income attributable to equity holders of the parent of US\$ 105.7 million compared with 129.1 million for the year 2018, showing a decline of 18%. While total net income for the year 2019 reached US\$ 180.2 million compared to US\$ 216.7 million for the year 2018, showing a decline of 17%. profitability results were affected due to monetary and geopolitical developments that prevailed during most months of the year in countries where the Group's units operate, in addition to providing more prudential provisions for its banking unit in Turkey, in order to enhance the integrity

of its financial conditions and enable it to continue growing in the Turkish market, which is one of the main markets of the Group. The basic and diluted earnings per share for the year was US Cents 6.01 compared to US Cents 7.91 for the year 2018.

With regards to the statement of financial positions' items, the equity attributable to the parent's shareholders and Sukuk holders amounted to US\$ 1.47 billion by end of 2019 compared to US\$ 1.55 billion by the end of 2018, reflecting a decline of 5% due to the payment of Tier 1 profits and the change in ownership of ABG subsidiary in Turkey during the year. While total equity reached to US\$ 2.32 billion by end of 2019 compared to US\$ 2.26 billion by end of 2018, showing an increase of 3%.

Total assets of the Group showed a growth of 10% by end of 2019 to reach US\$ 26.26 billion compared to US\$ 23.83 billion by the end of 2018. The Group maintained a large portion of these assets in the form of liquid assets.

Operating assets (financing and investments) amounted to US\$ 19.75 billion as at the end of 2019, compared to US\$ 17.86 billion at the end of 2018, increasing by 11%. Customer accounts including due to banks and financial institutions as at the end of 2019 reached US\$ 22.46 billion, an increase of 14% compared to US\$ 19.63 billion level at the end of 2018, and represents 86% of total assets, which indicates the continued customer confidence and loyalty in the Group and the growing customer base.

Based on this performance, the Board of Directors recommended to the AGM to distribute cash dividends of US\$ 0.02 for each outstanding shares, subject to regulatory and AGM approvals.

Commenting on the performance and results of the Group during 2019, HE Sheikh Saleh Abdullah Kamel, Chairman of Al Baraka Banking Group, said, "Due to our full commitment to providing real participatory banking model in the 17 communities where our Group's units operate, we fully realize the nature of exposures we face and consider them as part of our business model in servicing these communities. Based on this, we consider the results achieved in 2019 as very good results, especially that all our units contributed to achieving them, given their well-established presence in the markets and sound and growing financial performance."

For his part, Mr. Abdulla Ammar Al Saudi, Vice Chairman of ABG, said, "The results achieved by the Group and its units in 2019 confirm that they stand for sound fundamentals in terms of the healthy financial conditions, technical and human resources and long experience in its local markets. This can achieve sustainable growth in business and revenues, but are sometimes affected by geopolitical and financial developments surrounding these markets.

Mr. Adnan Ahmed Yousif, Member of the Board of Directors and President & Chief Executive of Al Baraka Banking Group, said, "The year 2019 saw the continuation of unfavourable international economic developments such as the trade war and unstable oil prices, in addition to the financial and geopolitical developments in some countries where our units operate. All these factors created many challenges for us, but thanks to the Almighty, we were able to achieve strong improvement in

our income during the fourth quarter of 2019. However, the results for the entire 2019 remained affected by those developments, which compelled us to follow prudent policy in business expansion, in addition to continuing to build stronger prudential provisions. We are very pleased to see the contribution of all our banking units towards the positive results of the Group."

With regard to the Group's plans to expand its branch network, the President & Chief Executive said, "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 5 branches during 2019, bringing the total number of branches to 703 at the end of December 2019. The total staff of the Group's branches reached 12,662 which reflects the clear role of our units towards creating jobs to citizens in their communities. In addition, this policy is one of the main pillars of growth in businesses and profits in our Group."

In a unique initiative that enhances the close link between the Group's Sustainability and Social Responsibility program and the United Nations Sustainable Development Goals 2030, the Group officially signed the new Principles for Responsible Banking to become the first bank in the West Asia region to sign on these principles, which were developed through an innovative global partnership between banks and the UN Environment Programme Finance Initiative (UNEP FI).

Al Baraka Banking Group's commitment to the Principles for Responsible Banking follows a period of increased collaboration between the bank and the UNEP Regional Office for West Asia, after entering into a strategic partnership that was formalized with the signing of a memorandum of understanding earlier in May 2019. As part of Al Baraka Goals (2016-2020), Al Baraka pledged financing facilities of US\$197 million for 2019-2020 in support of renewable energy and energy efficiency projects in the bank's operating countries, including; Jordan, Bahrain, Syria, Iraq, and Saudi Arabia from the West Asia region.

Mr. Yousif stated, "During 2019, we continued to focus on the implementation of the digital transformation strategy, both at the Group level and at our banking units, and we intend to launch a number of initiatives which will highlight the leading role of the Group in embodying this transformation. Within this context, ABG in partnership with FinTech Galaxy, MENA region's first FinTech digital crowdsourcing platform, conducted an Innovation Challenge as part of MENA FinTech Hackathon along with other banks in the region. Five FinTechs were shortlisted for the Al Baraka Innovation Challenge, from the USA, Egypt, Sri Lanka, Turkey, and UAE". The FinTech start-up "ElGameya" from Egypt was announced as the Al Baraka Winner and was awarded by the President & Chief Executive of Al Baraka Banking Group.

Al Baraka Banking Group being one of the pioneers in embracing financial technology and believes that FinTech will drastically improve the financial industry landscape through access to next-generation banking services.

We also continued to focus on expanding our Shari'a-compliant investment and banking products base through our banking units and creating greater synergy between them in the areas of compliance, AML / CFT, FATCA, CRS, and other

international legislations in order to strengthen the Group's position. We have also continued to provide modern training programs through Al Baraka Academy and are striving to provide online coaching to all employees of the Group and its banking units.

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

This press release, along with the full set of financial statements, are available on the Bahrain Bourse website and on the Group website: www.albaraka.com

About Al Baraka

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 totalling around one 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 two branches in Iraq and two representative offices in Indonesia and Libya.

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.

ABG is rated BB (long term) / B (short term) by Standard & Poor's and BBB+ (long term) / A3 (short term) by Islamic International Rating Agency (IIRA). IIRA has also rated ABG on the national scale at A+ (bh) / A2 (bh) with a fiduciary score of 81-85, the highest level amongst Islamic Financial Institutions in the region.

For any additional information:

Contact: uramesh@albaraka.com or fsaleh@albaraka.com