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Press Release

Results of the First Quarter of 2014:

Al Baraka Banking Group Records Net Profit of US\$ 67 million and Total Assets Exceeding US\$ 21 billion

Manama, 11 May 2014:

The Bahrain based leading Islamic banking group, Al Baraka Banking Group B.S.C (ABG) announced a net profit of US\$ 67 million for the first quarter of 2014, reporting an increase of 1% over the net profit of the same period of last year. While total assets increased by 1%, total financing and investments by 2% and customer accounts by 1% at the end of March 2014 compared to the end December 2013. These results reflect the Group's ability to continue investing in lucrative opportunities arising from the current situation. At the same time, it also reflects the Group's continued efforts to forge ahead with its strategic plans for growth, by enhancing its technical and capital capabilities and expanding its geographic network, despite the current fluctuations in the international and regional economies and the financial markets.

On this occasion, H.E. Shaikh Saleh Abdulla Kamel, Chairman of Al Baraka Banking Group, stated, "We are pleased with the financial results achieved by the Group in the first quarter of 2014, given the fluctuating economic and financial conditions that the world has been facing, which in turn, has impacted the activities of the banking sector. However, Al Baraka Banking Group, thanks to God, was prompt in developing prudent strategies that enabled it to deal successfully with these conditions and achieve satisfactory profit, while at the same time, the Group continued to implement its strategies for expansion and growth and strengthening our human resources and enhancing our capacity to meet the demands of growth. It would not

have been possible to realize all of these achievements, were it not for the strong capital resources and the long standing experience of the Group; and its stringent adherence to the Islamic banking model, which calls upon us to work on the development of land and serve the communities amongst which we operate, while being committed at all times to the highest ethical and professional standards".

On his part, Mr. Abdulla Ammar Al Saudi, Deputy Chairman of ABG said, "these results are very good by all standards and have surpassed the targets projected in our plans for the current year, despite the difficult conditions in the regional and international financial markets, against the backdrop of political and economic fluctuations, regionally and internationally. We would like to emphasize that our financing and investment policies and activities during the first quarter of this year were actively focused on investment opportunities arising from the current situation, whereby we capitalized on our substantial resources and extensive geographical network. However, our cautious and selective approach, together with the extreme caution exercised by the markets and customers towards implementing their financial and investment programs has created the desired results".

Mr. Adnan Ahmed Yousif, Board Member and President & Chief Executive of Al Baraka Banking Group, said, "The financial results that we have achieved during the first quarter of the year 2014 are distinctive by all standards, especially when compared with the budgeted figures that we planned, where the actual profits earned for the first quarter of the year is 19% above the budgeted profit for the same period, which is very satisfactory. We estimated that our net income during the first half of 2014 will decline due to several reasons, the most important is the decision of the Algerian authorities with regards to the new standards of commissions of opening and confirming letters of credit, where they put ceilings on these commissions, which had a negative impact on income from commissions by the all Algerian banks, and especially Al Baraka Bank Algeria, which finances approximately 6% of the total foreign trade of Algeria. But the Bank already initiated alternative financing and investment programs which will enable it, God willing, during the second half of this year to compensate all of the decline due to lower commissions. As well as due to the termination of our participation in a number of important Musharaka financings, especially by Al Baraka Bank Turkey. But the Bank recently entered in new Musharaka financing deals which will be reflected positively on the Group's results during the second half of the year".

With regard to the Group's plans to expand its branch network, the President & Chief Executive, Mr. Adnan Ahmed Yousif stated that towards the end of 2013 and the first quarter of 2014, the subsidiary units of the Group continued their expansion plans by opening new branches, whereby there were 54 new branches in 2014 and it is intended that we open another 84 new branches in 2014, which will raise the total branch network of the Group to 569 branches, spreading over 15 countries and providing employment to over 10,000 employees. This reflects our determination to consolidate and expand our activities in the countries where we operate currently. Mr. Yousif further said, "It is worth mentioning here that the ambitious branch network expansion programs implemented by the Group would result this year, as it did the last year as well, in huge expenses related to the establishment of these branches and equip them with the necessary human and technical resources. However, the returns of these programs in terms of profits, income, growth and expansion will be great and very positive and will be seen in the forthcoming years".

Mr. Yousif added, "The beginning of 2014 witnessed the transformation of Al Baraka Bank Tunis from an offshore bank to a full commercial bank providing full banking services to individuals, corporates and others, upon receiving the necessary approvals of the Tunisian authorities last year to change the Bank's license from an offshore bank to an onshore bank. This welcome move, which took place on the year of its 30th anniversary of the Bank's founding in Tunisia, will establish the Bank as a separately capitalized institution in its own right, whilst permitting it to conduct a greater range of retail activities in local currency and to expand accordingly. We are confident that this major step will reflect positively on the Group's programs and results in future, especially now that we are planning to open 25 branches for Al Baraka Bank Tunis, during the forthcoming three years".

Mr. Yousif added, "Al Baraka also continued the study to expand in the rest of the Maghreb countries, especially Morocco, following the big opportunity offered by this country for Islamic banking, and its plans to attract Islamic financial institutions, taking into account the abundance of investment and financing opportunities as well as the attractive investment climate offered by the Moroccan market".

"Further, having owned 60% of "Itqan Capital" in Saudi Arabia, an investment company registered as a closed joint stock company and licensed by the Capital Market Authority, we are also looking at an enhanced presence in the Gulf markets, as they represent a natural extension of the activity network of the Group regionally and

globally. Moreover, these markets represent a vital position in the second phase of the expansion and growth strategy of the Group”.

The President & Chief Executive advised that the Group, during the past months, has been working on leveraging the advantages of the unifying the IT network amongst the units and to modernize the institutional, human and technical infrastructure of the Group, by developing the regulations, applications and practices of corporate governance, social responsibility, governance, compliance, AML, training, risk management and FATCA regulations in according with latest international standards.

Mr. Yousif emphasized that during this past period, the Group's Steering Committee was activated for greater focus on Social Responsibility in order to ensure the continuity of the social responsibility program of the Group and to update it according to the latest, world class researches and strategies. This will further the objectives of the Shari'a, as well as the management and supervision of the implementation of the social responsibility program at the Group level as a whole, as one of the leading programs, not only in the Islamic Banking sector, but also at the level of the finance industry as a whole.

The President & Chief Executive of the Group added, "In accordance with our strategic plans, we have many plans and initiatives that we intend to implement during 2014. These will include launching new and innovative products and services in our operating markets, improving the internal operating environment technically and professionally, enhancing the unified culture related to the Group's corporate identity, increasing inter-unit business amongst Al Baraka Units, as well as enhancing the standing of ABG in the international markets as a whole. We once again stress on our determination to continue to invest our substantial financial resources and expertise and the wide geographic network of the units of the Group towards maximizing the returns for our shareholders and the investors in the Group”.

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 banking units of Al Baraka Banking Group and related parties that were instrumental in achieving these excellent results for the Group.

According to the financial statements of the Group, total operating profit amounted to US\$ 213 million in the first quarter of 2014, which is higher by 5% compared to the first quarter of 2013. After deducting all operating expenses which increased by 14%, the net operating income for the first quarter of 2014 amounted to US\$ 84 million, decreasing by 6% compared to the first quarter of 2013. This reflects basically the growth in expenses related to expansion in opening new branches during the end of 2013 and first quarter of 2014. Despite this, the net income of the Group reached US\$ 67 million for the first quarter 2014, up by 1% compared to the first quarter of 2013. The net income attributable to equity holders of the parent reached US\$ 37 million, representing a small reduction of 1% compared to the same period last year.

The total assets of the Group amounted to US\$ 21.3 billion as at the end of March 2014, up by 1% compared to the end of the year 2013. The operating assets (financing and investments) amounted to US\$ 15.7 billion as at the end of March 2014 compared to US\$ 15.4 billion at the end of December 2013, an increase of 2%. Customer accounts increased by 1% from US\$ 17.7 billion as at the end of December 2013 to US\$ 18 billion as at the end of March 2014. Total shareholders' equity amounted to US\$ around 2 billion as at the end of March 2014, maintaining its December 2013 level.

On this occasion, H.E. Sheikh Saleh Abdulla Kamel, Chairman of Al Baraka Banking Group, Mr. Abdulla Ammar Al Saudi, Vice Chairman, Mr. Abdulla Saleh Kamel, Vice Chairman, and Mr. Adnan Ahmed Yousif, President & Chief Executive and all Members of the Board of Directors of ABG expressed their sincere thanks to the Ministry of Industry and Commerce, Central Bank of Bahrain, Bahrain Bourse and Nasdaq Dubai for the cooperation and assistance they extended to the Group since it was established. They also extended their thanks to all the Central Banks in the countries in which Group's banks operate and to all the investors and customers for their continued support. The Board also thanked all the employees of the Group for their loyalty, hard work and dedication, all of which have contributed to the successes and achievements of the Group.

Al Baraka Banking Group is a Bahrain Joint Stock Company licensed as an Islamic wholesale bank by Central Bank of Bahrain, listed on Bahrain Bourse and Nasdaq Dubai stock exchanges. It is a leading international Islamic banking group providing its unique services in countries with a population totaling around one billion and is rated by Standard & Poor's at BB+ (long term) / B (short term). Al Baraka offers retail,

corporate, treasury and investment banking services, strictly in accordance with the principles of the Islamic Shari'a. The authorized capital of Al Baraka is US\$ 1.5 billion, while total equity is at about US\$ 2 billion.

The Group has a wide geographical presence in the form of subsidiary banking Units and representative offices in fifteen countries, which in turn provide their services through over 485 branches. Al Baraka currently has a strong presence in Jordan, Tunisia, Sudan, Turkey, Bahrain, Egypt, Algeria, Pakistan, South Africa, Lebanon, Syria, Iraq and Saudi Arabia, including two representative offices in Indonesia and Libya.