

Al Baraka *PULSE*

February 2019

An Economic Bulletin from
Al Baraka Banking Group
Research & Development



COVER FEATURE:

Sustainability and Social Responsibility at Al Baraka



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Notes from the President & Chief Executive



Through its banking units in 17 countries, the Group continued to implement business expansion strategies, increase branches, strengthen market share in its local markets and strengthen its relationships with customers by providing high quality and competitive products and services.

We are pleased to reach out to you again with Al Baraka Pulse, and we are indeed very happy to receive such an encouraging response to the first two issues from all our readers. Al Baraka Pulse is a link and a channel for the interaction between all our banking units, through which we share each of our individual Units' successful and distinctive experiences and learn how to benefit from them. Thus, we are strengthening our consolidated business strategies.

In 2018, we faced many challenges, particularly with the unstable global economic environment, regulatory and legislative developments and fluctuations in the local currencies against the US dollar in a number of countries where the Group's units operate. However, thanks to our prudent policies in selecting high quality assets, rationalizing expenses, increasing spending efficiency, and offering more innovative products through our subsidiaries, the Group has achieved very good profitability, surpassing what we achieved in 2017.

Through its banking units in 17 countries, the Group continued to implement business expansion strategies, increase branches, strengthen market share in its local markets and strengthen its relationships with customers by providing high quality and competitive products and services. The operations of these units achieved good growth in all financial and investment activities and most of them witnessed good increase in profitability, all of which reflected on the excellent results we achieved.

Al Baraka Turk also launched the INSHA , Europe's first interest free, Digital only Banking Service in Germany, to provide digital banking services in Europe.

In 2018, we succeeded in focusing more on the implementation of our digital transformation strategy and launched into many initiatives. We have also been successful in creating greater cooperation between our units in fields of compliance, anti-money laundering, terrorism Financing, FATCA, CRS and other international legislation in order to strengthen the Group's position in facing the challenges of risk reduction by global correspondent banks. We also continued to provide professional training programs through the Al Baraka Academy and through other online programs to all employees of the Group and Units to reinforce our belief in the importance of human development.

By the end of the year, we launched the Sustainability and Social Responsibility Report 2017, which reflects our socially responsible role based on the principles and values we believe in, which forms the basis of our business model. The report shows the progress made by the various programs of the Group, and offers an analytical review of the achievements in countries where the Group's banking units operate. In 2016, the Group announced the Al Baraka Goals for Sustainable Development (2016-2020) with a pledge of more than US\$ 635 million and the creation of 51,000 jobs through funding and support. These goals are linked to the United Nations Sustainable Development Goals 2030.

We concluded the year by holding the 26th Group Strategy Meeting, which was attended by the heads of the Group's Executive Management and all the heads of our units. The Group Strategy Meeting evaluated the various strategic initiatives at different levels and developed a strong and consistent work plan for the Group for 2019 and beyond.

We are fully aware of the magnitude of the challenges posed by the regulatory and legislative environment, the economic and financial developments facing us and the opportunities available to us in the New Year 2019. We are confident, with the help of God, that our executive and management teams have the necessary insights, professional experience and sustained financial, human and technical resources towards achieving the goals we have set for ourselves by 2030.

We wish everyone good luck and success during 2019!

Adnan Ahmed Yousif
President & Chief Executive
Al Baraka Banking Group



Our Partnerships have resulted in:

Total Assests \$ 25 billion	Total Deposits \$ 21 billion	Number of Customers Over 2.7 million	3 Continents 16 Countries	675 Branches	12,795 Employees
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Please visit WWW.ALBARAKA.COM for more details



COVER FEATURE:

Sustainability and Social Responsibility at Al Baraka

Global Goals for Sustainable Development

The United Nations General Assembly unanimously adopted 17 Global Goals for Sustainable Development (SDGs) on the 25th of September 2015. Al Baraka pledged its support for the SDGs on the 3rd of November 2015. In 2016, Al Baraka announced the Al Baraka SDG (2016-2020) with a pledge of over \$635 million to finance and fund the Al Baraka SDG. Al Baraka SDGs focus on Job Creation, Education and Healthcare and are linked with seven of the Sustainable Development Goals 2030.

The Al Baraka SDGs (2016-2020) seek to:

1. Create over 51,000 jobs.
2. Finance over \$ 434 million for healthcare projects.
3. Finance over \$191 million for educational projects.

(Work is under progress to add the environmental targets and will be announced soon)

Sustainability and Social Responsibility Report

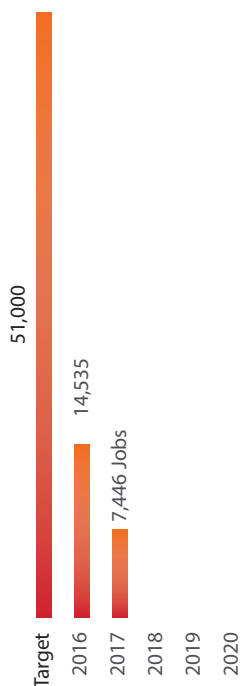
Al Baraka Banking Group B.S.C published its Sustainability & Social Responsibility Report for 2017. The Report includes Al Baraka's progress during 2017 on its various programs and activities and covers a countrywide global overview of achievements and all sustainability and social responsibility programs. The Report also includes an impact assessment of all of Al Baraka's programs and activities. As part of the Report, Al Baraka also announced the second year assessment of the Al Baraka SDG Goals (2016- 2020). The Report reflects Al Baraka Banking Group's commitment in following a business model that helps the organization to be socially responsible and impactful. The Report can be accessed [here](#), and below is the summary:

1. Helped create 7,446 jobs, which was 73% of the 2017 target of 10,207 jobs.
2. Provided \$100,000,000 in education funding / financing which was 261% of the 2017 target of \$38,173,398.
3. Provided \$146,626,000 in healthcare funding / financing which was 169% of the 2017 target of \$86,700,977



EMPLOYMENT 5-year target

51,000 Jobs



(2016-2017) 21,981 Jobs
ACHIEVED 43%
of five year target

EDUCATION 5-year target

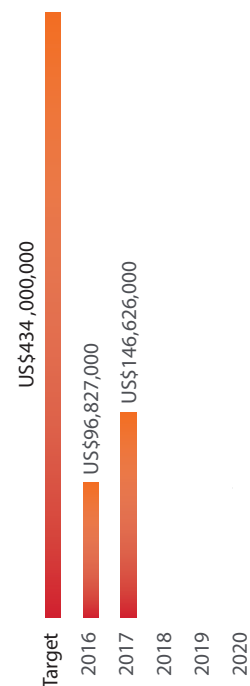
US\$191 M



(2016-2017) US\$141,596,000
ACHIEVED 74%
of five year target

HEALTHCARE 5-year target

US\$434 M



(2016-2017) US\$243,453,000
ACHIEVED 56%
of five year target

"We are proud to support the UN Global Goals for Sustainable Development, as we believe that the Global Goals are based on our inherently shared values. We are continuously working to internalize the Global Goals within our business processes to allow greater impact of our business strategy and operations. Achieving the Global Goals requires financing at different levels and, therefore, the banking and financial services sector has a key role to play. The investment opportunity to finance the Global Goals is unprecedented, and we should all work together to bridge the SDG financing gap".

- Adnan Ahmed Yousif, President and Chief Executive of Al Baraka Banking Group B.S.C.

SDG Business Forum

Al Baraka Banking Group B.S.C (ABG) also participated in a high level delegation led by Mr. Adnan Ahmed Yousif, President and Chief Executive at the SDG Business Forum held on the sidelines of the High Level Political Forum on Sustainable Development in New York recently.

At the SDG Business Forum, Mr. Adnan Ahmed Yousif presented the experience of Al Baraka Banking Group in linking Al Baraka Program for Sustainable Development and Social Responsibility with the objectives of Sustainable Development of the United Nations and the achievements made by the Group in this field. The participation of Al Baraka Banking Group in the SDG Business Forum was a complement to the highly successful and distinguished participation of the high level national delegation of the Kingdom of Bahrain, who participated in the UN High Level Forum on Sustainable Development and presented the excellent achievements of the Kingdom in this field. The presentation of Al Baraka Banking Group's experience in this area of Sustainability and Social Responsibility and the successes it has achieved in attaching its objectives to

Sustainable Development Goals in this prestigious forum is indeed a matter of pride for all of us.

MoU with UNDP

Al Baraka Banking Group signed a Memorandum of Understanding (MoU) with the United Nations Development Program (UNDP) in July 2018 to develop a framework to facilitate cooperation between the two parties in the areas where the UNDP supports Al Baraka in developing sustainability standards related to its funding, the projects it launches awareness activities related to the objectives of Sustainable Development, as well as the readiness of the UNDP to provide the same services to all the units of the Group operating in 17 countries through its offices in these countries.

We thank the UNDP and the officials in the Kingdom of Bahrain for the support provided to the Group in this field. The cooperation and coordination with them reached an advanced stage leading to the signing of the MoU, which will open the doors for more cooperation in the future.



Mr. Adnan Ahmed Yousif, President & Chief Executive of Al Baraka Banking Group - signing the MoU with UNDP Officials



Al Baraka, Pakistan : Education Project



Al Baraka Turk : Blood Donation Camp



Al Baraka, South Africa - Education Project



Al Baraka, South Africa : Development & Environment Project



Jordan Islamic Bank : Solar Energy Project



AL BARAKA BANK EGYPT

Building a Better World Through Development

The President & Chief Executive of Al Baraka Banking Group, Adnan Ahmed Yousif, once stated that Al Baraka Bank - Egypt is one of the important Units in the Group in the area of financing mega projects in Egypt as it participates with the largest Egyptian banks in financing mega national projects in the petroleum, gas, petrochemicals, electricity and cement sectors. These are considered the most important activities that support the economic structure of any country, as the Bank's participation in these facilities exceeded EGP 3 billion in 2018 and the bank expects to further participate with an amount of another EGP 10 Billion towards financing these sectors in the coming period.

Integrating Sustainability in the Core Business

Al Baraka Bank – Egypt also concentrates on financing private / governmental sectors that support the development process in Egypt, especially in industrial field with mega projects in the aluminum industry, advanced industries in railway, engines, aircraft, automotives, electronics, drilling equipments, pharmaceutical manufacturing, fertilizers, specialty chemicals, paper manufacturing, cartons, packaging materials, food industries, mills, oil production,

trailers manufacturing, transportation, home appliances, pipes and plastic industries, building materials, leather and other various industries with mega companies working in these fields in Egypt. The Bank is proud to deal with these organizations through long standing banking relationships that have witnessed many successes for the bank and customers as rightly promised in the Group's Slogan of "Your Partner Bank" – viz., your Bank is your partner.

As the Bank's financing portfolio for the industrial sector alone exceeded 40% with an amount that exceeds EGP 7 billion, currently, Al Baraka Bank Egypt seeks to maintain this percentage in its financing portfolio and increase it during the coming period.

While Al Baraka Bank - Egypt is interested in financing infrastructure projects in roads, construction, housing and development fields, the Bank also considers education as an essential sector for development. It is to be noted that the bank has financed the establishment of various schools and scientific academies in addition to financing the establishment of two big universities in Egypt and the Bank will continue in this direction in the future due to the importance of this sector.

The Bank is also interested in financing small and medium

enterprises as it is considered to be a part of the integrated financing system for the Bank, aligning with the initiatives of the Central Bank of Egypt for supporting such projects. Moreover, the Bank's portfolio in financing such projects reached EGP 4 billion with 22% of whole Bank's portfolio.

These provided facilities to the Bank's clients, invested in creating job opportunities that reached 3000 new jobs and is expected to generate 10,000 new job opportunities by 2020.

The Bank will continue to achieve the directives of the Group's President & Chief Executive, Mr. Adnan Ahmed Yousif, in its Corporate Social Responsibility program and the investment from Al Baraka units towards developing communities and local economies of the countries that the Units operate in as it is the core that represents the main features of the business model that the Al Baraka Group is committed to.

The Bank will continue to provide other services to individuals in the family sector and other professionals through the various banking products that cover a wide spectrum of customers' needs. This is aside from the bank's interest in financing projects for its customers from institutions, small, medium and large companies.

VISION

"We believe society needs a fair and equitable financial system: one which rewards effort and contributes to the development of the community".

MISSION

"To meet the financial needs of communities across the world by conducting business ethically in accordance with our beliefs, practicing the highest professional standards and sharing the mutual benefits with the customers, staff and shareholders who participate in our business success".



AL BARAKA BANK ALGERIA

The First Islamic Bank in Algeria



The First Islamic Bank in Algeria

Al Baraka Bank Algeria: 27 Years of Islamic Finance

Al Baraka Bank Algeria celebrated its 27th anniversary since its founding. This could also be considered as a celebration of Islamic Finance in Algeria. In fact, until 2008, Islamic Finance was confined to one bank, Al Baraka Bank Algeria. Since then, another Islamic bank with the Emirati capital of Al Salam Bank has been approved by the Bank of Algeria to operate.

Many financial institutions, including the most important public banks and foreign banks in Algeria, are working to create Islamic windows and offer products that are compliant with Islamic principles.

During the 27 years of activism, Islamic Finance has come a long way in Algeria, where it was initially viewed with some questions and misunderstandings by the banking sector. Today it is an indispensable and a desired component of the Algerian banking arena.

One of the salient features of the Islamic Finance experience in Algeria is the promulgation of a law on cash and credit on April 14, 1990. This established legal provision negates the monopoly and dominance of public banks in the banking market by allowing the establishment of banks and financial institutions with private capital, whether of Algerian or foreign origin. The most important contribution to this new law was the establishment of Al Baraka Bank Algeria as a modern banking institution adapted to the requirements of the market economy and strengthening the banking system at the local level. The bank's capital was estimated at 500 million dinars (\$ 27 million in 1991), which is shared jointly by the Agricultural and Rural Development Bank (BADR) and the Dallah Al Baraka Saudi Group.

Alternative Products

The introduction of alternative products to traditional banking instruments was not easy in 1991 because Islamic finance was not as sophisticated and structured as it is today. Its forms began to emerge only 15 years ago with the emergence of the first Islamic banks, which was unknown in Algeria, except in the academic, scientific or religious fields. Among the financing products that have helped the Bank thrive in its early years are Musharaka contracts involving participation in financing the import of food products or building materials by sharing profits and losses if necessary and other debt-based financing products such as Murabaha, Ijara or Salam. The latter product was specifically designed to replace Musharaka as a tool to finance cash requirements, allowing funds to be transferred to the current account of the customer as a price to purchase goods by the bank and to be delivered later.

However, the Bank has always been keen to allocate a large part of the funding for investment projects despite the lack of feasibility studies and the high-risk ratio surrounding these types of projects.

National and Socially Responsible Bank

In addition to the consensus of all banking operations for the principles of Islamic Sharia law, the Bank's Basic Law contains a framework for social responsibility, which aims at social development through sponsoring and supporting educational projects, improving the living conditions and quality of life for those in need and contributing to the fight against poverty by granting good loans to youth with small projects. It also contributed to the establishment and management of Zakat funds for the Ministry of Religious Affairs and Endowments.

From this perspective, Al Baraka Bank Algeria, under a partnership agreement with the Ministry of Religious Affairs and Endowments signed in 2006, approved the management of the interest-free Zakat scheme, whereby part of the Zakat funds is collected by the local committees of the National Zakat Fund and distributed in the form of interest-free loans to finance the establishment of small enterprises for low-income groups.

As a living example, the interest-free micro-loan product was launched in 2008 in Ghardaia to finance the economic activities of a group of women in a house. This new product has funded about 1,000 women. The success of this formula during the pilot phase encouraged the Bank to convert it into a mini-Murabaha product to fund successful activities while maintaining the interest-free loan formula for the projects at the launch stage.

In the same area, "Ghardaia", another participatory financing product was tested in the form of Musharaka and it has achieved satisfactory results. This product too was designed with the help of a Swiss microfinance company and in cooperation with the German support agency in Algeria, to finance micro-enterprises. Musharaka formula, characterized by its flexibility and high returns, has proved

to be highly adapted to the size and characteristics of this category of companies. Another mechanism for financing the economic activities of socially threatened women, sponsored by some charities, was launched in four states with the assistance of CIDEAL Spanish Foundation.

An institute for research and training in Islamic finance has also been established, in which the Bank aims to provide training courses in various fields, especially those related to Islamic finance. Al Baraka Bank Algeria also contributed 100 million Algerian dinars or about 1 million US dollars towards the establishment of a research center against cancer - in the form of a moratorium.

As future projects that affect the sustainable development aspect, particularly projects related to the environment, our Bank aims to:

- Finance renewable energy projects in order to search for renewable energy resources to reduce the use of conventional energy on the one hand, and reduce environmental pollution on the other, as clean, non-polluting and inexpensive energy.
- Finance the use of energy efficient cooling systems and electricity, where the bank will equip all its agencies



with renewable energy (solar panels) beginning with the branches of the south and then circulate the operation at the level of all branches.

- Adopt new methods such as the use of energy saving LED lamps as well as modern water saving faucets to ration the use of energy and water by employees.
- Launch annual tree planting campaigns in coordination with the Ministry of Environment and Renewable Energies so that the bank will finance this process.

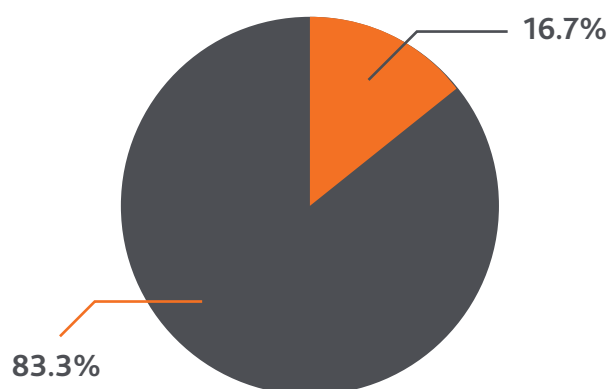
Today, 27 years later, the market share of Al Baraka Bank in Algeria is about 2% of the total market and 14% of the private market. Recognizing the need to strengthen its presence in a market where demand for Shari'a-compliant banking services is increasing, Al Baraka Bank Algeria launched an ambitious program to open new branches to reach 50 branches in 2022.

Today, 27 years later, the market share of Al Baraka Bank in Algeria is about 2% of the total market and 16.7% of the private market.

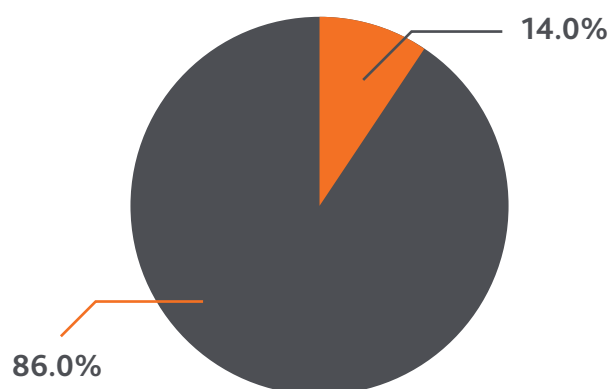
Share of Al Baraka Bank Algeria in the private banking market

■ Share of AlBaraka Bank

■ Share of private banks



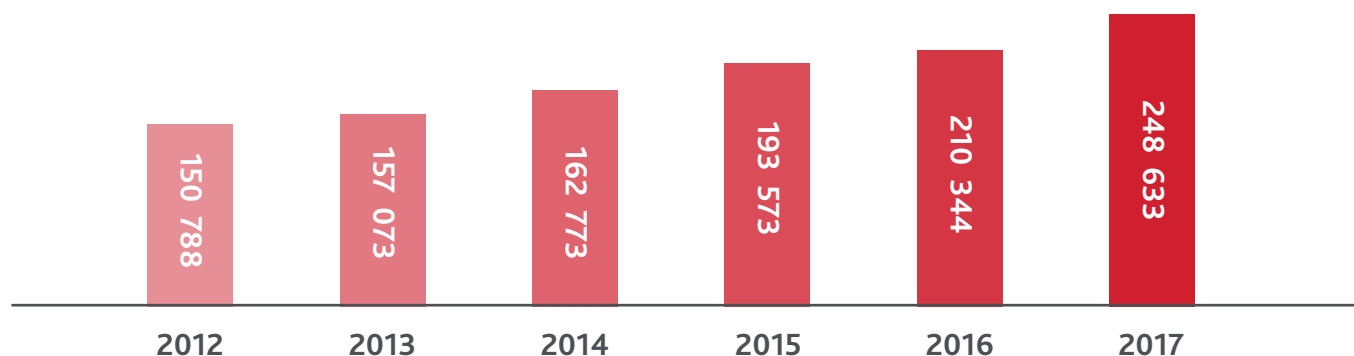
FUNDING



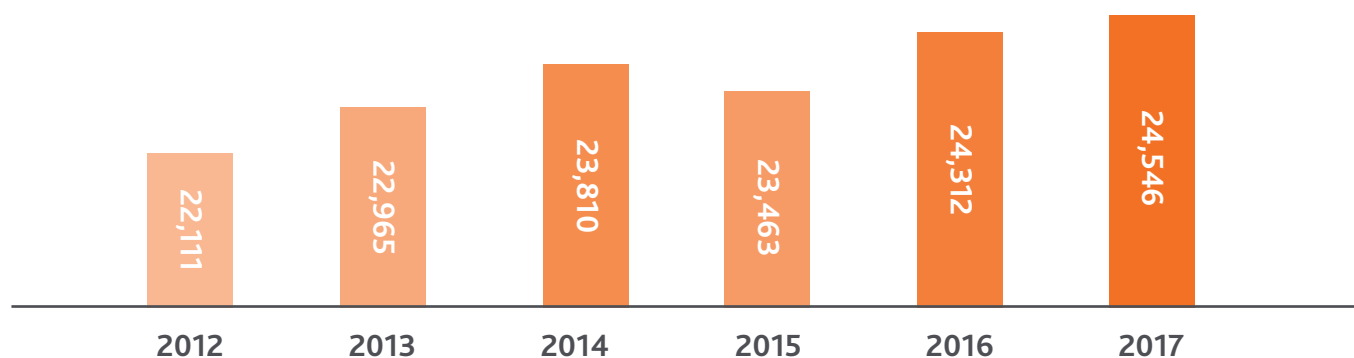
DEPOSITS

Historical Performance of Al Baraka Bank Algeria

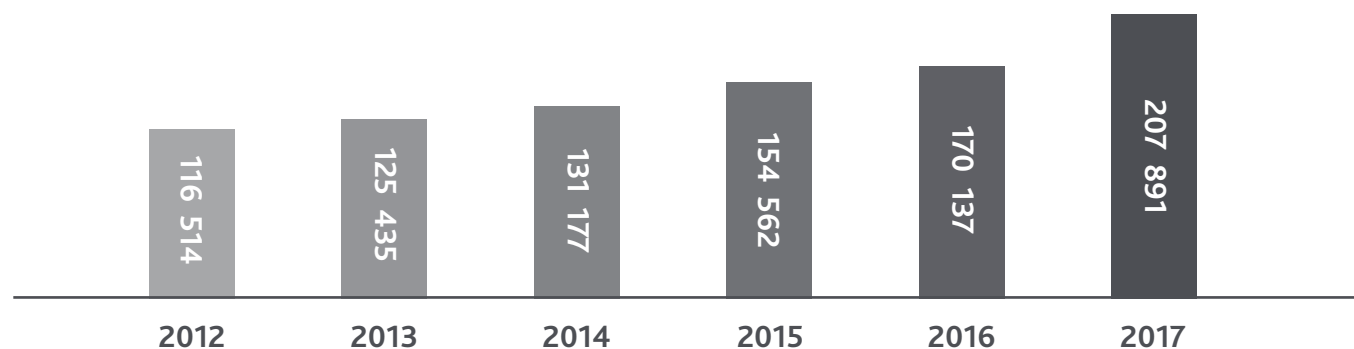
TOTAL ASSETS *(All figures are in millions of dinars)*



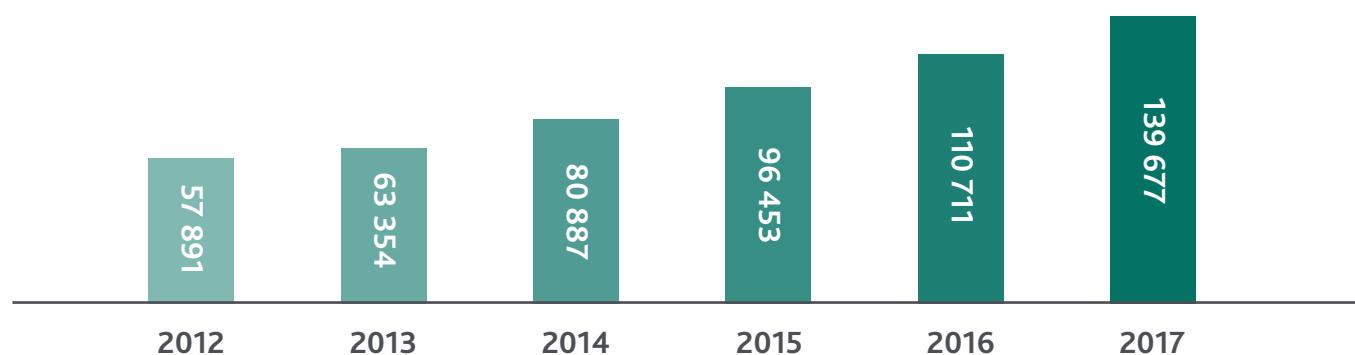
TOTAL EQUITY *(All figures are in millions of dinars)*



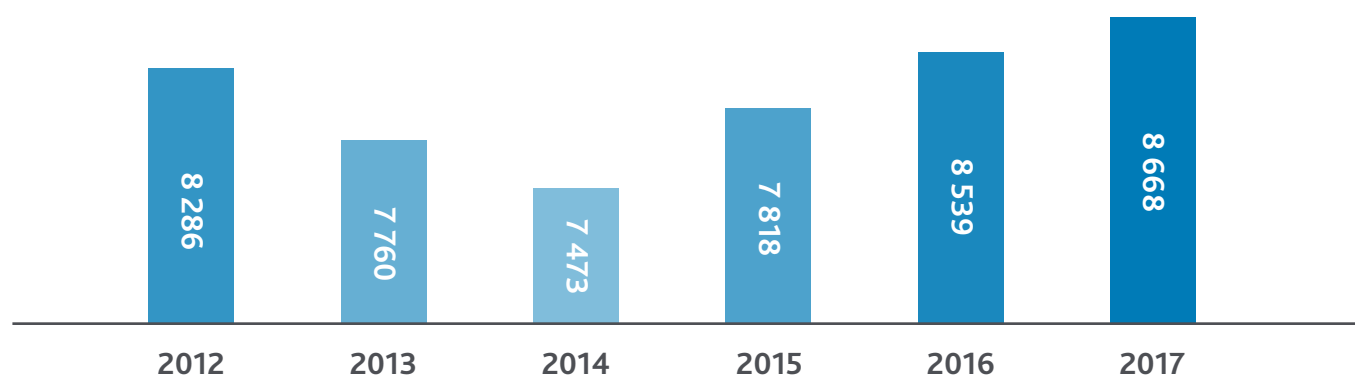
TOTAL DEPOSITS *(All figures are in millions of dinars)*



TOTAL FUNDING *(All figures are in millions of dinars)*



TOTAL OPERATING INCOME *(All figures are in millions of dinars)*





Al Baraka Banking Group holds its 26th Group Strategy Meeting



26TH | الإجماع الإستراتيجي للمجموعة GROUP STRATEGY MEETING

Al Baraka Banking Group holds its 26th Group Strategy Meeting

As part of its ongoing strategic drive aimed at fostering its pioneering regional and global status in Islamic banking, Al Baraka Banking Group, held its 26th Group Strategy Meeting last December 2018.

The two-day conference chaired by the President & Chief Executive, Mr. Adnan Ahmed Yousif and attended by Country Heads and CEOs from Al Baraka subsidiaries and the Senior Management from the Head Office evaluated the various strategic initiatives throughout the Group and set on course a strong and diligent action plan for 2019 and beyond.

On this momentous occasion, Chairman of Al Baraka Banking Group, His Excellency Shaikh Saleh Abdullah Kamel in his keynote speech, expressed pride in the phenomenal

success achieved by the Group, especially in its foray into new geographies and expressed that this is an outcome of the dedicated work, good organization and careful planning of the management. Shaikh Saleh expressed that the Group has maintained a very strong position, and this is attributed to the geographical diversity in revenue resources, in addition to the Group's capital strength and deep roots in the regional and global economy.

In his opening remarks, the President and Chief Executive, Mr. Adnan Ahmed Yousif stated, **"As we approach the new financial year 2019, we recognize and embrace the challenges and opportunities we need to face as a Group and I am very confident that we have the necessary experience and skills of a high caliber management team to drive us towards the goals we have set for ourselves for 2030. Our team is fully geared to pursue its dedicated mission which spans over 40 years of success, despite the prevailing tough conditions ensuing from the changes in the regulatory environment and the geopolitical dynamics"**.

The President & Chief Executive remarked at the meeting that although we have always worked within our group to adopt precautionary measures to reduce risks in the markets in which we operate, we have largely succeeded in containing the effects of many a crises. Even though our ability to control or even influence external factors is very limited, we believe in working with a positive attitude, with all the components of the group to increase our competitiveness, rationalize our costs, strictly adhere to the principles of Shariâ, focus on good standards of compliance



and governance and promote digitization, which in turn requires important steps, without which it becomes difficult to achieve our strategic objectives of achieving higher profitability and return on investment.

The meeting also hailed the efforts of Al Baraka Turk on the successful launch of Insha, the first Islamic Fully digital bank in Germany.

The meeting resulted in several important strategic recommendations that enhance the business model of the Group, increase the shares of the Group's units in their local markets, strengthen the governance system and compliance with international legislation and new accounting standards, as well as the digital transformation program and other important issues.

The meeting resulted in several important strategic recommendations that enhance the business model of the Group.



Mr. Adnan Ahmed Yousif, President & Chief Executive of the Group addressing the meeting



Sustainable Revenue and Value-Producing Opportunities through **Digitalisation**

*This article is a contribution from Mr. Hamzah Asmall,
Information Technology Development Manager,
Al Baraka Bank - South Africa*

Sustainable Revenue and Value-Producing Opportunities through Digitalisation



The future of business globally is digitalisation; using digital technologies to transform prevailing business models and processes, so creating new revenue and value-producing opportunities.

According to leading research and advisory company, Gartner, the process of establishing a digital business may be achieved through two non-mutually exclusive paths. The first is to achieve digital business optimisation, by utilising technology for improved productivity and enhanced customer service, whilst the second, being digital transformation, incorporates bringing on-stream new, digitally-enabled revenue streams and 'fit-for-the-digital-age' business models. In following the quest for digitalisation, Al Baraka Banking Group (ABG) recommends a blended approach, as a means of remaining competitive and preventing extinction in the digital world.

Early winners in the race to adopt digitalisation started by defining their digital ambition, which meant identifying exactly what they aimed to achieve by going down the digitalisation path.

This ambition must translate into a set of clearly defined and measurable value targets for the digitalisation initiative, thus enabling early recognition of deviance from the intended outcomes and appropriate pivots. As a side note, this will require a mature organisational mind-set at every level, which is unafraid to acknowledge failure, to swiftly learn and move ahead.

Measurable value targets will inherently guard organisations entering the digitalisation space against vanity traps, such as building complicated Blockchain solutions simply for the cachet and prestige, when - in fact - a less expensive and simpler technology would have sufficed.

Business Digitalisation Brings New Revenue and Value-Producing Opportunities.

With an agreed upon digital ambition, an important next step is that of budget. An adequate budget is necessary for the development of the newly required capabilities, such as robotics, for instance, and for recruitment for new roles within the business, such as robot trainers or data scientists.

ABG subscribes to the view that to fully embrace digitalisation, a paradigm shift in the thinking of Board, Executive and Senior Management representatives is imperative. That shift necessitates an ever-closer working relationship by these players in business with Information Technology personnel in order to find solutions and to attempt new endeavours.

A practical approach to achieving such symbiosis lies in the creation of a Bimodal Information Technology Structure; one in which a Digitalisation Division is created separately to Information Technology and is staffed by a mix of business and IT specialists, tasked with identifying both problems and solutions and for the development of new and workable business models.

There can be no question that technology will continue to evolve and existing business models will keep on being disrupted.

In this regard, the key to business survival now rests on building organisations which are staffed - across all departments - with individuals who are forward-looking, technology-savvy, creative, empathetic, resilient, agile and adaptable. Taking a cue from Albaraka Turkey, every department within an organisation must be required to take on and execute one or more projects within a digitalisation initiative, such as digital law, digital compliance, digital human resources, digital marketing and the like.

Becoming a digital business, then, must start with a clearly articulated vision in terms of an enterprise's aspirations - such as being a pioneering digital bank - leading to the

unpacking of such a vision into a comprehensive strategy and a series of project programmes.

The bolder a company's vision, the more attention needs to be paid to the consequences, including the need to stretch legal and compliance boundaries, whilst remaining within existing laws and regulations. It might also be necessary to seek engagement with law-makers and regulators with a view to promoting the need for amendments to existing legislation or regulations, if digitalisation ambitions are being hampered.

By way of example, Albaraka Turkey has created a start-up incubator known as 'Albaraka Garaj,' based in the bank's head office basement - a move stemming from the fact that organisations such as Microsoft and Apple were born out of garage operations. Albaraka Garaj affords Albaraka Turkey the opportunity to infuse the innovation, youthfulness and talent associated with start-ups into its own banking operation, whilst also giving the financial institution the competitive advantage of being a step ahead in terms of emergent new, disruptive technology.

In summary, digitalisation requires organisations to remain alert to ever-evolving business models and to the need to adapt products and customer experiences appropriately, whilst streamlining and automating business processes.

ABG has displayed exceptional situational awareness by placing digitalisation at the top of the CE agenda and all the Group's subsidiaries can look forward to significant change in the months and years ahead.

The Group will undoubtedly respond to digital disruption and emerge as a significant disruptor and innovator going forward.



INDUSTRY UPDATE

\$1.65 billion Islamic Banking Assets by the end of the Q2 in 2018 -with growth rate of 1.7%

Compiled by: Dr. Alaali, Hassan
Economic Consultant

INDUSTRY UPDATE

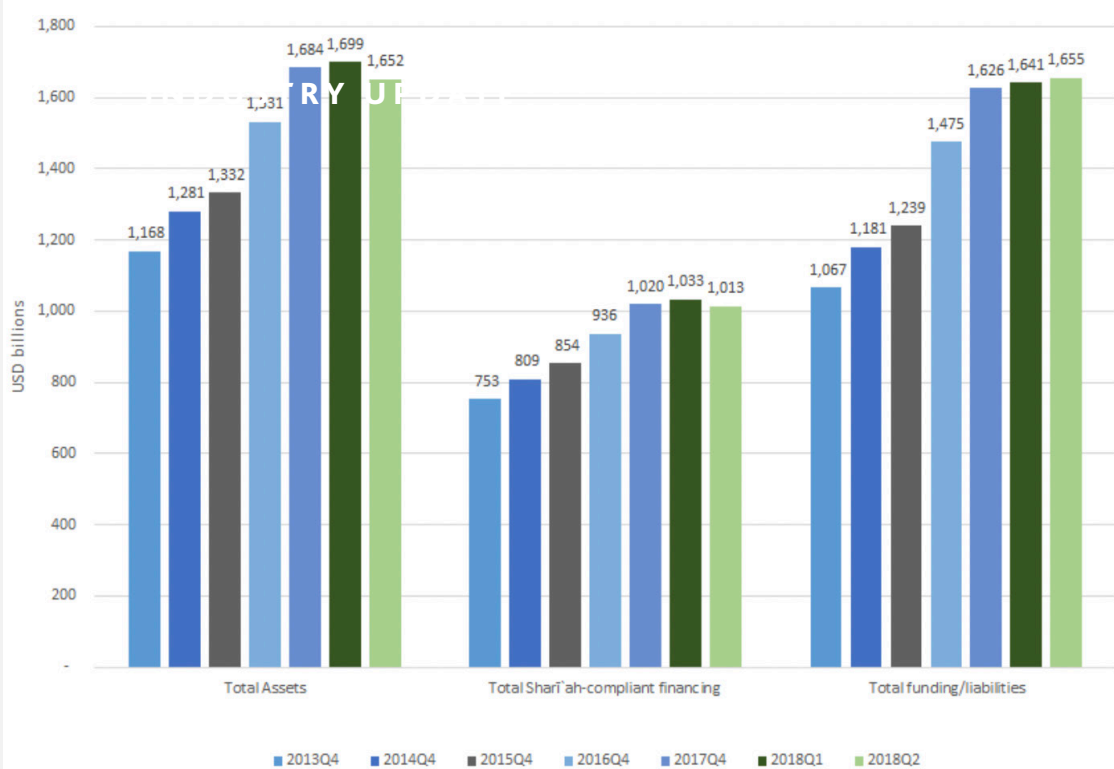
\$ 1.65 billion Islamic Banking Assets by the end of the Q2 in 2018 - with growth rate of 1.7%,

The Islamic Financial Services Board (IFSB) announced the dissemination of country-level data on financial soundness and growth of the Islamic banking systems for Q2 of 2018 from 21 IFSB member jurisdictions. This eleventh dissemination completes the availability of quarterly data from Q4 of 2013 to Q2 of 2018, as part of the IFSB's Prudential and Structural Islamic Financial Indicators (PSIFIs) project, which currently compiles data from Afghanistan, Bahrain, Bangladesh, Brunei, Egypt, Indonesia, Iran, Jordan, Kuwait, Lebanon, Malaysia, Nigeria, Oman, Pakistan, Palestine, Qatar, Saudi Arabia, Sudan, Turkey, the United Arab Emirates and the United Kingdom. A special

feature of this dissemination is the inclusion of full-fledged Islamic banking data of Afghanistan for the first time as one Islamic banking window has been converted to the first full-fledged Islamic bank in April 2018.

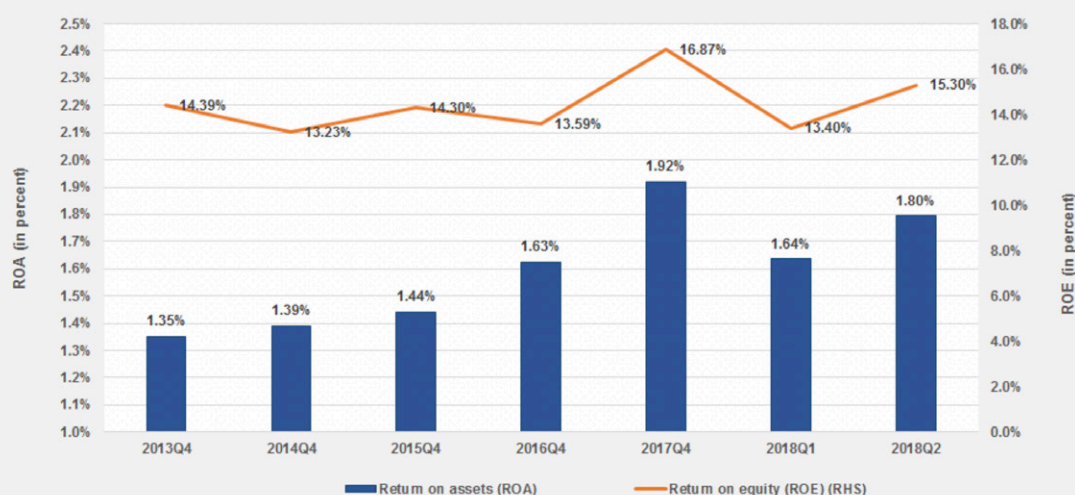
The Secretary-General of the IFSB, Dr. Bello Lawal Danbatta stated, "With a regular dissemination of the PSIFIs data since its launch in April 2015, the IFSB database has received global acknowledgement as credible, consistent and comprehensive database of Islamic banking systems covering over 95% of global Islamic banking activities and all the jurisdictions with systematically important Islamic

TOTAL ISLAMIC BANKING ACTIVITY



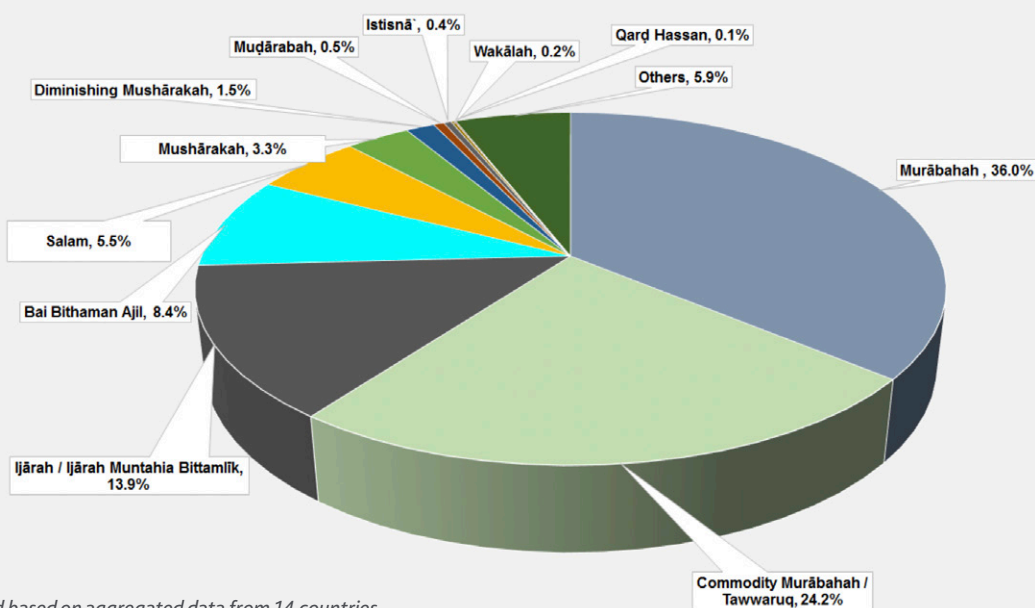
Note: Estimated based on aggregated data from 19 countries.

RETURN ON ASSETS AND RETURN ON LIQUIDITY



Note: Estimated based on aggregated data from 18 countries.

FINANCING BY TYPE OF SHARI'A COMPLIANT CONTRACT- 2018Q2



Note: Estimated based on aggregated data from 14 countries.

banking sector.” In the same context, he further stated, “This project has entered into a new stage as the IFSB secretariat has started collecting detailed financial statements (DFS) – more granular information on income statements and financial positions by countries – and is expected to start the dissemination of the DFS data in the beginning of 2019.” “The IFSB also targets to extend its database to Islamic insurance (takāful) and Islamic capital market (ICM) sectors by the end of 2019”, he further asserted.

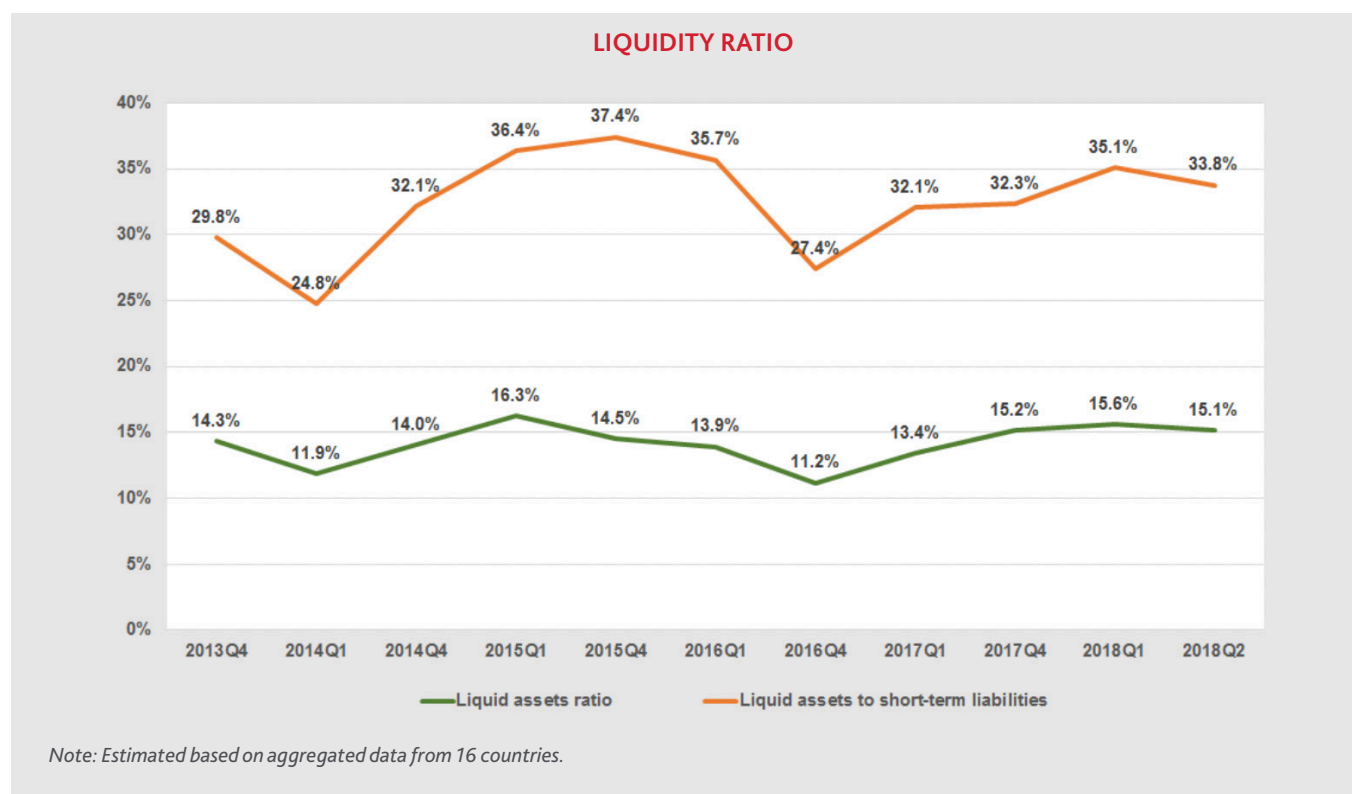
The total assets of the Islamic banking industry grew by 1.7% from USD 1,625 billion in 2017 Q2 to USD 1,652 billion in 2018 Q2 (calculated from country-wise aggregated data converted into USD terms using end-period exchange rates). Financing by Islamic banks from the jurisdictions participating in the PSIFs project which grew by 1.9% reached USD 1,013 billion in 2018 Q2 from USD 994 billion in 2017 Q2.

The number of full-fledged Islamic banks and Islamic windows of conventional banks in 21 countries stood at 189 and 82 in 2018 Q2 as compared to 184 and 84 in 2017 Q2 respectively.

The IFSB Task Force on PSIFIs comprise of representatives from all participating jurisdictions have been greatly facilitating the collection of Islamic banking data. The IFSB Secretariat has been regularly conducting capacity building meetings with the country representatives of the Task Force, where three international organisations – the International Monetary Fund (IMF), Islamic Development Bank (IDB) and the Asian Development Bank (ADB) – are also the members, focusing on enhanced clarity and consistency of reporting indicators across jurisdictions.

The PSIFIs Database (full set of data with metadata) is available on the PSIFIs portal at the IFSB website <https://psifi.ifsb.org>.

The Task Force of PSIFIs project include representatives from 21 participating regulatory and supervisory authorities that work as coordinators for regular submission of data from their countries and work with the IFSB during the due processes of data collection, compilation, revision, and approval. Following the successful launch of PSIFIs database on 27 April 2015, the IFSB currently has a platform for periodical dissemination of the PSIFIs data, which is regularly submitted by participating jurisdictions. Moreover, from 2014 until now, the Secretariat has conducted a total of ten capacity building meetings/workshops with the country coordinators, including two during 2018.





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