

# Safwa Islamic Bank (SIBK)

## Investor Report Q3.2020



### Jordan

At a glance, Jordanian Economic, Why to invest in Jordan,



### Jordanian Banking Sector

CBJ Role, Basic info and indicators



### Safwa Bank

At a glance, Milestones, Why to invest in Safwa, Mission & Vision, Our Values, Outlook, Success Journey, Our Products and Services, Safwa Share, Meet our Team, BoD



### Safwa Bank, Financials

Highlights, Funding, Uses of Fund, NPM Analyses, Profitability, Assets Quality, Liquidity, Efficiency

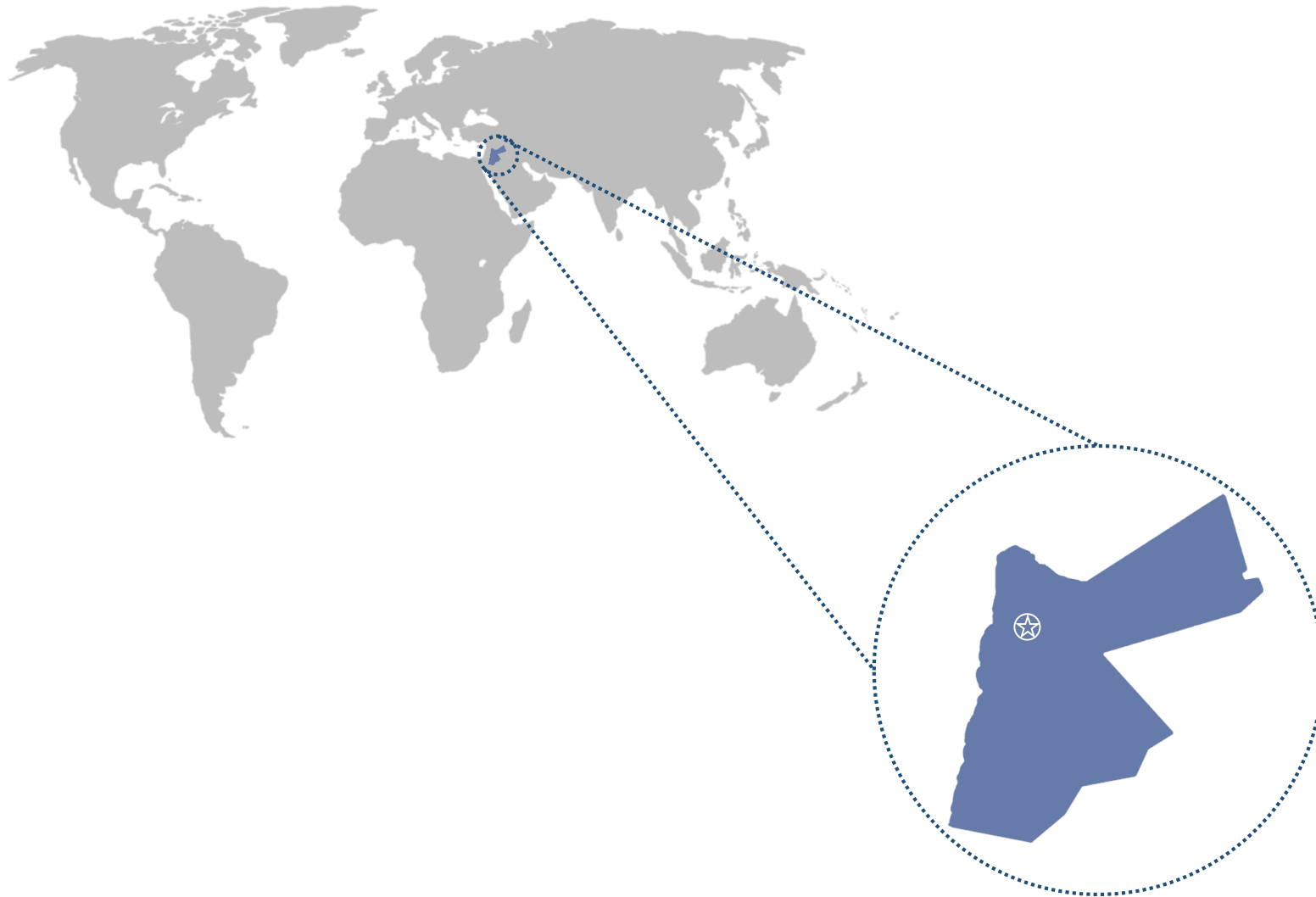


# 01



## Jordan

### Facts and Economy



 **Area : 89.3 thousand km<sup>2</sup>**

 **Population : 10.2 million**

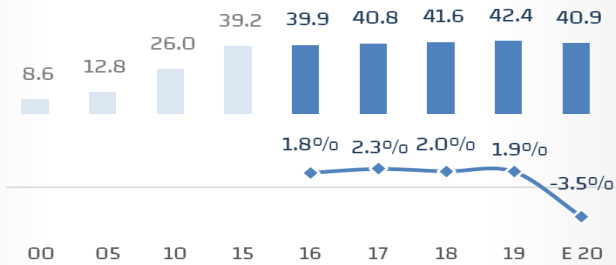
 **Capital : Amman**

 **Religion : Islam (95%)**

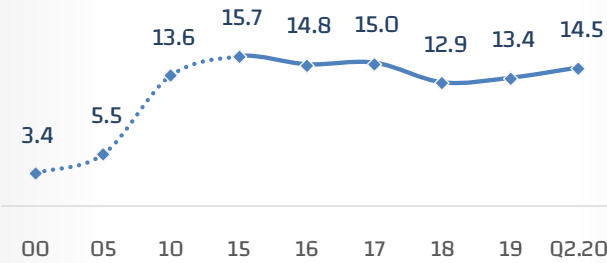
 **GDP : USD 44.4 billion**

 **GDP Per Capita : USD 4,156**

### GDP (Bn JDs)



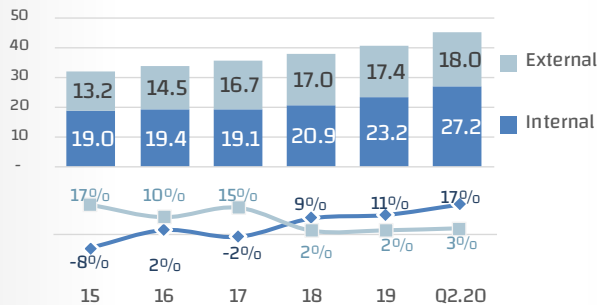
### Foreign Reserves (Bn USD)



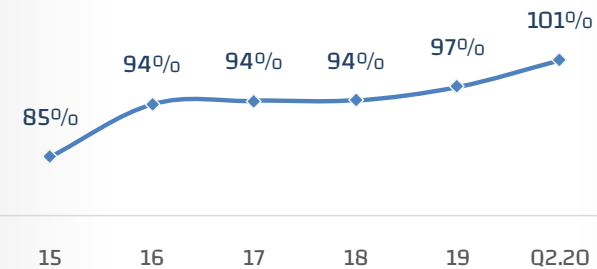
## Highlights

- ▶ Foreign reserves showed slight decrease trend; however these reserves cover the imports needs for 9.5 months. Jordanian Dinar has a fixed exchange rate against USD since 1994 with a middle price of (USD 1 = JOD 0.709)
- ▶ Increased Unemployment rate trend put a pressure on Jordanian economy
- ▶ GDP showed slight increases during last years, however it is expected this year to decrease by 3.5% due to corona virus pandemic (World bank)
- ▶ Low Inflation trend in recent years reflect the low growth of GDP rates  
Also, the unemployment rate was affected negatively by the low GDP growth
- ▶ The public debt to GDP ratio is expected to reach a record of 102% at EOY 2020, the CAGR since 2015 for public debt reached 6% while the GDP CAGR for the same period is 1% only.

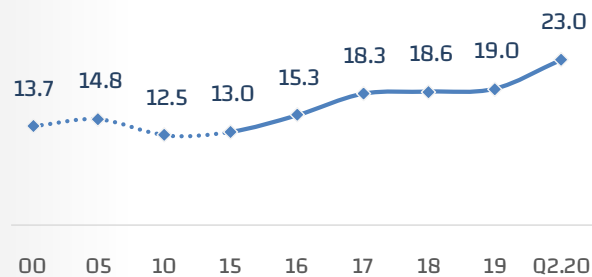
### Public Debt (USD bn)



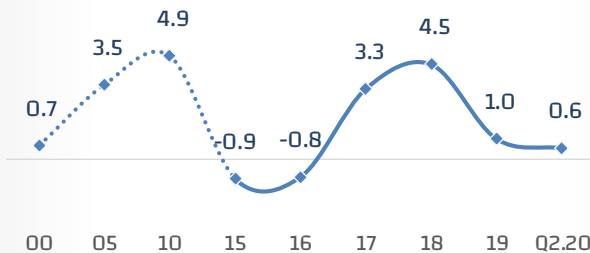
### Public Debt / GDP



### Unemployment Rate (%)



### Inflation (%)



## Why to Invest in Jordan



Political stability despite the unrest in the surrounding countries



Business capital of Levant



Growing and booming tourism sector



Advanced Indicators regionally for competitiveness and corruption indexes



# 02

## Banking Sector CBI, Islamic Banks



## Objectives

Verify the safety of the financial positions of banks

Monitor, and supervise the banks to ensure the soundness of their financial situations

Protecting the rights of depositors and shareholders in accordance with corporate governance set by CBI

Works on the rules and regulations necessary to deal with customers fairly and

Contribute in protecting the banks from the reputation risk,

Ensure banks' positive contribution to the sustained economic development of the national economy

The preparation of plans and programs necessary to achieve its tasks

## Tasks

Regulate credit and credit risks resulting from concentrations for bank's customers

Study banks licensing and branching requests inside and outside the Kingdom

Control the information and its accompanying technology in the banks

Prepare statistical and analytical studies and reports relating to the business of banks

Monitor the performance of banks , organize and evaluate their business

Analyze and follow- up banking and financial stability of banks

Study the related laws, regulations, and instructions

Modernize and develop methods of control and inspection

## Operating Banks In Jordan

### Local Islamic Banks

- Safwa Islamic Bank
- Jordan Islamic Bank
- Islamic International Arab Bank

### Foreign Islamic Banks

- Al-Rajhi Bank

### Local Commercial Banks

- Arab Bank
- Housing Bank
- Cairo Amman Bank
- Ahli Bank
- Al Etihad Bank
- Commercial Bank
- Capital Bank
- Bank of Jordan
- Jordan Kuwait Bank
- Jordanian Arabic Investment Bank
- Invest Bank
- Société General
- ABC Bank

### Foreign Commercial Banks

- BLOM Bank
- Bank Audi
- Egyptian Arab Land
- Citibank
- Standard Chartered
- NBK
- Rafidain Bank

## Financial Indictors (CBI. 12.2019)

### Capital Adequacy

18<sup>0</sup>%

### Regulatory Liquidity

134<sup>0</sup>%

### NPL Ratio

5.0<sup>0</sup>%

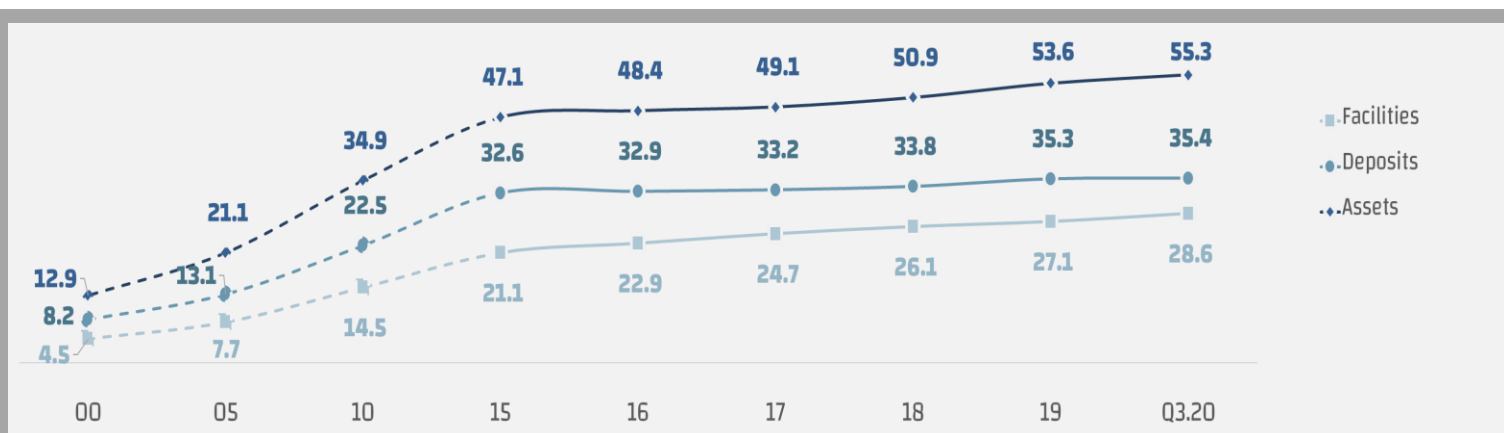
### ROA

1.2<sup>0</sup>%

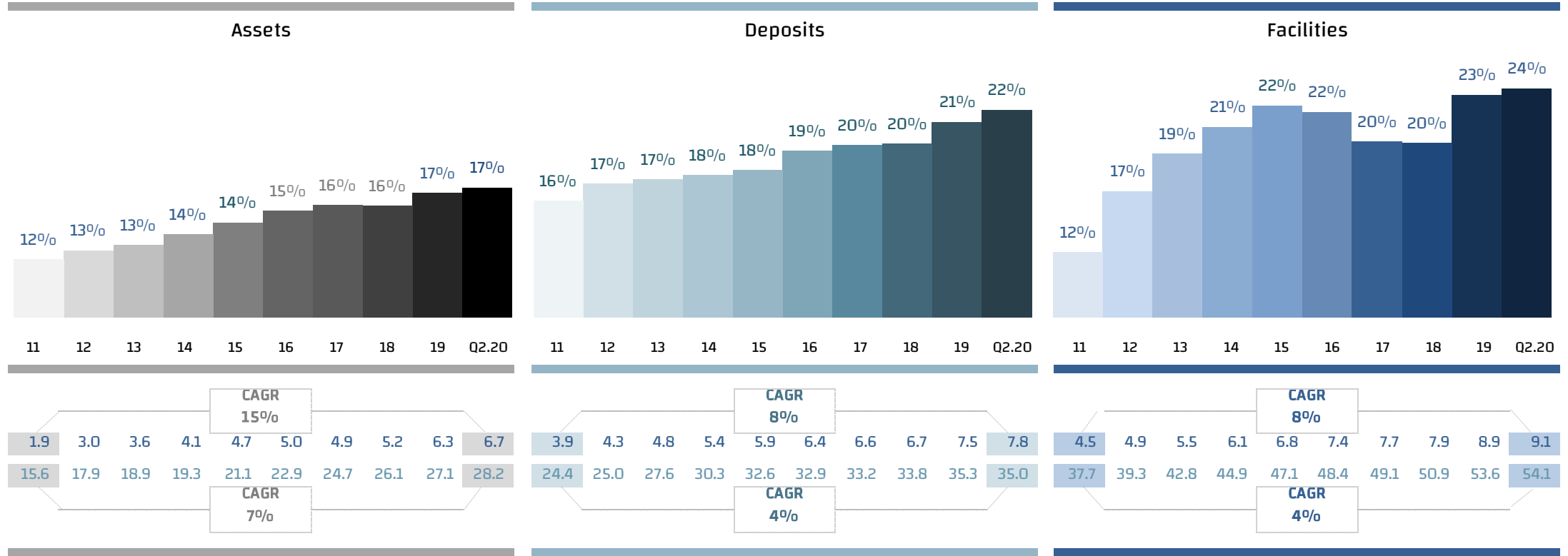
### ROE

9.4<sup>0</sup>%

## Sector Figures (bn JDs)







## Highlights

- The Islamic banks' market share trend shows upward trend reflects the increasing needs of Jordanian society for sharia-compliant products and services
- The CAGR growth ratios for Islamic banks since 2011 witnessed better ratios than banking sector specially the assets, the Assets CAGR during this period was 16% for Islamic banks and 7% for the banking sector
- The increasing trend was broken in rare years such as facilities in year 2016-2017 when Islamic Banks showed a decreased facilities, Islamic banks regained its share in year 2019 and enhanced it in Q2.2020



03

Safwa Islamic Bank



### Assets

**JOD 1,800 mn**  
(JOD 1,557 mn EOY 2019)  
16% ↗

### Deposits

**JOD 1,484 mn**  
(JOD 1,352 mn EOY 2019)  
17% ↗

### Financing

**JOD 1,181 mn**  
(JOD 967 mn EOY 2019)  
22% ↗

### ROAE

**6.8%**  
(6.3% as of Q2.2019)  
0.5% ↗

### Cost to Income

**49%**  
(49% as of EOY 2019)  
—

**B+**

Rated, Capital Intelligence

**10**

Years as an Islamic Bank

**625**

Employees



**38**

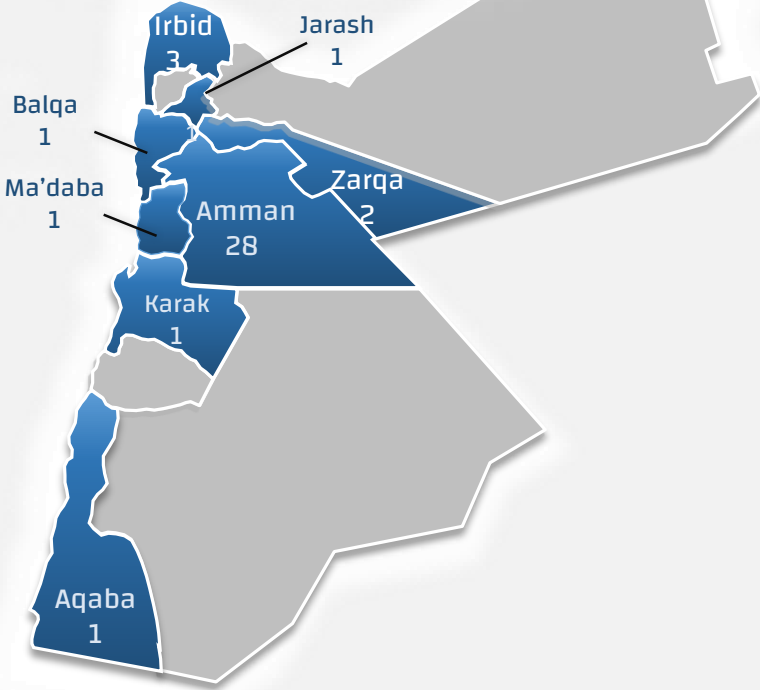
Branches

**77**

ATMs



### Branches Network





1965

The bank founded under special law as a specialized bank "Industrial Development Bank (IDB)"



2010

IDB became an Islamic bank under the name "Jordan Dubai Islamic Bank"



2017

Misc (the ex-premium shareholder) sold its share to Al-EtiHAD Islamic for Investment Co. who became the new major shareholder

The new identity Safwa Islamic Bank launched to reflect the coming new vision of the bank



2018

New Management, New Ambitious Goals, New Strategy that will be the Address for the Coming Era

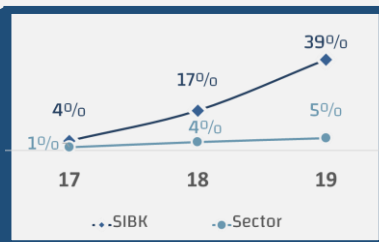


20XX

- First Community Bank in Jordan
- Fair and Responsible Banking

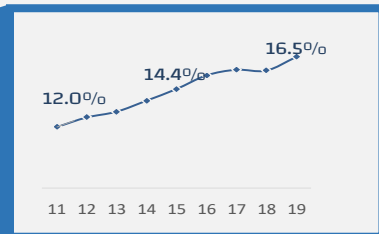
1

The Best Growing Bank in Jordan



2

Permanent growth of Islamic banking market share, which reflects increasing needs for sharia compliant products and services



3

Clean diversified financing portfolio, balanced risks profile

NPL = 2.4%  
Coverage % = 165%  
CAR = 20%

4

Islamic modern bank strongly adherent to digitization and technological developments



5

Fair and Responsible Banking





## Mission

To provide distinctive and innovative services emanating from the divine principles of Islam to build lasting and solid partnerships and to maximize benefits to all stakeholders.

The best option in providing integrated and comprehensive customer services through a coherent team working in one spirit through innovative ways and committed to best practices, to become the first community bank in the Kingdom within five years

## Vision



## Teamwork

- Harmony across and within units
- Put the bank and clients' interests ahead of your own
- Communicate respectfully
- Create professional culture within the bank

”Working effectively with one team spirit will produce the best outcomes “



## Exceptional Services

- Anticipate clients needs and find solutions
  - Respond rapidly and follow through
  - Treat others as you want them to be treat you
  - Sell solutions, not products
- ”if we serve our clients well, our success will follow“



## Creativity

- Find solutions, not excuses
- Be a change agent.. Think outside the box
- Ask: Is there a better or more efficient way to do this?
- Pursue new opportunities

”Creativity and initiative make the difference to excellence the bank from other competitors “



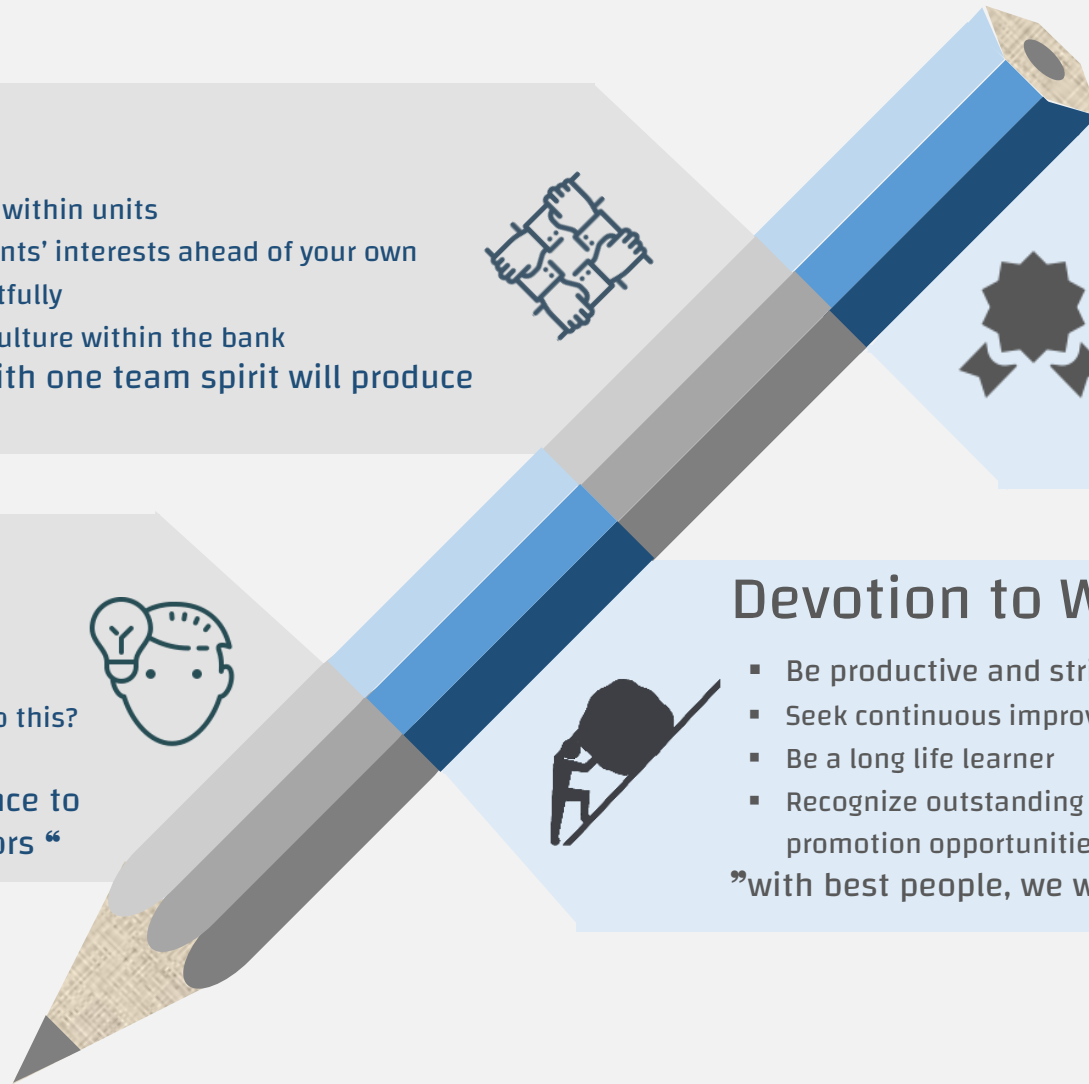
## Devotion to Work

- Be productive and strive with passion to reach excellence
- Seek continuous improvement
- Be a long life learner
- Recognize outstanding performance by rewards and promotion opportunities

”with best people, we will be the best bank“



*Our Values*



**Sustain** the ambitious growth, improving shareholders returns and values for clients

First Community Bank in Jordan



**Simpler Bank**  
More digitally enabled bank, services and products are done faster

**Clients Growth**  
Close relation to our clients, Attracting new clients, meet their expectations

**Keep Clean Financing Portfolio**  
Sustain the healthy financing portfolio by sound policies and continuous monitoring

**Efficiency**  
Adherence to reduce cost to income ratio through optimal use of our resources





## Client Centric

- Full Package of Electronic Services
- Speed Up Process
- New Services for Corporate Clients (COSO, CDM, ..)
- Call Center 24/7
- Extensive Visits to Clients
- New Products



## Reorganized Internal House

- Update Policies & Procedures
- Reengineering Process
- Branches Profitability Reports
- Better Methodologies to Measure Risks
- Promote and Encourage Cross Selling between Business Sectors



## Optimal use of Resources

- Automate Many Processes
- Depending on Internal Resources Instead of External
- Enhancement IT Infrastructure
- Increase Human Capital Efficiency
- Cost Control and Green Environment
- Review the Organizational Structure

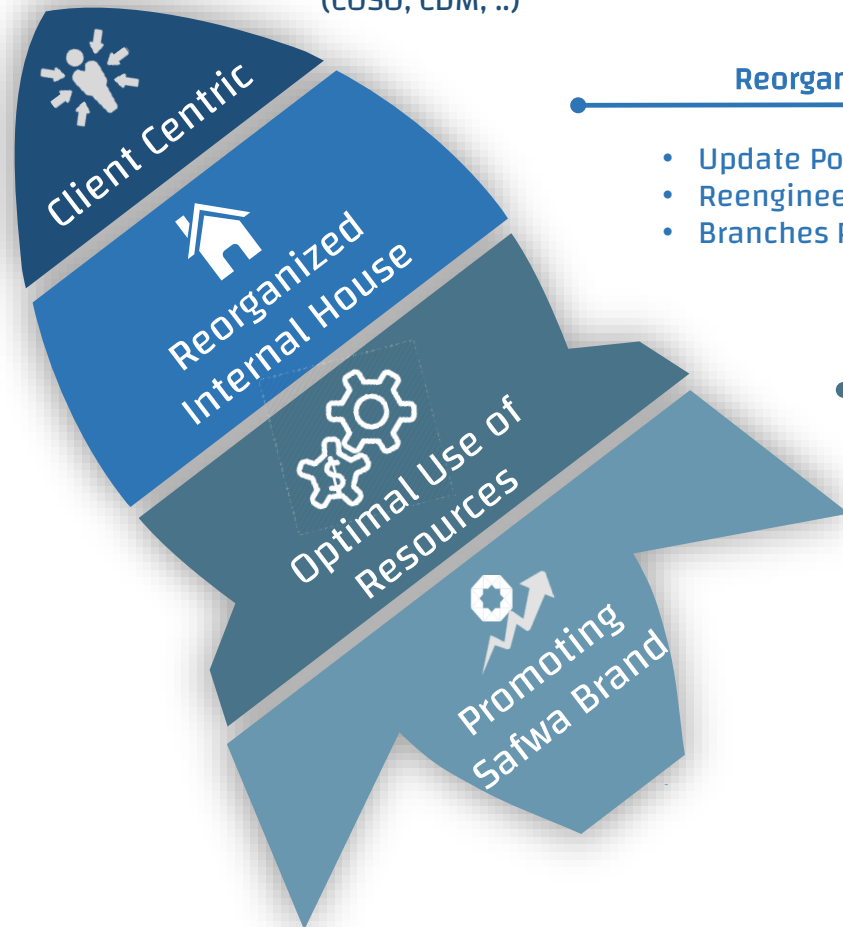
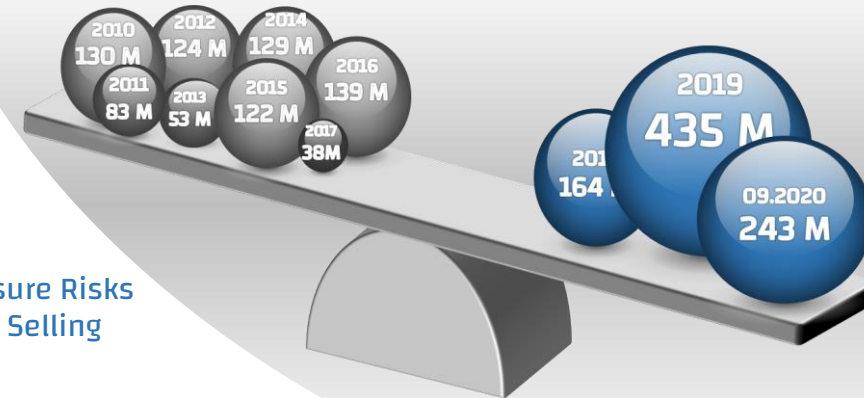


## Promoting Safwa Brand

- Promotional Campaigns and Videos
- Special Offers for Most Sacrificing and Needy Jordanian Sectors
- Use of Social Media Sites
- Smart and Creative Promotions



Ambitious growth, steady steps since 2018, we achieved a growth during this period equal the total growth from 2010 to 2017 shortening long years reflecting clear vision and goals

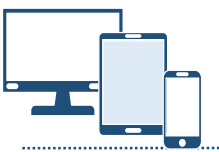




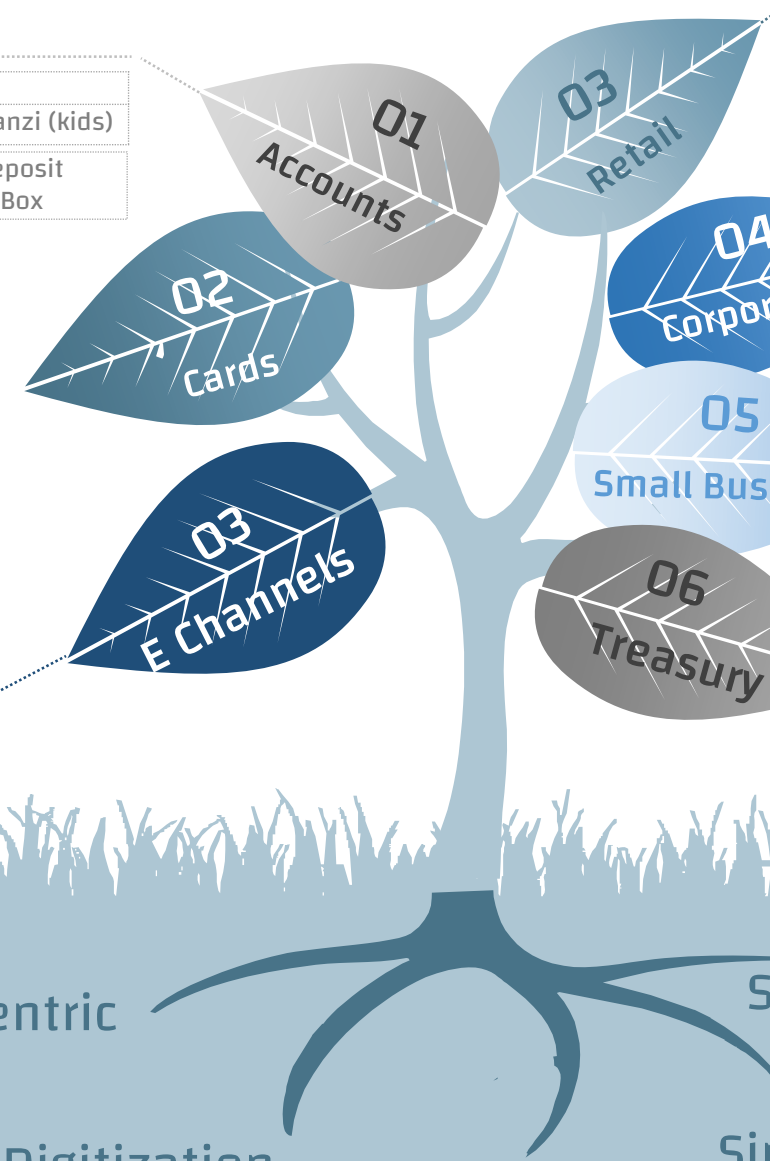
|                    |                                    |   |             |  |
|--------------------|------------------------------------|---|-------------|--|
| Basic Bank Account | Current Accounts<br>Regular Salary | Saving Accounts<br>Regular Harir (Women) Kanzi (kids) |             |  |
| Investment Deposit | Investment Certificate             | Hajj Sukuk  | Deposit Box |  |



|                |                      |           |             |
|----------------|----------------------|-----------|-------------|
| Pre Paid Cards | Murabaha Credit Card | ATM Cards | Debit Cards |
|----------------|----------------------|-----------|-------------|



|              |              |           |             |
|--------------|--------------|-----------|-------------|
| Safwa Mobile | Safwa Online | Safwa SMS | Call Center |
|--------------|--------------|-----------|-------------|



|                       |                     |           |
|-----------------------|---------------------|-----------|
| Real Estate Ijarah    | Personal Murababaha | Musawamah |
| Yusur For Refinancing | Auto Murababaha     |           |

|                           |                           |                        |
|---------------------------|---------------------------|------------------------|
| Facilities                | Cash Deposit Machines     | Cash Management System |
| Corporate Savings Account | Corporate Current Account |                        |

|                                |                       |                    |
|--------------------------------|-----------------------|--------------------|
| Financing Goods                | Real Estate Financing | Start-up Financing |
| Financing for Renewable Energy | Indirect Financing    |                    |

|              |                                  |
|--------------|----------------------------------|
| Safe Custody | Management and issuance of Sukuk |
|--------------|----------------------------------|

Customer Centric

Solid Principles, Innovative Solutions

Digitization

Simple Processes

“ Anytime, Anywhere ”

## E Channels



Safwa Mobile



Safwa Online



Safwa Call



Cards



ATM

## E Services



Contactless Card



Transfers



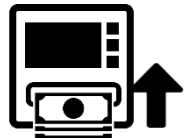
E-Pay Bills



Update Personal Data



Prepaid Cards



Cash Deposit



Cards Management



Accounts Management



New User Registration



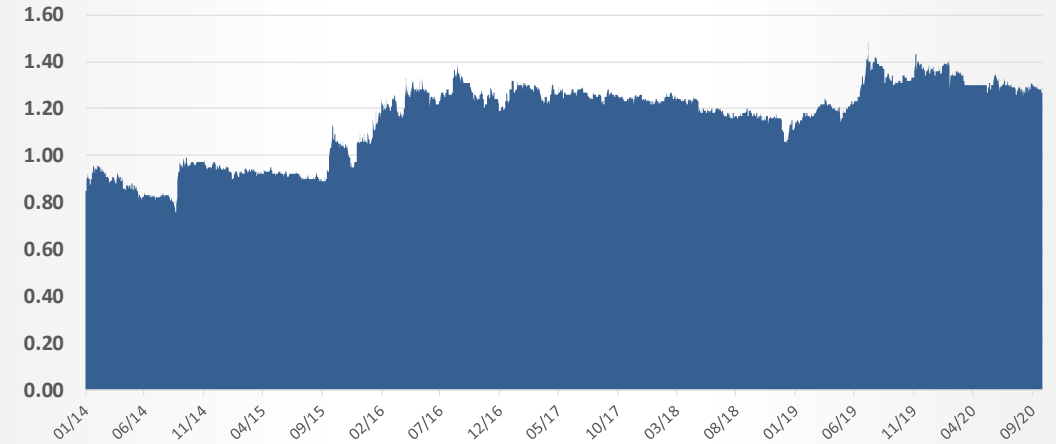
Points & Loyalty



## Basic Information and Ratios

- ▶ **Symbol:** SIBK
- ▶ **Exchange Market:** Amman Stock Exchange (www.ase.com.jo)
- ▶ **Free Float:** 18 %
- ▶ **Closing Price:** JOD 1.29
- ▶ **Market Value :** JOD 129 mn

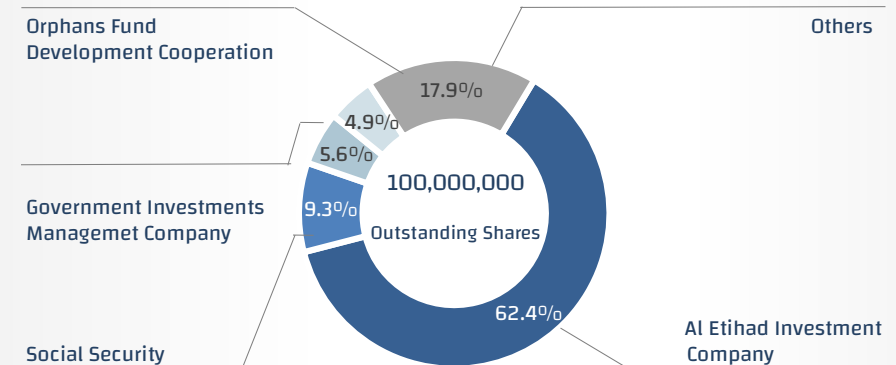
## Share Price Since 2014



## Share Key Ratios

- ▶ **Average Price (52 weeks):** JOD 1.32
- ▶ **PE Ratio** 12.8 X
- ▶ **PB Ratio** 1.2 X
- ▶ **Volatility** JOD 0.04
- ▶ **Payout Ratio** 0%

## Shareholders Composition





**Dr. Mohammed Abu Hammour,**  
**Chairman**  
Rep.: Al Etihad Islamic for Investment Co.



**Abd Al-Rahim Al-Hazaymeh**  
Rep.: Orphans Fund Development Foundation



**Deema Aqel**  
Rep.: Al Etihad Islamic for Investment Co.



**Dr. Khaled Al Zantouti**  
Rep.: Al Etihad Islamic for Investment Co.



**Dr. Nofan Al-Aqeil**  
Rep.: Government Contributions Management Company



**Salem Burgan**  
Independent



**Basem Salfiti**  
Rep.: Al Etihad Islamic for Investment Co.



**Khaled Al-Gonsel**  
Rep.: Al Etihad Islamic for Investment Co.



**Ahmed Amneisi**  
Rep.: Al Etihad Islamic for Investment Co.



**Dr. Ibrahim Saif**  
Independent



**Samir Abu Lughod**  
Independent

Ziad Kokash  
Chief of Credit  
Management



Ahmad Tartir  
Head of Compliance  
and Anti-Money  
Laundering



Rami Khayat  
Chief of  
Corporate  
Banking



Wael Bitar  
Head of Treasury  
and Investment



Mohammed Hawari  
Head of Human  
Capital Management



Samer Tamimi  
CEO



Ibrahim Samha  
CFO



Masoud Saqf Al Heit  
Head of Legal Dep.



Ahmad Jafar  
Head of Risk  
Management



Hani Zarari  
Chief of Central  
Operations



Rami Kilani  
Head of IT



Khaled Issa  
Head of Internal  
Audit



Nesfat Taha  
Head of Retail  
Banking



Munir Feroanyah  
Head of Shari'a  
Supervision



Priorities were ranked according to importance and necessity

## Priority

## Critical Success Factors

### Customer First

Network  
Service  
Product

Excellence and Quality Services

Enhancing CASA%

Sustain the Ambitious Growth of Balance Sheet

Expand Network (Branches, ATMs, Investments)

### Momentum



Brand Promoting and Marketing

Job Satisfaction

Enhance Profitability and Cost Control Indicators

Targeting Healthy Indicators for Risk Levels

Improving Internal Control Environment and Measuring Risks Methods



04

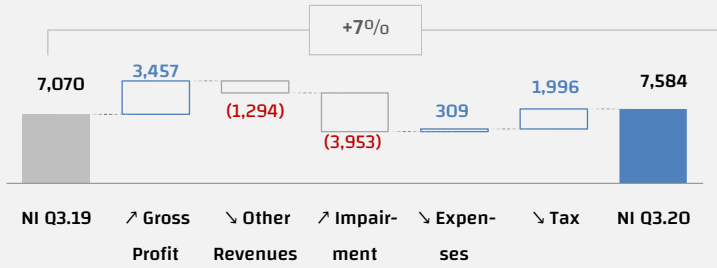
# Safwa Islamic Bank

## Financials



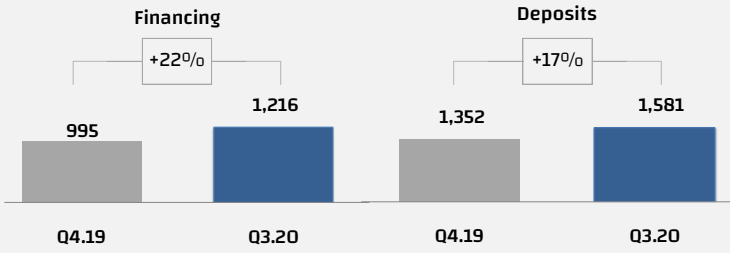


## Profit & Loss



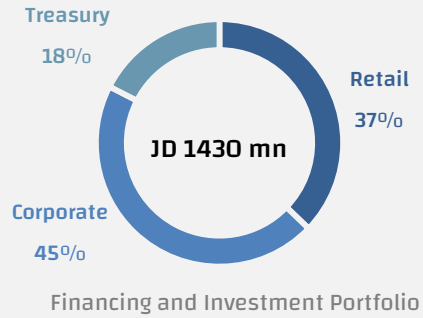
- NI increased by 7% in Q2.20 compared with same period last year
- The increase is driven by increase of gross profit and tax "savings"
- In the other hand, as a result of closed business due to corona pandemic, other revenues decreased and extra doubtful credit impairment were built

## Financial Position



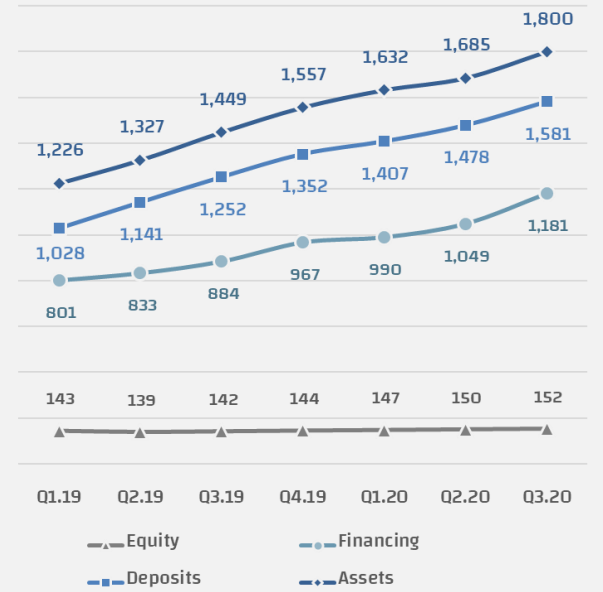
- Despite the pandemic, Safwa was able to increase the deposit base by 17%; JD 229 mn.
- At the assets side, the financing increased by JD 221 mn (22%), and the securities increased by JD 27 mn

## Credit Quality

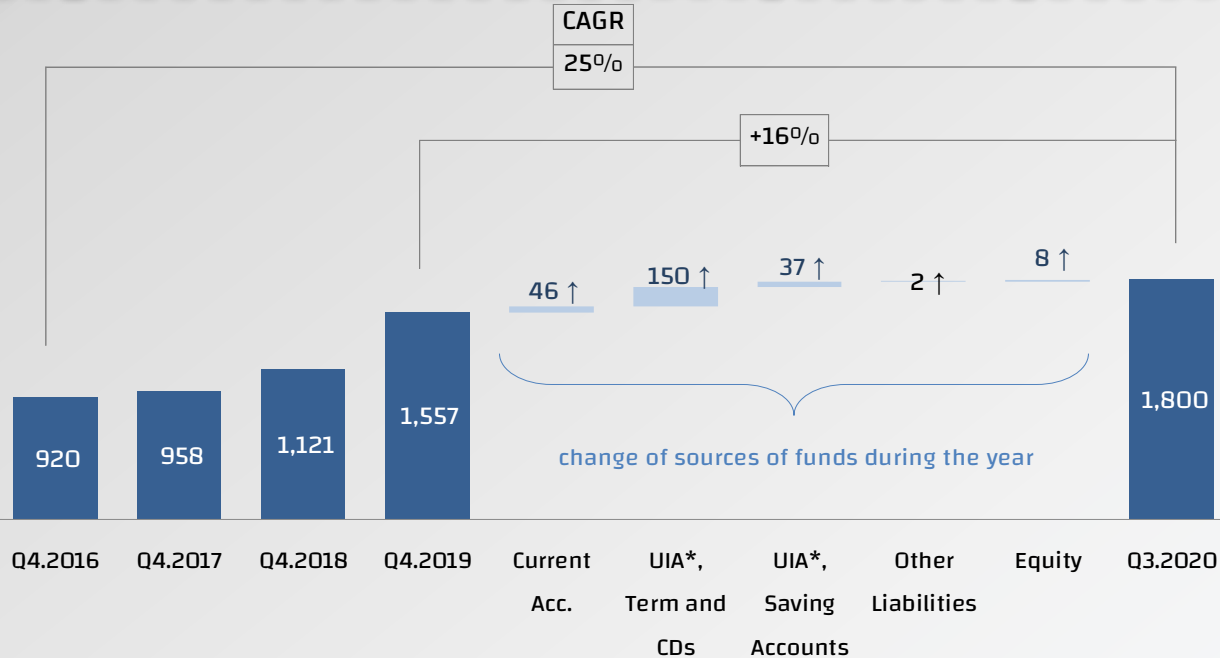


- Well diversified financing & investment portfolio
- NPL% at 2.4%
- Coverage ratio of 165% without considering the tangible collaterals
- Capital adequacy ratio 20%

## Trends (JD mn)



## Volume Trends and Movement During the First Half of 2020 (JD mn)



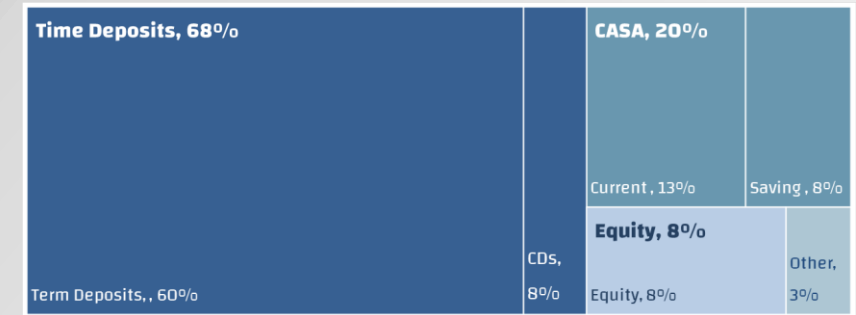
### Management Commentary

- Ambitious growth with a CAGR of 25% since 2016
- During the first half, the bank attracted new deposits causing its funding to raise by 16% despite the pandemic.
- The funding growth of JOD 243 mn was mainly driven by an increase of term deposits and CDs by JD 150 mn, current accounts by JD 46 mn, and saving accounts by JD 37 mn

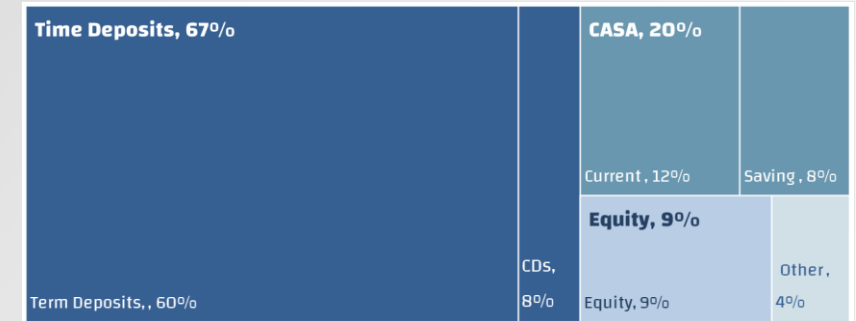
\* UIA: Unrestricted Investment Accounts

## Funding Structure

Funding Structure, JOD 1,800 mn, as of Q3.2020



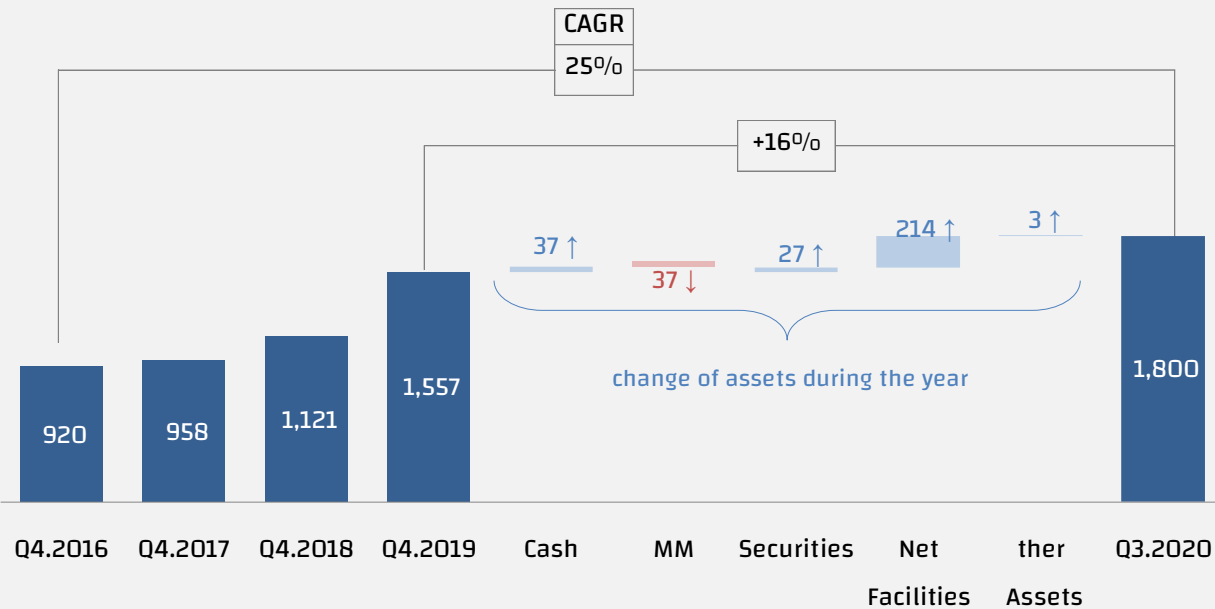
Funding Structure, JOD 1,557 mn, as of Q4.2019



### Management Commentary

- The funding structure witnessed minimal change during the first nine months of 2020.

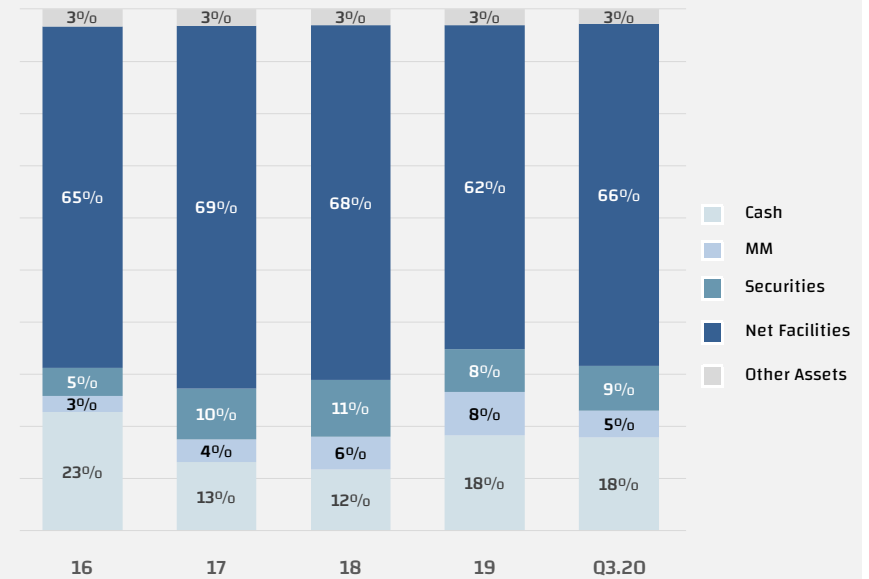
## Volume Trends and Movement During this Year (JD mn)



### Management Commentary

- Ambitious growth with a CAGR of 25% since 2016
- Movement during the first half witnessed an increase of net facilities by JD 214 mn, securities by JD 27 mn, and cash by JD 37 mn.
- Cash increased by JD 53 mn which enhanced the bank's liquidity

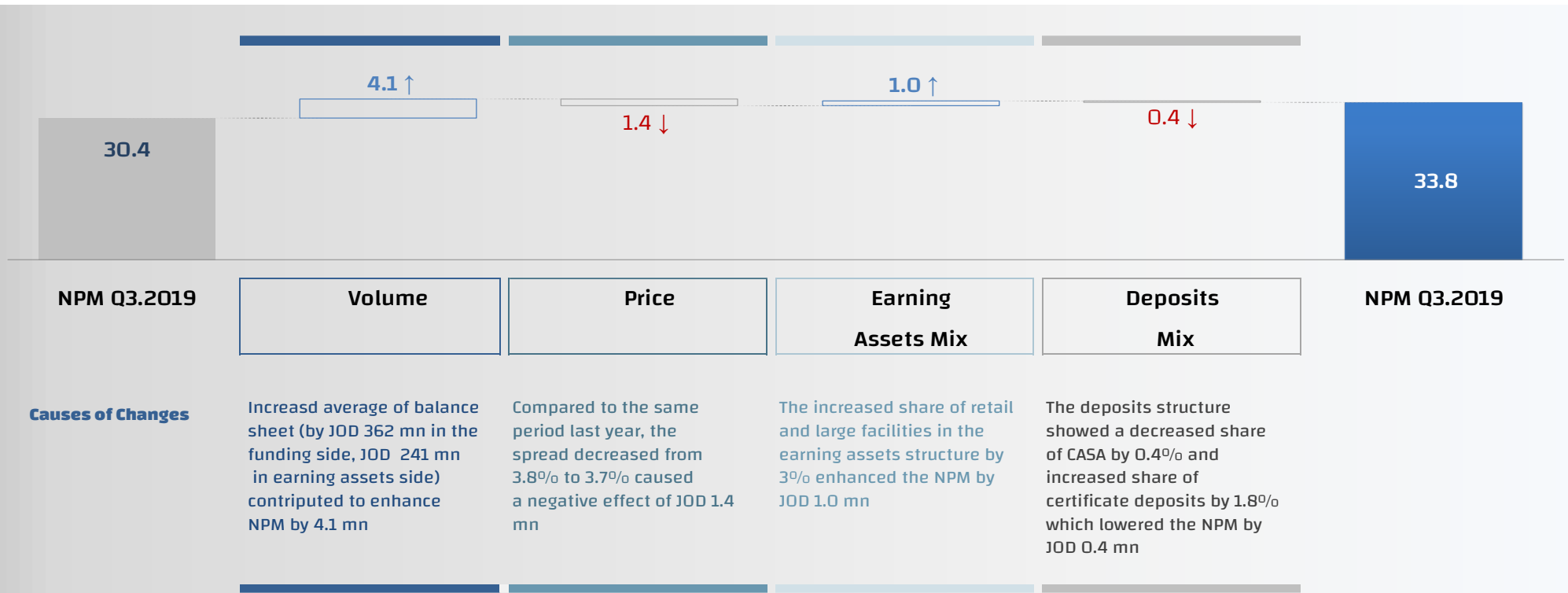
## Asset Structure Trend



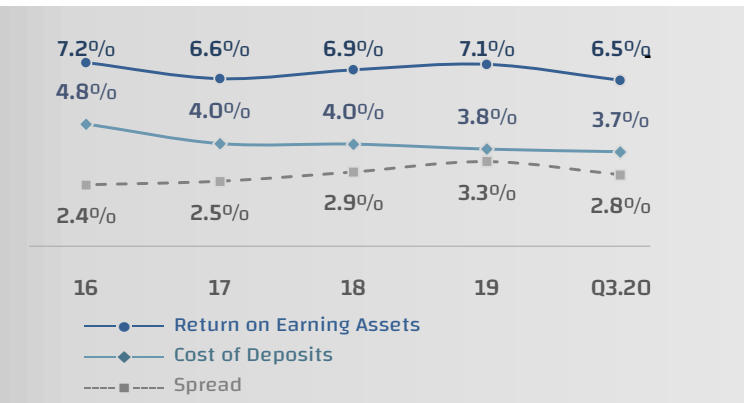
### Management Commentary

- The asset structure during the first nine months of 2020 showed change with offset of 3% change of MM and 1% of securities in favor for facilities which contribution increased by 4%
- Since 2016, asset structure changed by increased contribution of MM and securities and decreased contribution of cash

## Net Profit Margin Analysis, Causes of Change



## Return on Earning Assets, Cost of Deposits, and Spread



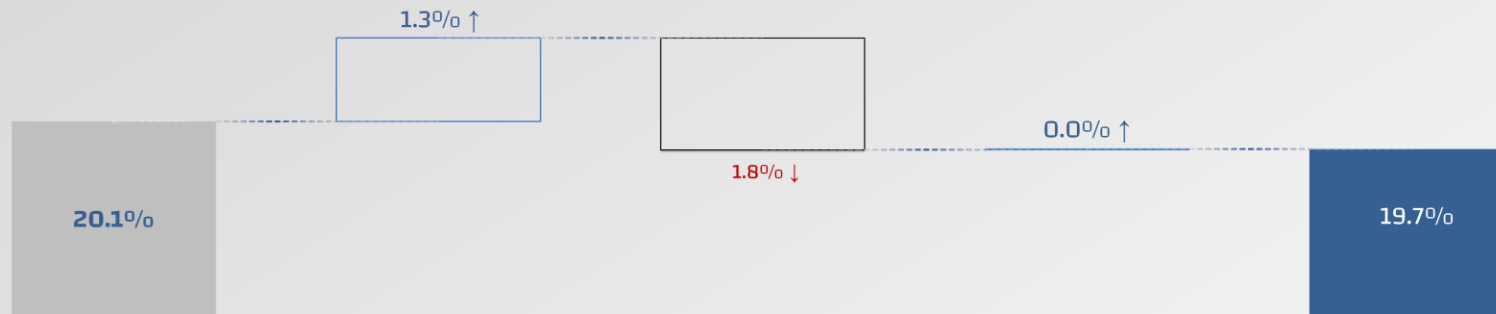
### Management Commentary

- Jordanian Dinar return is highly correlated with USD, which showed decreasing rate return trends
- The return on earning assets is affected by corona virus pandemic as the bank in line with CBJ instructions postponed the installments during the months 4, 5, and 6.
- The decline in return of JOD, beside the procedures of postponing facilities installments affected the assets (return on earning assets) side more than liabilities side (cost of deposits) caused the spread to decrease by 50 points

# Financial : Profitability, ROAE, Du Pont Analysis YoY

|              |  |   |  |   |   |   |  |   |   |              |
|--------------|--|---|--|---|---|---|--|---|---|--------------|
|              | 0.3% ↑   |   | 0.3% ↓   |   | 0.1% ↓  |   | 0.1% ↓   |   | 0.3% ↑  |              |
| 6.7%         |  |   |  |   |   |   |  |   |   | 6.8%         |
| ROAE Q3.2019 | Tax Effect   |   | Effect of COD*, Provisions, G&A  |   | Return on Earning Assets  |   | Earning Assets to Total Assets   |   | Equity Multiplier   | ROAE Q3.2020 |
| ROAE         | = $\frac{NI}{EPT}$   | x | $\frac{EPT}{Total\ Revenues}$  | x | $\frac{Total\ Revenues}{Earning\ Assets}$   | x | $\frac{Earning\ Assets}{Assets}$   | x | $\frac{Assets}{Equity}$   |              |
| ROAE Q3.2020 | = 66%  | x | 16.7%  | x | 7.0%  | x | 79%  | x | 11.2  | = 6.8%       |
| ROAE Q3.2019 | = 54%  | x | 20.9%  | x | 7.7%  | x | 84%  | x | 9.1   | = 6.7%       |
| Change       | 11% ↑  |   | 4.1% ↓   |   | 0.8% ↓  |   | 5% ↓   |   | 2.2 ↑   | 0.1% ↑       |
| Explanation  | The previous period effective tax rate was 48% due to prior years settlement, this year the effective tax rate was very close to the imposed tax on banking sector |   | Net of decreased percentage of G&A to total revenues and increased COD and provisions percentage to total revenues |   | Decreased return on earning assets caused ROAE to decrease by 0.8%<br>Pandemic caused business cycle to stop and affected both direct income and nonfunded income |   | Earning assets decreased from 84% to 79% caused ROAE to be lower by 0.1% |   | The enhancement of the equity multiplier had an effect of an increase by 0.3% \ 0.30% |              |

## Movement of Capital Adequacy Ratio during the year



CAR, Q4.19

**Change of Suggested Dividends**

The Decision of CBJ to postpone distributing the suggested 2019 dividends (JD 5 mn) beside the current year net profit caused the CAR to increase by 1.3%

**Effect of Change in RWA**

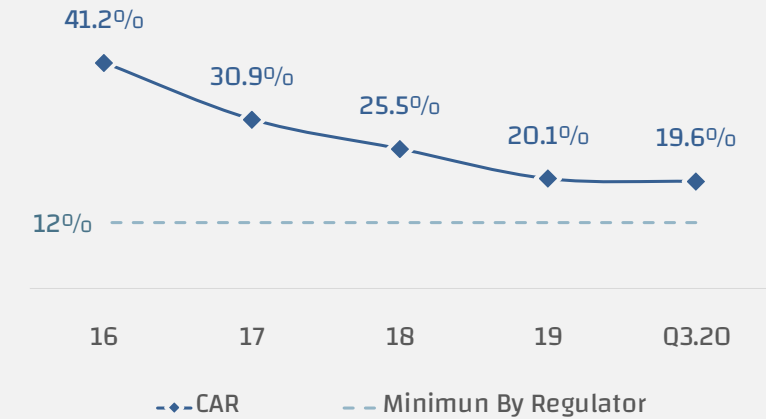
The increased volume of RWA from JD 701 mn to JD 756 mn affected the CAR by a decrease of 1.8%

**Effect of Change in Other Factors (Inrangible Assets, Def. Tax Assets, ..)**

Other factors had a minor effects on CAR

CAR, Q3.20

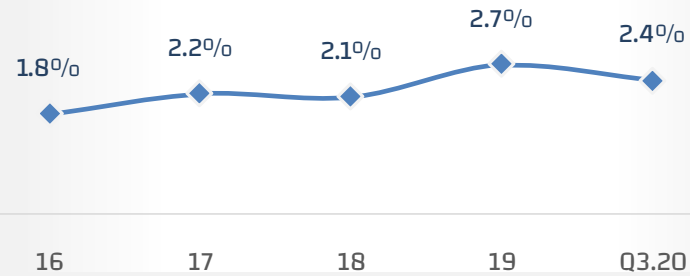
## CAR Trend



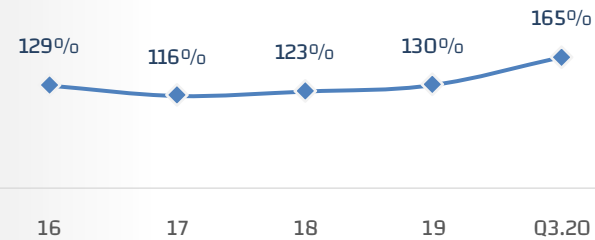
### Management Commentary

- CAR showed decreased trends as a normal result of the continuous growth of assets volume in the last years
- The bank's rank for this ratio is one of the best in Jordanian banking sector
- The bank is in healthy position with a comfort zone by 8% (CBJ minimum CAR is 12%)

### NPL<sup>0</sup>/<sub>0</sub>



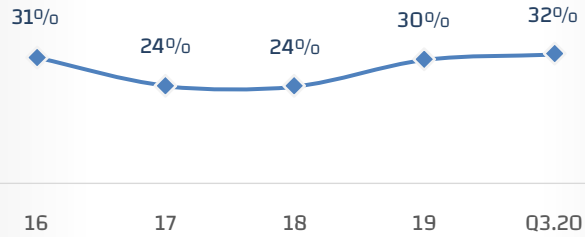
### Coverage Ratio



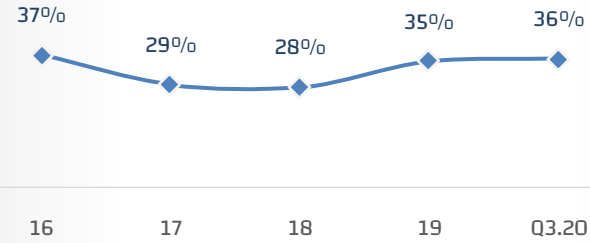
### Management Commentary:

- ▶ Safwa maintained healthy NPL percentage below the market average, NPL ratio is lowered by 0.3% to reach 1.6% compared with end of year 2019
- ▶ For long years, the bank preserved an adequate allowance for doubtful accounts which covers more than the NPL balances, the coverage ratio reached 165% as of 06.2020

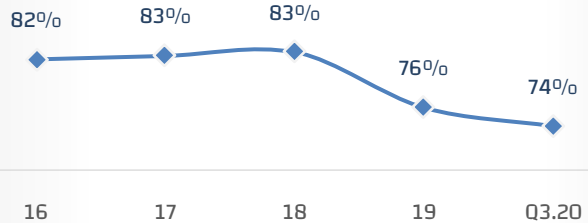
Very Liquid Assets / Assets



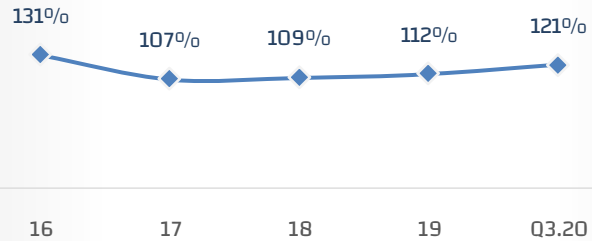
Very Liquid Assets / Deposits



Advances To Deposits (AD<sup>0</sup>/o)



Regulatory Liquidity

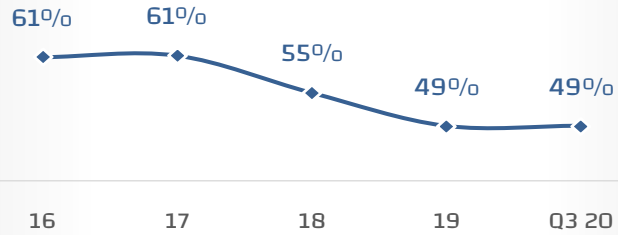


## Management Commentary:

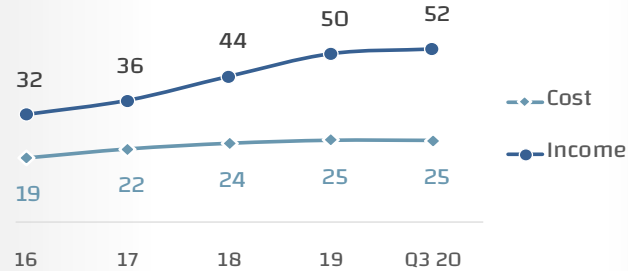
- ▶ Advances to deposits ratio showed enhancement as the bank's deposits grew at a faster pace than facilities
- ▶ The liquid assets (cash, balances with banks, and money market instruments (int'l Murabaha and int'l Wakala)) contributed to reasonable percentage of total assets and these liquid assets covers 38% of deposits. Also, these ratios showed enhancement trends during last years
- ▶ This comfortable liquid position will help the bank to face any emergency situation in the future



### Cost to Income



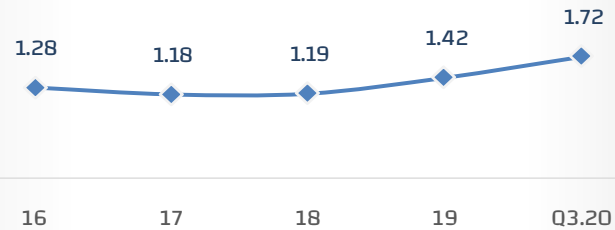
### Cost & Income Trend (mn JDs)



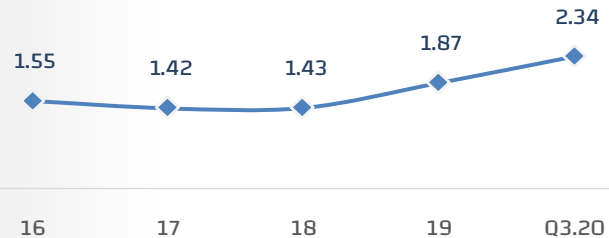
### Management Commentary:

- ▶ Trend of cost to income ratio (CTI) showed enhancement until this year as a result of corona pandemic. The bank played his role as a socially responsible partner by donating JD 1 mn to the government fund, also postponing the installments for most of customers for 3 months had, it is expected to return to the decreasing trend during the rest of this year
- ▶ Other efficiency indicators showed notable continuous improvement as Safwa bank continued to expand and grow with careful use of its resources

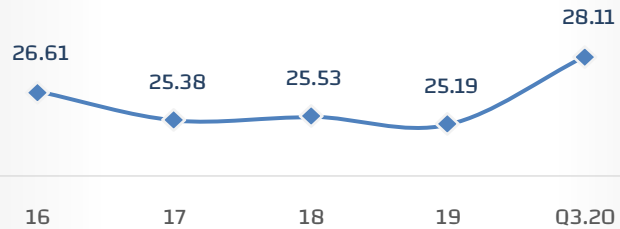
### Financing / Employee (mn JDs)



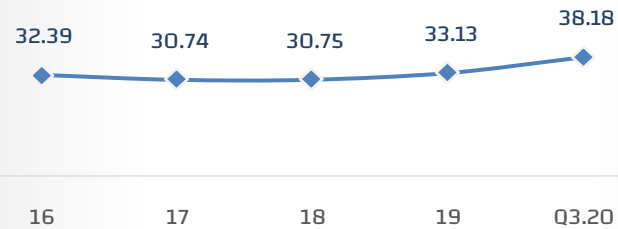
### Deposits/ Employee (mn JDs)



### Financing / Branch (mn JDs)



### Deposits/ Branch(mn JDs)



In order to understand the financial statements for Safwa Islamic bank, the following explanations are necessary and important:

## Facilities (Financing)

Facilities appears in the Safwa Islamic Bank's financial statements (financial position) as the sum of:

- Deferred sales receivables and other receivables-net (excluding international Murabaha)
- Ijarah muntahia bittamleek assets-net.
- Loan at zero rate

## Money Market Instruments

Safwa Islamic Bank invests the extra funds in money market instruments, these instruments mainly consists of

- international Murabaha (appeared within "Deferred sales receivables and other receivables-net")
- international wakala

## Cost of Deposits

The cost of deposits expense in Safwa's statement of income includes the following items:-

- Share of unrestricted investment accounts holders'
- Deposit Insurance corporation fees, jointly financed
- Deposit Insurance corporation fees, self financed
- Changes in PER (Profit equalizer reserve)

## Provisions for Doubtful Accounts

The concept of this provision includes the sum of :-

- Expected credit loss on jointly items
- Expected credit losses provision for facilities - self financed

## Direct Income

The concept of direct revenues in Safwa's statement of income includes the following items:-

- Deferred sales revenues
- Ijara muntahia bittamleek assets revenue
- Gains from International wakala investments
- Gains from all financial assets
- Share of Joint Funds from Profits of associate company
- Bank's self financed revenue
- Depreciation of Ijara muntahia bittamleek assets- self financed

|                                |                                      |
|--------------------------------|--------------------------------------|
| ATM                            | Automated Teller Machine             |
| CAGR                           | Compound Annual Growth Rate          |
| CAR                            | Capital Adequacy Ratio               |
| CASA                           | Current Accounts and Saving Accounts |
| CBJ                            | Central Bank of Jordan               |
| CDM                            | Cash Deposit Management              |
| COSO                           | Corporate Service Office             |
| COD                            | Cost of Deposits                     |
| G&A                            | General and Administrative Expenses  |
| GDP                            | Gross Domestic Products              |
| MM                             | Money Market Instruments             |
| JD                             | Jordanian Dinar                      |
| NI                             | Net Income                           |
| NPL                            | Non Performing Financing             |
| NPM                            | Net Profit Margin                    |
| PB <sup>o</sup> / <sub>o</sub> | Price to Book Ratio                  |
| PE <sup>o</sup> / <sub>o</sub> | Price to Earnings Ratio              |
| ROAA                           | Return on Average Assets             |
| ROAE                           | Return on Average Equity             |
| RWA                            | Risk Weighted Assets                 |

|  |                     |  |
|--|---------------------|--|
| Advances to Deposits                       | AD <sup>o/o</sup>   | The average of facilities divided by average sum of deposits and cash collaterals.   |
| Capital Adequacy Ratio                     | CAR <sup>o/o</sup>  | A measurement of a bank's available capital expressed as a percentage of a bank's risk weighted assets (RWA) exposures   |
| Current and Saving Accounts <sup>o/o</sup> | CASA <sup>o/o</sup> | Sum of current and saving accounts divided by total deposits and cash collaterals  |
| Compound Annual Growth Rate                | CAGR                | The mean annual growth rate of an financial figure over a specified period of time longer than one year  |
| Cost of Deposits                           | COD                 | Annualized profit expenses divided by deposits average (CASA and term deposits, and margins)   |
| Cost to Income Ratio                       |                     | G&A divided by (Gross Income + Non-funded Income)  |
| Coverage Ratio                             |                     | Sum of allowance of expected credit loss provisions and suspended profits divided by non performing financing  |
| Liquid Assets                              |                     | High liquid assets that can be converted to cash within reasonable cost and short time   |
| Net Profit Margin (NPM)                    | NPM                 | The Direct Income of earning assets minus the cost of deposits   |
| Non-Performing Financing                   |                     | Financing that is in default or close to being in default, due to the fact that they have not made the scheduled payments for a specified period, most financing become non-performing after being default for 90 days |
| Payout Ratio                               |                     | Proportion of earnings a company pays shareholders in the form of cash dividends   |
| Per Capita Income                          |                     | GDP divided by population  |
| Price to Book Ratio                        | PB                  | Market value of outstanding shares to total equity   |
| Price to Earnings Ratio                    | PE                  | Closing price to the annualized earning per share  |
| Return on Average Assets                   | ROAA                | Annualized net income after tax divided by average assets  |
| Return on Average Equity                   | ROAE                | Annualized net income after tax divided by average equity  |
| Risk Weighted Assets                       | RWA                 | The banks' assets or off balance sheet exposures weighted according to risk used in deterring capital adequacy   |
| Spread                                     |                     | Difference between return on earning assets and cost of deposits   |

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