

Your International Islamic Bank

Press Release

Office of the President and Chief Executive

Albaraka Banking Group (ABG) Increases Net Operating Income by 81%, Net Income by 62%, and Assets by 29% in the First Half Of 2008

Manama, 12 August 2008: The Bahrain based leading Islamic banking group, Albaraka Banking Group B.S.C (ABG) announced a surge in net operating income by 81% and net profits by 62% (before adding the extraordinary profits resulting from subscription to the shares of the Group's unit in Turkey which was completed during the first half of 2007), while total assets increased by 29% and finance and investments by 49%, according to a statement released today on the financial results of the first half of 2008.

The results show that the Group's net operating income in the first half of 2008 increased by 81% to US\$174.96 million compared to US\$96.58 million for the same period of 2007. This excellent increase was the result of noticeable increases in all components of the profits especially the income from Islamic finance and investment operations in line with a significant growth in such operations. As a result of this improvement, net income increased by 62% to reach US\$107.98 in the first half of 2008 compared to US\$66.79 million for the same period of 2007 (before adding the extraordinary profits resulting from subscription to the shares of the Group's unit in Turkey which was completed during the first half of 2007).

Similarly, all items of the balance sheet showed significant growth, especially those related to core financing and investment activities, which increased by 49% to reach US\$8.63 billion in total as at the end of June 2008, leading to an increase in total assets to US\$11.2 billion as at the end of June 2008, compared to US\$8.6 billion as at the end of June 2007, reflecting an increase of 29%. On the other side, customer deposits and

other accounts and unrestricted investment accounts registered a noticeable increase of 32% to reach US\$9.1 billion in total as at the end of June 2008, which reflects the growing confidence and loyalty of customers in the Group. Likewise, shareholders equity increased by 11% to reach US\$1.59 billion in total as at the end of June 2008.

On this occasion, Shaikh Saleh Abdulla Kamel, Chairman of Albaraka Banking Group, said that "We are pleased to see a continuation of the consistent strong performance of the Group at all levels of operating income and finance and investment activities. These achievements reflect the strong financial, human and technical capabilities and resources of the Group which it utilizes in the implementation of its ambitious plans for expanding its operations and activities in its existing markets and the markets that it plans to enter into. These achievements are also the result of the coordinated joint effort at Group and affiliate units' level, which made such achievements possible despite the difficult economic conditions that the world is witnessing at present".

Commenting on the financial results of the Group for the first half year, Mr. Abdulla Ammar Al Saudi, Deputy Chairman of Albaraka Banking Group, said that "the excellent results achieved by the Group in the first half of 2008 were brought about by the carefully crafted plans which were approved by the Board of Directors for expanding the Group geographically and vertically, as well as by the dedication and industrious efforts of the executive management of the Group, the units and all the parties concerned with implementing the plans. All of those concerned worked in accordance with well coordinated strategic plans designed to enhance the status of the Group as a leading regional and international Islamic banking institution".

Mr. Al Saudi added that "the financial results achieved in the first half of 2008 are extremely good by all standards, considering the turbulent and volatile times seen by international financial markets and the decline in the performance of the global economy. This once more proves the ability of Albaraka Banking Group to overcome the adverse effects of such developments and achieve good positive results".

On his part, Mr. Adnan Ahmed Yousif, President and Chief Executive of ABG, said that the excellent financial and operational results achieved by the Group in the first half of 2008 were the early fruits of the Group's new five-year strategic plan for the years 2008-2012 which is based on a number of objectives, programs and initiatives and aim to achieve a strong growth in earnings and operations. We have already started implementing this plan by making the best use of our geographical presence, thorough knowledge of Islamic markets and banking products, financial strength and a wide branch network which is the largest amongst Islamic banking institutions".

Mr. Adnan Ahmed Yousif added that "the recent period has in particular witnessed significant expansion by units affiliated to ABG specially in Turkey, Jordan, Egypt, Pakistan and Algeria which opened a large number of new branches in their respective countries, and which in turn led to a good growth in the deposit base and finance portfolio of these units. We expect that the number of the branches of the units affiliated to the Group will exceed 350 within the next three years.

In addition to enhancing our relations with our partners, investors and customers, we focused in the past period on entering new markets, especially Syria and Indonesia where we have taken steps to establish presence in these countries. We also intend to enter other new markets in the coming period".

Mr. Adnan Ahmed Yousif added that "all this was in concurrence with the continuation of our efforts to develop our human resources, operating, regulatory and technical infrastructure at Group and unit levels. We have already standardized risk management policies and procedures at Group level and introduced modern technologies in implementing these policies and procedures. We also started implementing the new IT system which will link the Group with all the affiliate units that have information databases. So far, the unit in Bahrain was linked to the system and it will be followed by South Africa then Lebanon and Egypt".

The Group also took important steps towards converting its 25 branches in Pakistan to a locally incorporated commercial bank and obtaining the approval of the State Bank of Pakistan. The new bank is now in the process of finalizing the regulatory formalities and operational procedures to complete this conversion before the end of this year. The Bank also intends to offer part of its share on the Pakistani market for public subscription and list its share on the Pakistani stock exchange. We expect that this move will receive a good response from Pakistani investors".

The President and Chief Executive of the Group added that "In 2008, we look forward to continue our outstanding achievements in terms of the excellent profits that we achieved and the persistent programmed efforts to implement our ambitious plans for expanding our operations and activities in our existing markets and the markets that we plan to enter into with the ultimate goal of making ABG a leading and strong regional and international banking group".

Item	Growth (%) compared to June 2007
Growth in Net Operating Income	81%
Growth in Net Income	62%
Growth in Operating Income	56%
Growth in Total Assets	29%
Growth in Total Finance & Investments	49%
Growth in Total Customer Deposits & URIA	32%
Growth in Total Equity	11%

Albaraka Banking Group (ABG) is a Bahrain Joint Stock Company listed on Bahrain and Dubai stock exchanges. It is a leading international Islamic bank with Standard and Poors long term and short term credit ratings of BBB- and A-3 respectively. ABG offers retail, corporate and investment banking and treasury services strictly in accordance with the principles of the Islamic Shari'a. The authorized capital of ABG is US\$1.5 billion, while total equity amounts to about US\$1.57 billion. The Group has a wide geographical presence in the form of subsidiary banking Units and representative offices in twelve countries, which in turn provide their services through more than 250 branches. These banking units are Jordan Islamic Bank, Jordan; Albaraka Islamic Bank, Bahrain; AlBaraka Islamic Bank, Pakistan; Banque AlBaraka D'Algerie, Algeria; AlBaraka Bank Sudan, Sudan; AlBaraka Bank, South Africa; AlBaraka Bank Lebanon, Lebanon; Bank Et-tamweel Al-Tunisi Al-Saudi, Tunisia; the Egyptian Saudi Finance Bank, Egypt; AlBaraka Turk Participation Bank, Turkey; AlBaraka Bank Syria (under formation) and a representative office in Indonesia.

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