

Leaders of Islamic Banking

Press Release – Office of the President and Chief Executive

BANQUE ALBARAKA D'ALGERIE INCREASES NET PROFITS BY 34% IN 2007

Manama, 8 April 2008: Banque Albaraka D'Algerie, a subsidiary banking unit of Albaraka Banking Group B.S.C. (ABG), announced that it was successful in achieving big increases in its net profits and assets during 2007. Net profits increased by 34%, Shareholders equity by 37% and total assets by 35% plans to open **33** more branches during the next five years.

The financial statements announced by the Bank revealed that the Bank had achieved record results. The year 2007 witnessed a 35% growth in assets to reach US\$846 million financed primarily by an increase in customer deposits and unrestricted investment accounts which grew by 35% to reach US\$671million. These increases reflect the strong customer base of the Bank. The funds arising from the increase deposit and unrestricted investment accounts were used to finance expansion in murabaha financing and the Salam portfolio as well as the Ijarah Muntahia Bittamleek portfolio. On the other hand, shareholders equity increased by 37% to reach US\$91 million as at the end of 2007.

As a result, total income from joint financing and investments and from banking operations increased significantly, resulting in an increase of 20% in operating income to reach US\$58 million. After deducting operating expenses and setting aside provisions and taxation allocations, the net income increased to US\$19 million, a growth of 34% compared to 2006. This enabled the Bank to maintain the level of returns to its shareholders in

spite of the big increase in assets and equity. The return on average shareholder equity and on average assets amounted to 24.08% and 2.57% respectively in 2007 compared to 24.68% and 2.36% respectively in 2006.

Commenting on these results, Mr. Adnan Ahmed Yousif, Chairman of the Board of Directors of Banque Albaraka D'Algerie and President and Chief Executive of Albaraka Banking Group, said that the excellent performance of the Bank in 2007 was another proof that the Bank was well positioned in the Algerian market. It took full advantage of the opportunities available in this rapidly growing market by making the best use of the strong support that the parent company (ABG) extended to it including increasing the Bank's capital by 400% in 2006, which helped, together with the concerted efforts of the executive management, in achieving such excellent results.

Mr. Adnan Ahmed Yousif added that Banque Albaraka D'Algerie was the only bank of Algeria's 18 banks that operated according to the principles of the Shari'a. Having opened 5 new branches in 2006 it now has a network of 17 branches operating throughout Algeria. Thanks to its strong foreign trade financing tradition, it holds an important position in that market, ranking second among the private banks and maintaining a 5.6% total market share.

On his part, Mr. Mohammed Seddik Hafid, Board Member and General Manager of the Bank, said that the Bank, thanks to the financial and technical resources available to it, was able to capitalise on the strong performance of the Algerian economy which witnessed an estimated growth of 3.8% in Gross Domestic Product (GDP) and a decline in unemployment to 11.8% in 2007, while the rate of inflation was well contained at 3.8% despite an environment of rising oil and gas prices and a falling US dollar. Total exports reached record levels at \$58 billion, which enabled the Algerian government to maintain its economic policies of reducing external and internal debts while investing heavily in infrastructure development.

Mr. Hafid added that "Over the next five years the Bank plans to expand its network by 23 new branches, install an ATM network and replace its IT systems. It is also making plans for the construction of a new head office building and will continue to develop its consumer banking services by offering new and innovative products, including Islamic investment bonds

and investment funds as well as introducing a variety of Banc assurance products”.

Banque Albaraka D’Algerie is one of the Banking Units of Albaraka Banking Group. 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 A3 respectively. ABG offers retail, corporate and investment banking and treasury services strictly in accordance with the principles of the Islamic Shari'a. The authorised 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.

For further information, please contact:

Albaraka Banking Group (ABG)
Corporate Communications Department
Tel: +973-17-541122
Fax: +973-17-536533
Website: www.abg.bh
Email: zharam@barakaonline.com
info@barakaonline.com