

Your International Islamic Bank

Press Release

Office of the President and Chief Executive

BANQUE ALBARAKA D'ALGERIE INCREASES NET INCOME BY 102% IN THE FIRST HALF OF 2008

Manama, 9 September 2008: Banque Albaraka D'Algerie, a subsidiary banking unit of Albaraka Banking Group B.S.C. (ABG), announced that it continued to achieve excellent financial results during the first half of 2008. It was successful in achieving big increases in its net income and assets as net income increased by 102%, shareholders equity by 50% and assets by 37% as it opened more branches in a number of major cities in Algeria.

The financial results of the Bank show an increase in gross operating income of 47% to reach US\$36.34 million during the first half of 2008. After deducting operating expenses which dropped by 17%, the net operating income achieved a significant 92% improvement to rise from US\$14.60 million in the first half of 2007 to US\$27.97 million in the first half of 2008. This improvement reflects both the growth in income from financing and investment operations and the success of the Bank in controlling operating costs as reflected by the drop of the operating expenses to operating income ratio from 41% in the first half of 2007 to 23% in the first half of 2008. As a result of the increase in gross operating income, the net operating income increased by a huge 102% to reach US\$16.53 million in the first half of 2008. Subsequently, the annualized returns on average equity and average total assets showed significant improvements to reach 34% and 3.6% respectively in the first half of 2008.

During the first half of 2008, the assets of the Bank increased by 37% to reach US\$995.09 million compared to US\$725.98 million during the same period of last year. This increase was the result of a significant growth in the murabaha, Ijarah Muntahia Bittamleek and investment operations which increased by 48% to reach US\$676.01 million in total as at the end of June 2008. This growth was financed The Bank financed this growth by increasing the number of its branches and the range of investment products it offers, which in turn increased the customer deposit accounts and unrestricted investment accounts by 32% to reach US\$781.29 million as at the end of June 2008 - which financed 78.5% of the total assets of the Bank. The remaining assets were financed by shareholders equity which was enhanced by 50% to reach a total of US\$105.45 million as at the end of June 2008.

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 he was pleased with these results praising the hard work of the executive management and all the employees of the Bank.

Mr. Adnan Ahmed Yousif said that the excellent performance of the Bank in the first half of 2008 was another proof that the Bank was well positioned in the Algerian market. The Bank was able to build upon the strong capital resources that it now possesses after increasing its capital four folds in 2006 and by making the best use of the strong support it receives from the parent company, Albaraka Banking Group, to expand its branch network and diversify the products and services it offers. This in turn enabled the Bank to take full advantage of the opportunities available in the promising Algerian market.

Mr. Adnan Ahmed Yousif added that Banque Albaraka D'Algerie was the only bank from amongst eighteen banks in Algeria that conducts its business in accordance with the principles of the Sharia. The Bank has a network of 20 branches operating in different cities in Algeria and it plans to raise the number of branches to 23 within the next three years. In spite of its size and thanks to its strong foreign trade financing tradition it holds an important position in the market, ranking second among private banks maintaining a market share of 5.6%.

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 as a result of the increase in oil and

gas prices. In addition to expanding its branch, the Bank worked on installing a modern ATM network and modernised its IT systems.

The Bank also continued to develop its consumer banking services by offering new and innovative products, including Islamic investment bonds and investment funds as well as launching a variety of Bancassurance products.

Banque Albaraka D'Algerie is one of the Banking Units of 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\$1.59 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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