

Albaraka Banking Group "ABG" Announce:

**FOLLOWING THE SUCCESSFUL PRIVATE PLACEMENT AND IPO
AL BARAKA BANKING GROUP IS PREPARING TO LAUNCH ITS
GEOGRAPHIC EXPANSION STRATEGY**



Manama 17 July 2006: Albaraka Banking Group (ABG), the Bahrain-based leading Islamic banking group announced today that all the receiving banks will start distributing allotment letters today to applicants whose applications was accepted. The Group has announced earlier this month it is going allocate the entire 120 million offered new shares (US\$ 369.6 million) to the Individuals and Institutional subscribers, a decision that was welcomed by the applicants. The ABG has successfully concluded of its Private Placement and IPO, thus affirming its intention to go ahead with the expansion strategies that was one of the main objectives for raising funds in the IPO.

Shaikh Saleh Abdulla Kamel, Chairman of the Board of Directors of ABG said that, following the successful completion of the Private Placement and IPO, ABG is now preparing to implement the third phase of its long-term strategy, which is to expand its operations in regional, Arab and international markets, through opening new branches to add to the existing network of 200 branches of ABG units and by expansion into new markets.

Shaikh Saleh Abdulla Kamel announced that ABG intends to hold a General Meeting during August 2006 to discuss various strategic issues including expansion of the Board of Directors to include representatives of the new shareholders. The current ABG Board comprises eight members, all of them experienced bankers and businessmen.

On his part, Mr. Adnan Ahmed Yousif, member of the Board of Directors and Chief Executive Officer of Al Baraka Banking Group, said that the banking units of ABG have, since the beginning of the year, expanding their services in their respective local markets. Al Baraka Turkish Participation Bank has increased the number of its branches of by 7 to reach 55 during 2006 in accordance with the Bank's expansion plan and Banque Al Baraka D'Algerie is currently increasing the number of its branches to 18 by the end of 2006.

Mr. Adnan Yousif added that ABG is planning to enter into a number of GCC markets. With regard to the other regional markets, the Group has already obtained the approval of the Central Bank of Syria to open a bank in Syria by the end of this year, 2006, which will place ABG in a good position to benefit from the economic growth and openness that Syria is experiencing.

The Chief Executive Officer also said that ABG was planning to enter into strategic alliances with highly reputed banking and financial institutions that have joined in as new shareholders, to add considerable value to the business growth of ABG.

Mr. Yousif concluded by stressing that ABG continued to achieve excellent financial results in 2006. It is expected that the financial results for the first half of 2006, which will be published shortly, will witness a big increase in profits and operations.

Al Baraka Banking Group is a leading international Islamic bank. It offers retail, corporate and investment banking and treasury services strictly in accordance with the principles of the Shari'a. The authorized capital of ABG is US\$1.5 billion. The Group has a wide geographical presence in the form of subsidiary banking Units in ten countries, which in turn conduct business through more than 200 branches. These banking Units are Banque Al Baraka D'Algerie, Al Amin Bank, Bahrain, Al Baraka Islamic Bank, Bahrain, the Egyptian Saudi Finance Bank, Egypt, Jordan Islamic Bank, Jordan, Al Baraka Bank Lebanon, Lebanon, Al Baraka Bank Ltd, South Africa, Al Baraka Bank Sudan, Sudan, Bank Et-tamweel Al Saudi Al Tunisi, Tunisia and Al Baraka Turkish Finance House, Turkey.