

Press Release

Press Release – Office of the President & Chief Executive

ABG Announces an increase in Net Income by 117%, And Asset by 30% for First Half of 2007

Manama, 13 August 2007: Albaraka Banking Group B.S.C (ABG), the Bahrain-based leading Islamic banking group, announced a big increase in its net income by 117%, and continued to achieve excellent growth in total assets by 30%, total equity including minority interest by 83% and operating income by 33%, according to a statement released today announcing the financial results for the first six months of 2007.

The results showed strong growth with the total operating income at US\$ 197.11 million for the first six months of 2007, compared to US\$ 148.54 million for the same period last year, reflecting an increase of 33%. Most components of the income witnessed noticeable increases, especially in Income from Islamic financing and investment transactions.

The net income also achieved an impressive 117% growth to reach US\$ 120.97 million for the first six months of 2007, compared to US\$ 55.70 million for the same period last year.

The core financing and investment activities also showed noticeable growth. Total assets as of end of June 2007 were US\$ 8.64 billion, compared to US\$ 6.65 billion as at the end of June 2006, reflecting an increase of 30%. Total financing and investments grew by 24% from US\$ 4.6 billion to US\$ 5.7 billion during the same period. In concurrence with this growth in the operating assets, customer deposit accounts, other accounts and unrestricted investment accounts together recorded a substantial increase of 24% to reach US\$ 6.9 billion in June 2007 compared to US\$ 5.55 Billion in June 2006. This reflects the increasing confidence and loyalty of the Group's customers and investors. Similarly, total equity including minority interest increased by 83% to reach US\$ 1.43 billion in June 2007.

On this occasion, Shaikh Saleh Abdulla Kamel, Chairman of Albaraka Banking Group, said that following the successful IPO last year, the Group has started to implement its ambitious plans to increase its operations and activities in its existing markets as well as in new markets. Shaikh Kamel also commended the efforts made by the executive management, subsidiaries and all concerned parties for the excellent results achieved by Albaraka Banking Group which will enable the group to continue playing its pioneering role in the field of Islamic finance regionally and internationally.

Mr. Adnan Ahmed Yousif, the President & Chief Executive of ABG, said that the outstanding results achieved in the first six months of this year are a direct result of the steps we took to capitalize the subsidiaries of the Group, effect

overall improvements in staffing, technology and controls, in addition to our success in unifying the Group's strategic direction. The Group is well on its way to achieving its business strategies and enhancing shareholder value.

Mr. Yousif added that the first half of 2007 witnessed many strategic initiatives taken by the Group. We announced the merger of Al Amin Bank and Al Baraka Islamic Bank, two subsidiaries of ABG, in an integrated financial institution with over US\$ 600 million in total assets. We also announced of our opening a representative office in Indonesia. We also obtained the approval of the Syrian authorities to establish a banking subsidiary in Syria with a capital of US\$ 100 million. This was in addition to the overwhelming success of Al Baraka Turk Participation Bank's (our subsidiary in Turkey) IPO, which was more than 32 times oversubscribed. This has had a positive impact on our revenues in the first half of 2007. At the same time we intend to shortly issue our first Islamic Sukuk in order to enhance our financial resources, and we expect this issue to be fully successful, especially in view of the investment grade assigned to ABG by Standard & Poor's early this year.

The President & Chief Executive of the Group said that we look forward toward continuing our achievements in year 2007, as well continuing the work that was envisioned since the inception of the Group, viz building a strong banking group capable of maximizing the business between our subsidiaries and form, which will make ABG a leading Islamic banking group at the international level.

Albaraka Banking Group (ABG), is a Bahraini Joint Stock Company listed on the Bahrain and Dubai stock exchanges, and is a leading international Islamic bank. It has been rated by Standard & Poor's as BBB- with a short-term rating of A-3. ABG 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, while the total equity amounts to about US\$ 1.4 billion. The Group has a wide geographical presence in the form of subsidiary banking Units in ten countries, which in turn provide their services through more than 230 branches. These banking units are Banque Al Baraka D'Algerie, Algeria; 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- Tunisi Al Saudi, Tunisia; Al Baraka Turk Participation Bank, Turkey and Al Baraka Islamic Bank, Pakistan.

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