

Press Release

Press Release – Office of the President & Chief Executive

ALBARAKA BANKING GROUP (ABG) ANNOUNCES 94% SURGE IN PROFITS AND 25% INCREASE IN TOTAL ASSETS DURING FIRST NINE MONTHS OF 2007

Manama 11 November; The Bahrain based leading Islamic Bank Albaraka Banking Group (ABG) which is considered to be the biggest Islamic banking group listed on the Bahrain Stock Exchange in terms of capitalization, announced that it continued to record strong growth in operating income and operations during the first nine months of 2007. Net profits increased by 94%, total assets by 25%, equity by 25% and total operating income by 34% as per an announcement made by the Group today.

The declared results reflect the success of the key strategies being implemented by the Group, which aim to maximise benefits from business dealings between the Units of the Group, horizontal and vertical expansion in the markets of such Units and the diversification of the product base and services, improving the quality and profitability of such products and services as well as enhancing the capital resources of the Units to enable them compete more effectively in their markets.

The results show that the Group's total operating income increased by 34% to reach US\$ 311 million for the first nine months of 2007 compared to US\$ 232 million for the first nine months of 2006. All the components of these profits registered noticeable increases especially Islamic financing and investment activities.

This reflected very positively on the net profit which achieved a significant increase of 94% to reach US\$ 161 million for the first nine months of 2007 compared to US\$83 million for the same period of last year.

Balance sheet items also showed significant growth, especially those related to core financing and investment activities during the first nine months to September 2007. Total assets increased to US\$ 9.56 billion as at the end of September 2007 compared to US\$ 7.63 billion as at the end of December 2006, reflecting an increase of 25%. Total financing and investments increased by 29% from US\$ 5.45 billion as at the end of December 2006 to US\$ 7.06 billion as at the end of September 2007.

On the other hand, customer accounts and unrestricted investment accounts registered a noticeable increase of 21% in line with the growth in assets to reach US\$ 6.60 billion as at the end of September 2007 compared to US\$ 6.15 billion as at

the end of December 2006. This reflects the continuing customer confidence in and loyalty to the Group. Likewise, the equity registered a strong increase of 25% to reach US\$1.51 billion in total as at the end of September 2007. This increase is mainly attributable to the successful IPO of the Group last year, in addition to retained profits.

As a result of the strong improvement in profits, return on shareholders' equity and total assets improved significantly to reach 16% and 2.5% on an annualized basis respectively in September 2007, compared to 9% and 1% respectively in September 2006.

On this occasion, Shaikh Saleh Abdulla Kamel, Chairman of Albaraka Banking Group, said that he was pleased with the results stressing that such results reflect the strong commitment of the Group to continue, after the success of the Group's private placement and IPO, with pressing ahead with the implementation of its ambitious plans to increase its operations and activities in its existing markets especially Egypt, Turkey, Pakistan and Algeria and expand into new markets identified in the medium term expansion strategy of the Group. In this regard, a representative office has already been opened in Indonesia and a general manager appointed for the banking Unit in Syria which is getting ready to begin its operations. Furthermore, the merger of Al Baraka Islamic Bank and Al Amin Bank into one bank with a comprehensive range of products and services to serve the local and regional markets has been completed with great success.

Shaikh Saleh Kamel praised the efforts exerted by the executive management at Head Office level and the Units of Albaraka Banking Group which played an instrumental role in achieving these excellent results for the Group and enhancing its management, technical and financial abilities to enable the Group takes its position as a regional and international leader in Islamic banking.

On his part, Mr. Adnan Ahmed Yousif, President & Chief Executive of ABG, expressed optimism about the results of Albaraka Banking Group for the full year 2007, explaining that the outstanding results achieved in the first nine months of 2007 were the fruit of the successful strategies that have been or are being implemented by the Group in many areas and at different levels. These strategies include expanding the Group's operations in our existing markets by enhancing the financial resources of the Units, opening new branches, improving their services and products, modernizing their operating environment and maximizing the benefits of enhanced banking dealing between the Group's banking Units. The strategies also include expanding into new markets, which we have already begun by expanding into the Indonesian and Syrian markets, and very shortly certain Gulf States, as well as improving the Group's operating environment in terms of human resources, technologies, control and compliance. The results were also the fruit of our success in encouraging the subsidiary units of the Group to work according to a unified strategy. Therefore, we can say that the Group is progressing on the right path to achieving its main objective of its business strategy, which is to maximize the value of its shareholders' investment.

Mr. Adnan added that "we have many other plans that we intend to implement shortly, including the launching of new innovative products and services in the

markets, increasing the volume of business between the Units of the Group, modernizing and developing our work procedures and systems, strengthening standards related to corporate governance and other regulatory and organizational policies, as well as enhancing the standing of ABG in the international market. God willing, we will successfully implement all these plans considering that we are the only Islamic banking group that has such diversity of geographical presence, excellent expertise in the markets and the biggest Islamic banking group in terms of capitalization in the Bahraini market.

We also should not forget that the economic and investment activities in the region are booming at present, which in turns provide varied financing and investment opportunities, though such boom also creates an environment of heightened competition, but our strong financial and human resources will enable us stand in the face of such competition and benefit from the huge business opportunities that are available.

Albaraka Banking Group (ABG) is a Bahraini Joint Stock Company listed on Bahrain and Dubai stock exchanges and one of the well-known leading international Islamic banks. 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 Shariá. The authorized capital of ABG is US\$1.5 billion, while the total equity amounts to about US\$ 1.5 billion. The Group has a wide geographical presence in the form of subsidiary banking Units in 12 countries, which in turn provide their services through more than 240 branches. These banking Units are Jordan Islamic Bank/ Jordan, Al Baraka Islamic Bank/ Bahrain, Al Baraka Islamic Bank/ Pakistan, Banque Al Baraka D'Algerie/ Algeria, Al Baraka Bank Sudan/Sudan, Al Baraka Bank Ltd/ South Africa, Al Baraka Bank Lebanon/Lebanon, Bank Et-Tamweel Al- Tunisi Al Saudi/ Tunisia, The Egyptian Saudi Finance Bank/Egypt, Al Baraka Turk Participation Bank/Turkey, Albaraka Bank Syria (under establishment), and Representative office, Indonesia.

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