

Press Release - Office of the President & Chief Executive

**ALBARAKA BANKING GROUP REPORTS 68% INCREASE IN NET OPERATING INCOME TO REACH US\$ 263 MILLION AND 50% INCREASE IN ITS NET INCOME TO REACH US\$ 160 MILLION AND INCREASES ASSETS BY 16% FOR THE PERIOD ENDED 30 OF SEPTEMBER 2008**

**Manama, November 10, 2008** :The Bahrain based leading Islamic banking group, Albaraka Banking Group B.S.C (ABG) announced a surge in its net operating income by 68% and net profits (before adding the profit on deemed disposal of a subsidiary resulted in the first half of 2007) by 50%, while total assets increased by 16% and finance and investments by 21% for the period ended 30 September 2008, according to a statement released today on the financial results of the Group.

The results show that the Group's total operating income for the period ended 30 of September 2008 increased by 48% to US\$ 458.92 million compared to US\$310.54 million for the same period of 2007. This excellent increase was the result of noticeable increases in all components of the profits especially the income from Islamic finance and investment operations in line with a significant growth in such operations. As a result of this improvement, net operating income increased by 68% to reach US\$262.81 in for the period ended 30 September 2008 compared to US\$156.03 million for the same period of 2007. Consequently, the net income increased by 50% to reach US\$160.15 for the period ended 30 September 2008 compared to US\$106.91 million for the same period of 2007 (before adding the profit on deemed disposal of a

subsidiary resulted in the first half of 2007). When annualised, the return realised in the first nine months of 2008 reflects an improvement in the annual rate of return on average assets from 1.68% as at the end of September 2007 to 2.01% as at the end of September 2008.

Similarly, all items of the balance sheet showed significant growth, especially those related to core financing and investment activities, which increased by 21% to reach US\$8.53 billion in total as at the end of September 2008 compared to the position in September 2007. This led to an increase in total assets to about US\$11.13 billion as at the end of September 2008, compared to US\$9.56 billion as at the end of September 2007, reflecting an increase of 16%. On the other side, customer deposits and other accounts and unrestricted investment accounts registered a good increase of 12% to reach US\$9.07 billion in total as at the end of September 2008, which finances 81% of the total assets and reflects the growing confidence and loyalty of customers in the Group. Likewise, shareholders equity increased by 43% to reach US\$1.60 billion in total as at the end of September 2008.

On this occasion, Shaikh Saleh Abdulla Kamel, Chairman of Al Baraka Banking Group, said that "The good performance of Albaraka Banking Group comes at a time of an acute financial crisis that had serious impact on the global economy. Although the crisis imparted certain financial institutions in the region, the Group, thanks to Allah and its Islamic banking approach, was not affected by the adverse consequences of the crisis and it continues to achieve strong growth both in terms operating income and volume of financing and investment business. We are also continuing with the implementation of our geographic expansion in accordance with the plans approved by the board of Directors for year 2008. This proves the soundness of the short and long term business strategies set by the Group".

Commenting on the financial results of the Group for the first nine months of 2008, Mr. Abdulla Ammar Al Saudi, Deputy Chairman of Albaraka Banking Group, said that "the excellent results achieved by

the Group in the first nine months of 2008 and the continuing achievement of good results during the third quarter of the year proves beyond any doubt that the Group follows a prudent approach in conducting its financing and investment business, which earned it the confidence of its depositors and customers. This reflected positively on the consistently growing base of customers and investors despite the adverse global financial and economic developments which are causing significant harm to a large number of international financial institutions. The concerted efforts of the executive management of the Group, the units and all the parties concerned, within the framework of the unified business strategies enabled the Group to continue enhance its status as a leading Islamic banking institution”.

On his part, Mr. Adnan Ahmed Yousif, President and Chief Executive of Albaraka Baking Group, said that “the financial results achieved in the first nine months of 2008 are extremely good by all standards, considering the turbulent and volatile times seen by the international financial markets and the decline in the performance of the global economy. This once more proves the ability of Albaraka Banking Group to overcome the adverse effects of such developments and achieve good positive results”.

Mr. Yousif added that “the excellent financial and operational results achieved by the Group in the first nine months of 2008 were the early fruits of the Group’s new five-year strategic plan for the years 2008-2012 which is based on a number of objectives, programs and initiatives that aim to achieve a strong growth in earnings and operations. This strategy has proved its effectiveness despite adverse international financial and economic developments, as we continue to implement our geographic expansion plan especially in Syria and Indonesia, where we have taken advanced steps towards establishing our presence there. We are also planning to enter other new markets during the coming period. Furthermore, all the units affiliated to ABG especially in Turkey, Jordan, Egypt, Pakistan and Algeria continued to open large numbers of new branches in their respective countries, which in turn led to a good growth in the deposit base and finance portfolio of these units. We expect that

the number of branches of the units affiliated to the Group will exceed 350 within the next three years”.

The President and Chief Executive of the Group added that “Our strategic achievements during the past period included the beginning of the completion and operation of the new IT system which will link the Group with all the affiliate units and integrate all their information databases. So far, the Group’s units in Bahrain, South Africa and Lebanon were linked to the system and they will be followed by Egypt and Pakistan. The new system will help the Group and the affiliated units in improving the quality and speed of the services they provide to their customers. It will also increase the productivity of the staff and link all their operations to one IT network which will also help in increasing the business between the units of the Group and exchanging information about all the activities, services and products offered by the other units of the Group”.

Mr. Adnan Ahmed Yousif added that “Albaraka Banking Group is now at the last stages of launching the new identity of the Group and its subsidiaries. We are now about to complete all the preparations required to ensure the success of the launch program which we intend to implement in early 2009. With the launch of this new identity, the Group will have a strong launch pad for the creation of a strong organization comprising the Group’s units in 12 Arab, Asian and African countries and which can be expanded further in the near future. The new identity represents a major landmark in the Group’s new strategy which aims to continue improved the services it provides to its client, while at the same time continue with its expansion plans. This will contribute towards enhancing returns to the Group’s shareholders and investors”.

The President and Chief Executive of the Group concluded his statement by saying that “In 2008 and beyond, we look forward to continue build upon our outstanding achievements in terms of the excellent profits that we achieved and the persistent and programmed efforts to implement our ambitious plans for expanding our operations and activities in our existing markets and the markets

that we plan to enter, with the ultimate goal of making ABG a leading and strong regional and international banking group, with the help of the support that we receive from all our stakeholders including our shareholders, investors, depositors, customers and employees”.

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\$1.60 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 267 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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