

Your International Islamic Bank

Press Release

Office of the President and Chief Executive

### **ALBARAKA TURK PARTICIPATION BANK INCREASES ITS NET PROFITS BY 118% IN THE FIRST HALF OF 2008**

**Manama, 2 September 2008:** Albaraka Turk Participation Bank, a subsidiary banking unit of Albaraka Banking Group B.S.C. (ABG), announced that it achieved a substantial increase of 131% in its net operating income and 118% in net income. Similarly, shareholders equity increased by 25%, total assets by 48%, deposits by 49% and finance and investments by 58% in the first half of 2008, according to a press release issued by the Bank following a recent meeting of the Bank's Board of Directors.

The Bank's financial statements show that the gross operating income increased by 87% to reach US\$130.04 million during the first half of 2008. After deducting operating expenses, the net operating income achieved a significant 131% improvement to rise from US\$31.62 million in the first half of 2007 to US\$72.92 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 the operating costs as reflected by the drop of the operating expenses to operating income ratio from 54% in the first half of 2007 to 44% in the first half of 2008. As a result of the increase in gross operating income, the net operating income increased by a huge 118% to reach US\$47.37 million in the first half of 2008. Subsequently, the annualized returns on average equity and average total assets showed significant improvements to reach 21% and 2.9% respectively in the first half of 2008.

During the first half of 2008, the assets of the Bank increased by 48% to reach US\$3.47 billion compared to US\$2.35 billion 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 58% to reach US\$2.82 billion in total as at the end of June 2008. 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 49% to reach US\$2.85 billion as at the end of June 2008 - which financed 81.9% of the total assets of the Bank. The remaining assets were financed by the shareholders equity which was enhanced by 25% to reach a total of US\$448.79 million as at the end of June 2008.

On this occasion, Mr. Adnan Ahmed Yousif, Chairman of the Board of Directors of Albaraka Turk Participation Bank and President and Chief Executive of Albaraka Banking Group, said that he was pleased with excellent results that the Bank continued to achieve. This excellent performance was the result of the hard work of the executive management and all the employees of the Bank as well as the strong support that the parent company (ABG) extends to its subsidiary banks, which together helped consolidate the Bank's position in the Turkish market. The Bank now ranks first in terms of total assets and deposits per branch and per employee.

Mr. Adnan Ahmed Yousif said the Bank was able during the first half of 2008 to build upon the big success achieved by the public offerings of its shares last year which was oversubscribed 32 times as total subscriptions amounted to US\$5.4 billion. The IPO enhanced that capital resources of the Bank and provided it with the capabilities to embark upon a major expansion in its branch network and the launching of more new high quality Sharia-compliant investment and financing products and services. This had a very positive impact on the income from all operations especially the income from jointly financed accounts and investments as well as the income from the Bank's own financing and investment operations.

The Chairman of the Board of Directors of the Bank, Mr. Adnan Ahmed Yousif, expressed his confidence that the economic relations between Turkey and the Gulf states in general and the Kingdom of Bahrain in particular will witness significant developments in the coming period following a number of highly successful official visits to Turkey which reflected positively on the investments and business of Gulf and joint Gulf-Turkish firms and banks.

On his part, the General Manager of Albaraka Turk Participation Bank and Board Member Dr. Adnan Buyukdeniz said that the Bank, after the huge success of the IPO last year, was now seeking to invest its capital resources and the strong support of the parent company in expanding its branch network and the launching of more high quality products and services at competitive prices. The branch network witnessed a rapid expansion, increasing from about 20 branches in 2003 to 100 in 2008. We intend to increase the branch network to 200 branches in the next three years, each with its own ATM for customer use.

DR. Buyukdeniz added that the rapid growth in retail banking had been mirrored by a similar increase in the area of alternative distribution channels, with a rapid increase in the number of internet banking and telephone banking customers. The bank also intends to maintain the current rate of ATM network expansion. Furthermore, the Bank continued its efforts in growing the credit card business. As the number of issued credit cards exceeded the 8,000 mark, the Bank launched its new "Bereket" card which is designed to help in the collection of farmers' revenues.

Albaraka Turk Participation Bank is one of the main Banking Units of Albaraka Banking Group. 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\$1.57 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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