

Your International Islamic Bank

Press Release

Office of the President and Chief Executive

## **THE EGYPTIAN SAUDI FINANCE BANK INCREASES ITS NET OPERATING INCOME BY 58% IN THE FIRST HALF OF 2008**

**Manama, 21 September 2008:** The Egyptian Saudi Finance Bank, a subsidiary banking unit of Albaraka Banking Group B.S.C. (ABG), announced that it achieved excellent financial results with a substantial increase in its operating assets for the first half of 2008. Finance and investments increased by 103%, which contributed to achieving a 58% increase in net operating income compared to the same period of last year.

The financial results of the Bank showed an increase in gross operating income of 50% to reach US\$23.64 million during the first half of 2008. After deducting operating expenses, the net operating income achieved a significant 58% improvement to rise from US\$9.24 million in the first half of 2007 to US\$14.58 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 41% in the first half of 2007 to 38% in the first half of 2008.

During the first half of 2008, the assets of the Bank increased by 36% to reach US\$1.87 billion compared to US\$1.38 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 103% to reach US\$1.64 billion in total as at the end of June 2008. This growth was partially financed by customer deposit accounts and unrestricted investment accounts which increased by 35% to reach US\$1.63

billion as at the end of June 2008 - which financed 87.1% of the total assets of the Bank. The remaining assets were financed by the shareholders equity which was enhanced by 31% to reach a total of US\$129.54 million as at the end of June 2008.

Mr. Adnan Ahmed Yousif, Chairman of the Board of Directors of the Egyptian Saudi Finance Bank and President and Chief Executive of Albaraka Banking Group, said that he was pleased with these results, adding that the excellent performance of the Bank in the past few years was the result of the hard work of the Bank's executive management and the strong support that the parent company (ABG) extended to the Bank, in view of the key position of the Bank in the Group's regional and international strategy and the importance of the Egyptian market to the Group considering the abundant and huge investment and financing opportunities it offers.

Commenting on the branch network of the Egyptian Saudi Finance Bank, Mr. Adnan Ahmed Yousif said that the Bank now operates from 18 branches and four money exchange bureaus. He revealed that the Bank had an ambitious plan to double the number of its branches in the coming five years and that it would open four new branches during 2009 and start building its new main office in the Sixth of October City.

On his part, the Bank's Chief Executive Officer and Member of the Board of Directors Mr. Ashraf El Ghamrawy said that the Bank achieved excellent results during the current year to date. This was in line with the Bank's ambitious strategy which was approved by the Board of Directors and with the dynamic and proactive policies adopted by the Bank's Executive Management which focused on growing the Bank's operations in terms of attracting deposits and extending finance to customers.

The Egyptian Saudi Finance Bank is one of the Banking Units of 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\$1.59 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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