

Press Release – Office of the President & Chief Executive

**\$586 MILLION IS THE OPERATING INCOME OF AL BARAKA
BANKING GROUP IN 2008 AND NET PROFITS UP BY 37% TO US\$201
MILLION**

Manama, 25 February 2009: The Bahrain based leading Islamic banking group, Al Baraka Banking Group B.S.C (ABG) announced a surge of 37.1% in net profits from its normal operations, despite the financial crises and economic recession that hit the economies across the world during the late months of 2008. This growth reflects noticeable improvement in all sources of income - an increase of 45.5% in the net operating income while at the same time assets grew by 8.1%, deposits and investment accounts by 9.7% and financing and investments by 9.5% according to a statement issued today by the Group on its financial results for the year 2008.

The results show that the Group's operating income in 2008 increased to US\$585.87 million, compared to US\$444.45 million in 2007, reflecting an increase of US\$141.42 million or 31.8% in 2008. All components of these profits registered noticeable increases especially income from joint finance and investment activities, fees and commissions. After deducting all the expenses, the total net income amounted to US\$201 million in 2008, reflecting an increase of 37.1% over the net income in 2007 after excluding the effect of the extraordinary gains arising from the 2007 IPO of the Group's unit in Turkey. These excellent results led to improvement in the returns on average total equity and on average assets to reach 13% and 1.9% respectively in 2008.

Similarly, all items of the balance sheet showed significant growth during 2008, especially those related to core financing and investment activities. Total assets grew to US\$10.92 billion as at the end of 2008 compared to US\$10.10 billion in 2007, an increase of US\$816 million or 8.1%. This growth was a reflection of the increase in financing operations, mudaraba, musharaka, Ijarah and investments which increased in total by 9.5% to reach US\$8.09 billion in total in 2008. Customer deposits registered a noticeable increase of US\$788 million

or 9.7%, in line with the growth in assets, to reach US\$8.87 billion as at the end of 2008, which reflects an increasing level of customer confidence and their loyalty to the Group. Shareholders equity amounted to US\$1.55 billion as at the end of 2008.

The last quarter of 2008 also produced good results and Al Baraka Banking Group achieved a net income of US\$40.86 million as compared to US\$39.76 million in the fourth quarter of 2007, reflecting an increase of 2.8%.

On this occasion, Shaikh Saleh Abdulla Kamel, Chairman of Al Baraka Banking Group, said that "We are pleased to see the Group's ability to continue to build on the remarkable successes, whilst implementing its ambitious plans for expansion in its existing markets and elsewhere. This achievement is significant considering the adverse market and economic conditions that have prevailed in the world for the large part of 2008. Thanks to the Islamic banking business model, Al Baraka Banking Group has not been affected by the crisis, further endorsing the soundness of the Group. Also, these achievements would not have been possible but for the efforts of the executive management in steering the Group well".

Commenting on the Group's financial results of 2008, Mr. Abdulla Ammar Al Saudi, Deputy Chairman of Al Baraka Banking Group said that these results were excellent as the Group has taken full advantage of the rich experience and knowledge that it possesses in different markets by way of its subsidiaries, to serve the needs of the communities in these countries and at the same time embody the rich values of Islamic banking.

Mr. Abdulla Ammar Al Saudi added that Al Baraka Banking Group possesses robust capital resources that will enable it meet the challenges of 2009. The capital adequacy ratio of the Group in 2008 was 23.5% which is much higher than the requirements of Basel II and the Central Bank of Bahrain.

On his part, Mr. Adnan Ahmed Yousif, President and Chief Executive of Al Baraka Banking Group, said that the excellent financial results achieved by the Group in 2008 were the early fruits of the Group's new five-year strategy 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 in all areas of our operations. " We possess

a diversified geographical presence, a thorough knowledge of the markets and Islamic banking products, the financial strength and the strong, wide branch network which is the largest amongst Islamic banking institutions”.

Mr. Adnan Yousif added that “2008 was a year full of achievements and initiatives that helped propel our strategy to success despite the unfavorable economic and market environment existing all over the world. We enjoy abundant liquidity and financial strength - these factors have greatly helped us achieve our goals for the year as evidenced by the positive results and growth”.

Mr. Yousif explained that "The Year 2008 saw the subsidiary units of the Group in Turkey, Jordan, Egypt, Pakistan and Algeria open large numbers of new branches, which in turn enhanced our deposit base and finance portfolio. We are targeting to increase the overall number of branches in our Group to 350 branches over the next 3 years.”

“Furthermore, Albaraka Islamic Bank, our subsidiary in Bahrain took important steps towards converting its 30 branches in Pakistan into a locally incorporated commercial bank. During 2008 we also focused on expanding in the countries in and outside the region, and are happy to report that we have been accorded an approval to establish a bank in Syria. Our expansion into the Far East will continue and we are looking for opportunities to increase our presence there.”

Mr. Adnan Ahmed Yousif added “We have simultaneously concentrated on developing our human resources - for we believe these to be our most valued assets - and our operations and business infrastructure across the Group in addition to upgrading our Information Technology systems. We have also upgraded our risk management procedures and policies across the Group besides enhancing our financial consolidation and strategic planning applications to help monitor the performance of the Group even more efficiently. We are in the process of implementing Mysis’ Islamic Equation core banking systems in many of our subsidiaries in order to upgrade our product delivery channels besides strengthening our internal controls and other procedures. All these initiatives will continue well into 2009 and 2010, and will serve to make us more competitive in terms of the quality of our customer service.”

As with regard to the Group's outlook for 2009, Mr. Adnan Ahmed Yousif stressed "In 2009, the Group will continue to pursue the 5 year strategy that it has defined for itself in terms of branch expansion as

well as a cautious approach to expansion through acquisitions. During 2009 we plan to establish our subsidiary in Syria with a capital of US\$ 100 million through an Initial Public Offering. The bank will offer a wide array of Islamic banking products through a network of branches across Syria.”

“The Group has embarked upon an exercise to launch its new brand identity across all the countries where it is present, quite opportune at this point in the evolution of the Group - for it is poised for growth in its existing markets and entry into new ones - in consonance with its image as the most diversified international Islamic banking Group in the world. Our new brand identity will be launched over the coming months.”

The President and Chief Executive concluded by reiterating his praise for the hard work of the management team at the Group’s headquarters in Bahrain and the managements at the different subsidiaries who have all played stellar roles in the success of the Group.

On this occasion, Shaikh Saleh Kamel, Chairman of Al Baraka Banking Group, Mr. Abdulla Ammar Al Saudi, Deputy Chairman and Mr. Adnan Ahmed Yousif, President and Chief Executive and all the members of the Board of Directors expressed their sincere gratitude to the Ministry of Industry and Commerce, Central Bank of Bahrain, Bahrain Stock Exchange and Nasdaq Dubai for the cooperation and assistance they have extended to the Group. They also extended their thanks to all the central banks in the countries in which Group banks operate and to all investors and customers for their continuing support and custom. They also thanked all the employees of the Group for their loyalty, hard work and dedication which stand behind the successes and achievements of the Group.

Item	Growth in Comparison to 2007 (%)
Growth in net income*	37.1
Growth in net operating earnings	45.5
Growth in total assets	8.1
Financing and investment activities	9.5
Growth in customer deposit accounts	9.7

* After excluding the effect of the extraordinary gains arising from the 2007 IPO of the Group's unit in Turkey.

Albaraka Banking Group (ABG) is a Bahrain Joint Stock Company listed on Bahrain Stock Exchange and Nasdaq Dubai stock exchange. It is a leading international Islamic bank with Standard and Poors long and short term credit ratings of A-3 and BBB- respectively. 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\$1.55 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 283 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 an ABG representative office in Indonesia.

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