

Press Release – Office of the President and Chief Executive

**JORDAN ISLAMIC BANK, The THIRD LARGEST JORDANIAN
BANK
RAISES ITS NET INCOME BY 49% IN 2007**

Manama, 18 March 2008

Jordan Islamic Bank, a subsidiary banking unit of Albaraka Banking Group B.S.C. (ABG), raised its net income by 49% and total assets by 9% in 2007 despite a strong competition in the Jordanian market according to an announcement by the Bank following the conclusion of its Annual General Meeting which approved the financial statements of 2007.

The Bank's strong performance in 2007 was underpinned by continuing expansion of its network and providing more high quality Shari'a-compliant banking products and services as well as modernizing and upgrading its delivery channels and improving its operating and IT infrastructure. All this helped it to consolidate its market share both in terms of financing and investment on one hand and deposits and investment accounts on the other. This reflected positively on its income especially the increase in income from joint financings and investments, growth revenue from banking services and other operating income, in particular its share as Mudarib for the management of restricted investment accounts. As a result the Bank operating income increased by 31% to US\$80.23 million in 2007 up from US\$61.16 million in 2006. After deducting all expenses and tax provisions the net income increased by 49% to UD\$32.4 million in 2007 up from US\$21.82 in 2006.

The return on average shareholders equity and on average assets respectively increased from 17% and 1.06% in 2006 to 18% and 1.44% in 2007.

The balance sheet witnessed a 9% growth to reach US\$2.26 billion in 2007 compared with US\$2.06 in 2006 as a result of increases in

financing and investments in particular murabaha sales receivables, the Ijarah Muntahia Bittamleek portfolio and non-trading investments. This expansion was funded by a growth in customer accounts, unrestricted investment accounts and other deposits which rose by 10% from US\$1.74 billion in 2006 to US\$1.92 billion in 2007. The Bank was very successful in growing the investment accounts and deposits which now finance 84.8% of total assets. This is an indication of the solid customer base that the Bank enjoys. On the other hand, the shareholder equity increased by a significant 16% to US\$188.26 million as at the end of 2007.

Mr. Adnan Ahmed Yousif, Chairman of the Board of Directors of Jordan Islamic Bank and President and Chief Executive of Albaraka Banking Group (ABG), said after the meeting that considering the intensive competition in the Jordanian market and the rapid opening of the Jordanian economy and financial sector, the results achieved by the Bank in 2007 are excellent by all measures. Such excellent performance was the result of the hard work of the Bank's executive management and all employees as well as the strong support that ABG, parent company extended to the Bank. This helped to consolidate the Bank's position, increase its share of the market and increase the confidence of its corporate and individual customers. For these reasons, the Bank has grown now to become the third largest bank in terms of total assets and customer deposits in Jordan. We are very proud of these results and this achievement.

As for the future, Mr. Adnan Ahmed Yousif said that Jordan Islamic Bank intends to maintain a consistent growth rate, seeking balanced returns for its shareholders, depositors and employees while increasing its market share through the delivery of a range of competitive products and a widening branch network. In the near future it intends, in particular, to continue to expand its operations in the areas of Ijarah Muntahia Bittamleek and its range of investment portfolios. It will also continue to seek to provide government agencies and projects with financial services through the issue of sukuks that can be traded on the Stock Exchange. It intends to complete the remaining phases of its new banking system, introduce further new technologies such as telephone banking, improve risk management and control and enhance corporate governance measures, while implementing its anti-money laundering policies.

On his part, Vice Chairman of the Board of Directors and General Manager of Jordan Islamic Bank Mr. Musa Shihadeh said that the excellent financial results of the Bank in 2007 were due to a number of factors which included in addition to the Bank's commitment to

operating within the framework of the unified business strategies of Albaraka Banking Group, the assiduous efforts the Bank's executive management in launching a number of initiatives in the area of the diversification of income sources, the Bank's continued expansion of its branch network in 2007 which ended the year with a total of 65 branches and banking offices and 66 Automatic Teller Machines (ATMs) linked to Jordan National Payment Network and Visa International Network. The Bank's network now covers all main residential and commercial areas in Jordan.

During the year the Bank successfully implemented the changeover from its previous "MoneyGram" transfer system to the more sophisticated "Western Union" system which utilises the Internet to provide customers with speedy draft issuing and money transfer services. It also completed the changeover from the automated clearing system to the electronic clearing system and launched its new VBV (Verified by Visa) service offering safe internet shopping to Visa card members through the use of a confidential Personal Identification Number (PIN) to validate card purchases.

The Vice Chairman and General Manager added that the Bank's marketing strategy is designed to inform the public of its extensive range of Shari'a-compliant products and services, through targeted products such as savings accounts with prizes and promotional and media programmes including publicity campaigns, tours and giving lectures. The Bank's product range includes murabaha, diminishing musharaka, mudaraba, Ijara Muntahia Bittamleek, instalment sale and Istisna'a contracts, as well as investments in Islamic sukuk and property development for on-sale or lease to its customers.

Mr. Shihadeh said that the good performance of the Jordanian economy had a marked impact on the financial results of the Bank. The real Gross Domestic Product (GDP) grew by an estimated 5.7%, and there was a strong influx of foreign inward investment, encouraged by the government's Investment Promotion Law. Foreign exchange reserves rose by 15% to US\$7.02 billion. Meanwhile, the rate of inflation fell to an estimated 4.9%, compared with 6.3% the year before. Although the volume of turnover on the Amman Stock Exchange fell during the year, the stock price index actually recorded a near 30% rise year-on-year, reflecting the growth in intrinsic value of the underlying stocks.

Jordan Islamic 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 A3 respectively.

ABG offers retail, corporate and investment banking and treasury services strictly in accordance with the principles of the Islamic Shari'a. The authorised 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.

For further information, please contact:

Albaraka Banking Group (ABG)
Corporate Communications Department
Tel: +973-17-541122
Fax: +973-17-536533
Website: www.abg.bh
Email: zharam@barakaonline.com