

Your International Islamic Bank

Press Release

Office of the President and Chief Executive

## **JORDAN ISLAMIC BANK RAISES ITS NET OPERATING INCOME BY 54% IN THE FIRST HALF OF 2008**

**Manama, 16 September 2008:** Jordan Islamic Bank (JIB), a subsidiary banking unit of Albaraka Banking Group B.S.C. (ABG), announced that it achieved a substantial improvement in its financial results for the first half of 2008. It increased its net operating income by 54% and net income by 34% on the back of an increase in total assets by 17% and finance and investments by 36%. Similarly, deposits increased by 20% in the first half of 2008.

The financial results of the Bank showed an increase in gross operating income of 49% to reach US\$67.36 million during the first half of 2008. After deducting operating expenses amounting to US\$19.09, the net operating income achieved a significant 54% improvement to rise from US\$31.28 million in the first half of 2007 to US\$48.28 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 31% in the first half of 2007 to 28% in the first half of 2008. As a result of the increase in gross operating income, the net income increased by 34% to reach US\$28.36 million in the first half of 2008. Subsequently, the annualized returns on average equity and average total assets showed significant improvements to reach 29% and 2.4% respectively in the first half of 2008.

During the first half of 2008, the assets of the Bank increased by 17% to reach US\$2.57 billion compared to US\$2.21 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 36% to reach US\$1.65 billion in total as at the end of June 2008. This growth was financed by customer deposit accounts and unrestricted investment accounts which increased by 20% to reach US\$2.33 billion as at the end of June 2008, which financed 90.4% of the total assets of the Bank. The remaining assets were financed by shareholders equity which was enhanced by 16% to reach a total of US\$206 million in as at the end of June 2008.

On this occasion, Mr. Adnan Ahmed Yousif, Chairman of the Board of Directors of Jordan Islamic Bank and President and Chief Executive of Albaraka Banking Group, said that the achievements of the Bank highlight its clear role in enhancing the Islamic banking experiment in the Jordanian banking market. JIB now occupies a prominent position in the market as a result of the high quality Islamic banking products and services that it provides to different segments of its individual and corporate customers and which satisfy the needs of the Jordanian market and community.

Mr. Adnan Ahmed Yousif added that the Bank had during 2008 consolidated its capital base by increasing its capital after obtaining the approval of the Securities Authority for registering the increase in shares amounting to 16.25 million dinars/shares to increase the Bank's capital to 81.25 million dinars/shares up from 65 million dinars/shares, allocated at the rate of a free quarter of a share to shareholders pro rate the capital shareholding of each of them. Mr. Yousif expressed his confidence that the move would enhance the capital resources of the Bank and its ability to expand further in the Jordanian market which is presently witnessing an increase in business and investment opportunities.

On his part, Vice Chairman of the Board of Directors and General Manager of Jordan Islamic Bank Mr. Musa Shihadeh said that the financial results of the Bank in the first half of 2008 were excellent and that the evident growth in assets, deposits and investment confirms the success of the management's policy in implementing the strategic plans of the Bank and the continuing of diversification and development of its banking services.

He added that the Bank introduced during the current year many modern Sharia compliant technologies in its finance and investment services, in line with the Bank's strategy in achieving its future growth and development goals and in excelling in the Jordanian market. We also continued to expand during the year in the area of Ijara Muntahia Bittamleek and investment portfolios as well as providing financing services to government agencies and projects through the issue of sukuk that can be traded on the Stock Exchange.

Jordan Islamic Bank is one of the only two Islamic banks in Jordan and the third largest bank in Jordan in terms of total assets and customer deposits. The Bank's growth is attributable to an expansion of its branch network which as at the end of 2007 numbered 64 branches and banking offices in total and 65 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.

Jordan Islamic Bank is one of the main 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 Ettamweel 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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