بسم الله الرحمن الرحيم
وبه نستعين

JORDAN ISLAMIC BANK
FOR
FINANCE AND INVESTMENT
(C.R.No. : 124)
Head Office

البنك الإسلامي الأردني
للتمويل والاستثمار
شركة مساهمة عامة محدودة
(سجل الشركات رقم ١٢٤)
الإدارة العامة

٥

الرقم : ١١٩/fitch/ ٣٣٥٦٩
التاريخ : ٢٠٠٩/٦/١٤

DISCLOSURE - JOIB - 18/6/2009
٢٥٨٩ ٠٩. ٠٦ ١٨ ١٠. ٤٢

السادة هيئة الأوراق المالية المحترمين
دائرة الافصاح
عمان - الأردن

السلام عليكم ورحمة الله وبركاته،،،

الموضوع : التصنيف الائتماني

يسرنا أن نرفق لكم في طيه نسخة من تصنيف الـ Fitch Rating إصدار ٢٠٠٩/٤/٢٨ ، والذي يعلن عن حصول مصرفنا على تصنيف -BB .

وتفضلوا بقبول فائق الاحترام،،،

(12)

موسى شحادة
الرئيس التنفيذي
نائب رئيس مجلس الإدارة/المدير العام

هيئة الأوراق المالية
الدائرة الإدارية
الديوان
١٤ حزيران ٢٠٠٩
الرقم المتسلسل ٥٨٧٥
رقم الملف
الجهة المختصة

م ع/دي
البورصة
٦/١٨

Tel.: 5666325 - 5677377
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P.O. Box 926225 - Amman 11190 Jordan
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عضو مجموعة البركة المصرفية
Member of Al-Baraka Banking Group

هاتف: ٥٦٦٦٣٢٥ - ٥٦٧٧٣٧٧
فاكس: ٥٦٦٦٣٢٦ - ٥٦٨٤٧٥٥
ص.ب: ٩٢٦٢٢٥ - عمان ١١١٩٠ الأردن
العنوان البرقي: اسلامبنك / عمان

Jordan
Credit Analysis

Jordan Islamic Bank for Finance and Investment

Ratings

	Current Ratings
Foreign Currency	
Long-Term IDR	BB-
Short-Term IDR	B
Individual Rating	C/D
Support Rating	3
Support Rating Floor	BB-

Outlook

Foreign Long-Term IDR	Stable

Financial Data

Jordan Islamic Bank for Finance and Investment

	31 Dec 08	31 Dec 07
Total assets (USDm)	2,606.4	2,254.0
Total assets (JODm)	1,848.4	1,598.1
Total equity (JODm)	161.0	133.5
Operating profit (JODm)	50.0	34.4
Published net income (JODm)	35.1	23.0
Comprehensive income (JODm)	35.3	23.0
Operating ROAA (%)	2.9	2.3
Operating ROAE (%)	34.0	27.7
Internal capital generation (%)	24.0	12.2
Tier 1 ratio (%)	12.6	14.4
Capital adequacy (%)	13.7	15.7

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Related Research

- *The Jordanian Banking System is Strengthening but Challenges Remain (October 2008)*

Rating Rationale

- The Issuer Default and Individual Ratings of Jordan Islamic Bank for Finance and Investment (JIB) reflect its strong franchise in Islamic banking in Jordan, its good profitability, strong liquidity and substantial retail funding franchise. The ratings also reflect the bank's potentially volatile operating environment, its fairly basic risk management systems, and the possible deterioration of asset quality especially in the current uncertain economic environment.
- JIB's profitability continued to strengthen and in 2008 JIB posted a 53% increase in net profit, one of the highest growth rates among peers. Most of the increase was achieved in 9M08; profit growth, though positive, declined in Q408.
- Financing accounts for about half of the bank's assets and most of its risks. Financing grew by about 26% in 2008. Asset quality ratios improved during 2008 with non-performing exposures amounting to 3.4% of total exposure; these were fully covered by JIB's equivalent of specific and general reserves.
- Market risk is limited and arises mainly from some equity price risk on local/regional shares held in the bank's available-for-sale (AFS) portfolio; these amounted to about JOD51m at end-2008.
- JIB has a liquid balance sheet with a financing/deposit ratio of 60% at end-2008. The bank has a large and stable retail depositor base that provides virtually all of the bank's non-equity funding.
- Capitalisation ratios weakened further during 2008. CAR reached 13.7% at end-2008, and while this was above the regulatory minimum, the bank's equity/assets ratio of 8.7% was on the low side when compared with peers'.

Support

- Support from the authorities might be forthcoming if required, especially in view of JIB's retail deposit franchise and the authorities' generally supportive stance, although given the sovereign's current economic position, Fitch Ratings views the probability of support as moderate. Support from the bank's main shareholder is also possible but, as its likelihood cannot be assessed by Fitch, it has not been factored into the ratings.

Key Rating Drivers

- Upside potential for the Individual Rating is limited but could arise from stronger capitalisation, an improvement in asset quality and continued strengthening of risk management functions; upside for the IDR would also require an improvement in the local operating environment. A significant deterioration in the bank's profitability or asset quality could lead to negative rating actions for the Individual Rating.

Profile

Established in 1978, JIB was the first Islamic bank in Jordan. Over the years, it has gradually built up a strong franchise; by 2008, it was the fifth-largest bank in Jordan by total assets and had market shares of about 7% of financing and 9% of system deposits. The bank operates an extensive branch network with 56 branches throughout the Kingdom but, like other banks, with a high concentration in the capital.

- Largest Islamic bank in Jordan and fifth-largest overall
- Majority owned by Bahrain-based Al-Baraka Banking Group

Profile

As an Islamic bank, all of JIB's contracts, operations and transactions are carried out in accordance with *Shari'ah* principles, which forbid the payment or receipt of interest. Depositors place funds with the bank under a joint investment account structure; the bank uses the deposits and its own funds for *Shari'ah*-compliant financing and investing activities, and shares profits with depositors. JIB is mainly retail focused and has built up a substantial retail franchise over the years; most of its financing and almost all its funding is in retail.

JIB also offers restricted investment accounts where clients place funds with the bank that are designated for a particular project. The depositor would then share in the specific project's profits rather than those of the bank as a whole. JIB offers bonds (*Muqarada* bonds) to investors, run along similar lines in that the bank manages a portfolio of assets on behalf of bondholders, who share in the profit generated by the specific asset portfolio. Both restricted investment accounts and *Muqarada* bonds are held off-balance-sheet (similar to assets under management); they amounted to JOD88m and JOD225m, respectively, at end-2008.

JIB offers Al-Qard Al-Hassan financing, essentially interest free loans for social purposes that are funded partly by interest free deposits placed with the bank for this purpose, but mostly by the bank's current account deposits. JIB has several subsidiaries, the main one being a brokerage company whose business consists exclusively of client-driven transactions.

JIB is the largest (and the oldest) Islamic bank in Jordan. The second, Islamic International Arab Bank (IIAB) which started operating as an Islamic bank in 1998, is a wholly-owned subsidiary of Arab Bank (rated 'A-') and has a market share of around 2% of system assets. The third and most recent entrant to the Jordanian market is Jordan Dubai Islamic Bank. Formerly a government-owned bank, a majority of its shares was acquired in 2008 by a consortium of Dubai-based and Jordanian-based investors that included Dubai Islamic Bank. Islamic banks are regulated by the Central Bank of Jordan (CBJ) and operate under Jordanian banking law, which contains provisions that specifically address the regulation of Islamic Banks.

Shareholding and Corporate Governance

The bank's main shareholder is the Bahrain-based Al-Baraka Banking Group with a 64.98% stake. The remaining shares are widely held with Jordan's Social Security Corporation owning a 4.18% stake. Al-Baraka Banking Group is a holding company for a number of Islamic banks in emerging markets, mostly in the MENA region. It is majority Saudi-owned with the Saudi Dallah Albaraka group holding a 30% stake and Sheikh Saleh Abdullah Kamel, a prominent Saudi businessman, owning 25%. At end-2008 Al-Baraka Banking Group had total assets of USD10.9bn and equity of USD1.5bn.

JIB's board of directors comprises one executive director and 10 non-executive directors of whom four represent the Al-Baraka Banking Group and five are independent. The bank has a four-member *Shari'ah* supervisory board that is responsible for ensuring that JIB's activities conform to *Shari'ah* principles. Corporate governance levels are adequate on the whole; the bank operates with a reasonably high degree of transparency and related party dealings are limited.

Strategy

JIB's strategy is to strengthen its franchise in Jordan, targeting a 10%-11% share of the market. The bank aims to maintain an ROE of about 18%-19%. To continue to strengthen performance, JIB plans to focus more on *Ijarah* (leasing) transactions as returns on these are more flexible than on many other forms of *Shari'ah*-compliant financing. It also plans to boost fee and commission income. JIB is aware of the importance of offering a high level of service and not just relying on the fact that it

is the main Islamic bank in Jordan. It is for example continuously seeking to improve its IT platforms and claims to be one of only four banks in Jordan to offer SMS banking.

Presentation of Accounts

JIB's accounts are prepared according to the accounting standards of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and audited by the local affiliate of Ernst and Young; FY08 accounts were audited with an unqualified opinion.

Performance

- Very strong performance in 2008; JIB achieved the highest increase in net income among Jordanian banks
- Historically profitability ratios lagged peers', but the bank is catching up rapidly; ROAA in 2008 was about average for the sector

Jordanian banks have generally not been materially affected by the global credit crunch; on the whole they invest locally or regionally and funding is mostly local deposits that have so far been stable. JIB has been quick to capitalise on the comparatively good economic conditions in Jordan during 2008 and also on a rising interest in *Shari'ah*-compliant banking. Profitability continued to strengthen and in 2008 JIB's net profit rose by 53% (following a 48% increase in 2007) to JOD35.1m; one of the highest growth rates among peers. Most of this increase was achieved in 9M08; profit growth, though still positive, slowed in Q408.

Revenue

About two-thirds of the bank's revenues are generated from its share of joint investment income. Joint investment income amounted to JOD102m in 2008 of which the bank's share was JOD57.6m; it consists mostly of income from financing, the Islamic equivalent of interest income. Net income from financing rose by 16% in 2008 to JOD46.2m, driven mainly by increasing business volumes. Most of it was generated from customer financing; Islamic placements with financial institutions contributed a relatively minor amount. Other income from joint investments is usually not material (some gains on securities, some revaluation of real estate); but was higher than usual in 2008 because of a JOD19.4m gain JIB made on the sale of part of its AFS portfolio.

The remainder of the bank's revenues consist mainly of fee and commission income and totalled JOD25.8m in 2008 (up 40% yoy). These consist of the bank's fees as *Mudareb* or fund manager, which amounted to JOD8.6m, in addition to JOD15m of fees on normal banking business. Other income was insignificant and consisted mainly of foreign exchange gains.

Non-Interest Expenses

Staff costs account for about half of JIB's non-interest expenses. The bank's cost ratios compare well with peers'. Rapidly rising income has outpaced cost increases in recent years and the cost/income ratio has been improving; it reached a low 32.6% at end-2008.

Loan Loss Provisions

JIB's provisioning expense for 2008 amounted to JOD13.5m. The amount does not, as it should in a conventional bank, necessarily reflect the level of actual or expected impairments. Jordanian banking law requires Islamic banks to maintain an investment risk fund in case the bank makes a net loss on joint investment activities in any given year. Islamic banks are required to deduct 10% of joint investment income annually as a provision expense to maintain the fund, although the CBJ can require a higher provisioning rate if it sees fit. Provisioning ceases when the investment risk fund reaches double the bank's paid-up capital.

Prospects

Given JIB's local focus its prospects are dependent on the performance of the Jordanian economy. Economic activity in Jordan is likely to slow significantly in 2009 as the impact of the global and regional slowdown is felt, although it is still

expected to achieve positive growth rates in the range of 3%. The main sectors that are likely to be (or already have been) negatively affected are construction and real estate, tourism and export-related industries. The slowdown of GCC economies is likely to affect remittances of Jordanians working in these markets; there is also likely to be a reduction in the amount of FDI flowing into Jordan from Gulf investors.

Because of JIB's retail focus its real estate portfolio consists mainly of retail mortgage lending which is likely to be less problematic than large real estate projects. Profitability is not heavily reliant on investment-related income and the bank is likely to continue to benefit from increasing interest in *Shari'ah*-compliant financing; therefore, on the whole JIB should continue to achieve satisfactory profitability in 2009 in spite of lower business volumes. The main concern is asset quality, which could show some deterioration in the more difficult economic environment.

Competition in *Shari'ah*-compliant banking is increasing in Jordan, but up to a point JIB considers this to be more of a benefit than a threat, on the grounds that it will raise awareness of and perhaps also interest in *Shari'ah*-compliant banking, and will deepen the still relatively limited Jordanian Islamic banking market.

- Risk management is fairly basic, but the bank has a conservative risk appetite
- Main risk is from the bank's financing portfolio
- Market risk is limited

Risk Management

The board of directors is ultimately responsible for risk management within the bank. Various committees have been set up to assist the board, the main ones being the audit committee, the risk management committee and the executive committee which oversees financing and investment activities.

Credit Risk

Credit sanctioning and risk management are largely centralised, although many branches have approval authority up to a (relatively small) limit. Credit approval limits are delegated to different authority levels depending on the size of the loan. Any financing above JOD1m is handled by a central corporate credit department; below this level financing is approved either by branches or centrally by what the bank calls an investment department (which basically handles smaller financing). JIB has a separate credit risk unit which monitors the bank's loan and investment portfolios and provides a review of all major counterparty and sector risks; it also provides a non-binding opinion on any financing above JOD1m. JIB applies the standardised approach to credit risk measurement for Basel II purposes.

JIB is the most retail-focused bank in the Jordanian market with retail lending accounting for almost three quarters of the total. The bank has set out criteria-based guidelines for each retail product. Most retail lending is salary assigned and debt repayments are capped at 30%-40% of a borrower's net salary. About 45% of the retail book consists of mortgage lending; JIB mostly finances apartments that are used as primary residences, and retains ownership of the properties until the mortgage is paid off. The bank has recently tightened its loan-to-value (LTV) ratio for mortgage lending to 75%; until 2008, JIB had been willing to lend up to 90% LTV for customers considered low risk. Tenors range from five to 20 years; the average is about 10 years. Aside from mortgages, the retail portfolio consists mostly of financing for consumer goods and cars.

For corporate financing, JIB is working on implementing a risk-grading system using a 10-grade scale. At present, JIB uses the CBJ's six-grade system (two performing grades, one watch and three non-performing grades). Most financing is local, with a small proportion of international *Murabaha* transactions mostly to regional borrowers. The main sectors financed locally are industry, real estate/construction and general trade. JIB lends to construction companies but these must have more than one source of cash flow for repayment; repayment does not depend on any one specific project.

Lending to SMEs is limited; at end-2008, it amounted to about 8.4% of the total. The bank does not have a clear definition of what constitutes an SME and they are handled as either corporate or retail depending on a number of different criteria.

Most financing is in the form of *Murabaha*, a purchase and resale transaction in which the bank's return, consisting of an agreed mark-up on the purchase price, is fixed from the start. JIB is increasingly using leasing or *Ijarah* transactions (which are especially suited to mortgage lending); these amounted to about 12% of total financing at end-FY08. *Ijarah* transactions are more flexible than *Murabaha* in that the bank's profit rate can be changed according to market conditions. There is a certain amount of concentration in the bank's financing portfolio; at end-2008, JIB's 20-largest financings accounted for roughly 20% of the total, equivalent to about 114% of equity, all of which are performing.

Other Assets

Other assets consist mostly of cash and bank placements of JOD689m at end-2008 accounting for about 37% of the balance sheet. JIB has surplus JOD liquidity and there are very few opportunities to place it according to *Shari'ah* requirements in the Jordanian market. To get around this the bank places JOD funds with local commercial banks and receives foreign currency (mainly USD and EUR) funds in return; a basic form of currency swap. The exchange rate is fixed from the start so JIB bears no FX risk. The foreign currency funds are then placed either with *Shari'ah*-compliant institutions in the Gulf Cooperation Council (GCC) and internationally or invested in international *Murabaha* transactions. These 'swaps' are usually unwound at year-end and surplus JOD liquidity placed interest-free with the central bank. As a result, year-end accounts tend to show above-average central bank balances. JIB also has some interest-free placements with local banks.

Securities amounted to JOD109m or 6% of the balance sheet at end-2008; almost all are classified as AFS. JIB does not have a trading portfolio. Securities consist mostly of JOD39m of shares of local listed companies and a JOD55m investment in JIB's own *Muqaradah* bonds, which are invested in local and regional assets (securities, *Murabaha* transactions, cash holdings, some real estate). JIB also had some investments in affiliates and some local property investments acquired to lease or sell and which the bank has been gradually selling down; together these amounted to JOD75m or about 4% of assets at end-2008.

Loan Loss Experience and Reserves

JIB follows the CBJ's classification and reserve requirements for its financing portfolio. Exposures are classified as non-performing when they are 90 days overdue with provisions varying according to collateral and expected recovery. Asset quality ratios improved in 2008 with non-performing exposures of JOD32.6m at end-2008 (similar to the end-2007 amount) accounting for 3.4% of total exposure down from 4.3% of the total at end-2007. Non-performing exposures do not include an amount of JOD0.6m overdue lease instalments on the bank's *Ijarah* portfolio. Non-performing exposures increased during the first nine months of 2008 in spite of the relatively benign operating environment, the improvement in asset quality at year-end was largely due to restructuring carried out in Q408.

Financing impairment reserves reached JOD19.6m or about 60% of non-performing exposures at end-2008. From the investment risk fund (see *'Loan Loss Provisions'* above) JIB designates a certain amount as a financing impairment reserve, equivalent to a specific loan loss reserve (LLR). The remainder of the investment risk fund is held as a sort of general reserve (the 'Investment Risks Fund' included in line J of the attached spreadsheet); this amounted to JOD22.9m at end-2008 and part of it is included as Tier II capital. Including this general reserve, the coverage ratio rises to a more satisfactory 130%.

Operational Risk

Fitch considers JIB's procedures for assessing and managing operational risk to be fairly basic. The bank started to apply the basic indicator approach to operational risk in 2008 according to the CBJ's guidelines, and will move to the standardised approach by 2012.

Market Risk

Market risk is fairly limited. JIB is exposed to some equity price risk on local/regional shares held in its AFS portfolio, which amounted to about JOD39m at end-2008 with about JOD12m exposure through JIB's holding of its *Muqarada* bonds. As a *Shari'ah*-compliant bank, JIB is in theory not sensitive to interest rate movements, but in practice the bank needs to generate returns for investors that are consistent with those obtained in conventional banks. For *Murabaha* transactions (ie for most of JIB's lending) the profit rate is agreed with clients from the start; with deposits the bank needs to be somewhat more flexible. JIB's foreign currency exposure consists mainly of a USD33m long position amounting to about 20% of equity at end-2008, which is relatively low risk given the long-standing and stable USD/JOD peg.

Liquidity risk is limited. JIB's assets are generally longer term than its liabilities, but it benefits from a large, mostly retail, depositor base that has historically proved to be stable. In addition, the bank holds about a third of its assets in cash and bank placements; at end-2008, liquid assets covered 38% of deposits and short-term funding and the financing/deposits ratio was still low at about 60%, although it has been steadily increasing for some years.

- Funded by a stable retail deposit base. Deposits increased by 14% during FY08
- Capitalisation is tight compared with peers; the bank has a low level of free capital

Funding and Capital

Funding

JIB's non-equity funding consists entirely of customer deposits. The bank has a strong domestic funding franchise, especially among retail depositors, which account for more than 90% of the total. Deposit concentrations are small, with the top-20 deposits accounting for about 7% of the total at end-Q308. Non interest-bearing current accounts represent about 35% of deposits; the remainder consists of unrestricted investment accounts, the *Shari'ah*-compliant equivalent of term deposits. Unrestricted investment depositors receive a distribution from the bank, which is roughly equivalent to that earned in a conventional bank.

Capital

JIB's total capital ratio decreased to 13.7% at end-2008 with a Tier I ratio of 12.6%; these have been calculated according to Basel II since January 2008. The ratios are above the central bank's required minimum of 12% but capitalisation is tight relative to peers'. Free capital is relatively low, constrained by investments in associated companies and in real estate. Cash dividends of JOD7.8m were distributed in respect of 2007 income (about 34% of 2007 net profit). The board is planning to recommend a JOD12.2m distribution from 2008 profits (about 35% of 2008 net profit). JIB is planning a capital increase, but timing and amount are as yet uncertain.

Balance Sheet Analysis

JORDAN ISLAMIC BANK FOR FINANCE AND INVESTMENT

	31 Dec 2008				31 Dec 2007		31 Dec 2006		31 Dec 2005	
	Year End USDm Original	Year End JODm Original	As % of Assets Original	Average JODm Original	Year End JODm Original	As % of Assets Original	Year End JODm Original	As % of Assets Original	Year End JODm Original	As % of Assets Original
A. FINANCING										
1. Private	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Corporate	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Government	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Other	1,356.1	961.7	52.03	861.9	762.1	47.69	606.0	41.43	493.5	36.76
5. Impairment Reserves (deducted from above)	27.6	19.6	1.06	16.4	13.1	0.82	6.9	0.47	9.1	0.68
6. Impairment Reserves (memo)	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
7. Less: Financing from the Insurance Business	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
TOTAL A	**1,328.4**	**942.1**	**50.97**	**845.6**	**749.0**	**46.87**	**599.1**	**40.96**	**484.4**	**36.08**
B. OTHER EARNING ASSETS										
1. Balances with Financial Institutions	158.5	112.4	6.08	107.6	102.8	6.43	126.0	8.61	165.0	12.29
2. Government Securities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Trading Assets	0.0	0.0	0.00	0.2	0.3	0.02	0.5	0.03	0.0	0.00
4. Derivatives	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
5. Other Securities and Investments	178.8	126.8	6.86	121.9	116.9	7.31	107.9	7.38	90.6	6.75
6. Equity Investments	80.5	57.1	3.09	58.2	59.2	3.70	50.4	3.45	66.5	4.95
7. Insurance	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
TOTAL B	**417.8**	**296.3**	**16.03**	**287.8**	**279.2**	**17.47**	**284.8**	**19.47**	**322.1**	**23.99**
C. TOTAL EARNING ASSETS (A+B)	**1,746.2**	**1,238.4**	**67.00**	**1,133.3**	**1,028.2**	**64.34**	**883.9**	**60.43**	**806.5**	**60.08**
D. TANGIBLE FIXED ASSETS	**38.6**	**27.4**	**1.48**	**24.5**	**21.5**	**1.35**	**14.8**	**1.01**	**11.8**	**0.88**
E. NON-EARNING ASSETS										
1. Cash and Due from Banks	813.8	577.1	31.22	558.8	540.5	33.82	539.7	36.90	502.4	37.43
2. Other	7.8	5.5	0.30	6.7	7.9	0.49	24.2	1.65	21.7	1.62
F. TOTAL ASSETS	**2,606.4**	**1,848.4**	**100.00**	**1,723.3**	**1,598.1**	**100.00**	**1,462.6**	**100.00**	**1,342.4**	**100.00**
G. DEPOSITS & SHORT-TERM FUNDING										
1. Due to Customers - Current	2,229.9	1,581.4	85.56	1,478.3	1,375.1	86.05	1,236.7	84.55	1,155.6	86.08
2. Due to Customers - Savings	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Due to Customers - Term	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Due to Financial Institutions	12.0	8.5	0.46	7.4	6.2	0.39	30.8	2.11	47.7	3.55
5. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
TOTAL G	**2,241.9**	**1,589.9**	**86.01**	**1,485.6**	**1,381.3**	**86.43**	**1,267.5**	**86.66**	**1,203.3**	**89.64**
H. OTHER LIABILITIES										
1. Derivatives	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Trading Liabilities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Insurance	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
TOTAL H	**n.a.**	**n.a.**	**-**	**n.a.**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**
I. OTHER FUNDING										
1. Long-term Borrowing	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Subordinated Debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Other Funding	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
TOTAL I	**n.a.**	**n.a.**	**-**	**n.a.**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**
J. OTHER NON-REMUNERATIVE LIABILITIES	**137.5**	**97.5**	**5.27**	**90.4**	**83.3**	**5.21**	**79.8**	**5.46**	**69.7**	**5.19**
K. HYBRID CAPITAL										
1. Non-cumulative Hybrid Capital	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Other Hybrid	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
L. TOTAL LIABILITIES	**2,379.4**	**1,687.4**	**91.29**	**1,576.0**	**1,464.6**	**91.65**	**1,347.3**	**92.12**	**1,273.0**	**94.83**
M. EQUITY										
1. Common Equity	224.2	159.0	8.60	145.4	131.7	8.24	113.5	7.76	69.3	5.16
2. Minority Interest	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Revaluation Reserves	2.8	2.0	0.11	1.9	1.8	0.11	1.8	0.12	0.1	0.01
TOTAL M	**227.0**	**161.0**	**8.71**	**147.3**	**133.5**	**8.35**	**115.3**	**7.88**	**69.4**	**5.17**
MEMO:CORE CAPITAL	**224.2**	**159.0**	**8.60**	**145.4**	**131.7**	**8.24**	**113.5**	**7.76**	**69.3**	**5.16**
MEMO: ELIGIBLE CAPITAL	**224.2**	**159.0**	**8.60**	**145.4**	**131.7**	**8.24**	**113.5**	**7.76**	**n.a.**	**-**
N. TOTAL LIABILITIES & EQUITY	**2,606.4**	**1,848.4**	**100.00**	**1,723.3**	**1,598.1**	**100.00**	**1,462.6**	**100.00**	**1,342.4**	**100.00**
Exchange Rate		USD1 = JOD 0.7092			USD1 = JOD 0.7123		USD1 = JOD 0.7090		USD1 = JOD 0.7090	

Income Statement Analysis

JORDAN ISLAMIC BANK FOR FINANCE AND INVESTMENT

	31 Dec 2008		31 Dec 2007		31 Dec 2006		31 Dec 2005	
	Income Expenses JODm Original	**As % of Total AV Earning Assts Original**	**Income Expenses JODm Original**	**As % of Total AV Earning Assts Original**	**Income Expenses JODm Original**	**As % of Total AV Earning Assts Original**	**Income Expenses JODm Original**	**As % of Total AV Earning Assts Original**
1. Income From Earning Assets	80.8	7.13	69.5	7.27	61.2	7.24	48.7	6.78
2. Funding Expense	34.6	3.05	29.5	3.09	26.7	3.16	22.9	3.19
3. NET INCOME FROM EARNING ASSETS	**46.2**	**4.08**	**40.0**	**4.18**	**34.5**	**4.08**	**25.8**	**3.59**
4. Net Fees & Commissions	20.5	1.81	14.6	1.53	7.8	0.92	8.2	1.14
5. Net Insurance Revenue	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
6. Other Operating Income	27.0	2.38	9.8	1.03	7.2	0.85	10.9	1.52
7. Personnel Expenses	16.6	1.46	13.6	1.42	11.5	1.36	10.3	1.43
8. Other Operating Expenses	13.6	1.20	8.9	0.93	7.9	0.93	6.7	0.93
9. PRE-IMPAIRMENT OPERATING PROFIT	**63.5**	**5.60**	**41.9**	**4.38**	**30.1**	**3.56**	**27.9**	**3.88**
10. Impairment Charge for Financing	13.5	1.19	7.5	0.78	6.1	0.72	8.0	1.11
11. Other Impairment and Provisions	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. OPERATING PROFIT	**50.0**	**4.41**	**34.4**	**3.60**	**24.0**	**2.84**	**19.9**	**2.77**
13. Other Income and Expenses	0.0	0.00	0.0	0.00	-0.6	-0.07	-0.2	-0.03
14. PUBLISHED PRE-TAX PROFIT	**50.0**	**4.41**	**34.4**	**3.60**	**23.4**	**2.77**	**19.7**	**2.74**
15. Taxes	14.9	1.31	11.4	1.19	7.9	0.93	6.6	0.92
16. Profit/(Loss) from Discontinued Operations	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
17. Change in Value of AFS investments	0.2	0.02	0.0	0.00	1.7	0.20	0.1	0.01
18. CurrencyTranslation Differences	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
19. Other Gains/(Losses) not in Published Net Income	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
20. FITCH COMPREHENSIVE INCOME	**35.3**	**3.11**	**23.0**	**2.41**	**17.2**	**2.04**	**13.2**	**1.84**
21. Total Gains/(Losses) not in Published Net Income	0.2	0.02	0.0	0.00	1.7	0.20	0.1	0.01
22. IFRS Dividends included in Fitch Funding Expense	n.a.	-	n.a.	-	n.a.	-	n.a.	-
23. PUBLISHED NET INCOME	**35.1**	**3.10**	**23.0**	**2.41**	**15.5**	**1.83**	**13.1**	**1.82**

Ratio Analysis

JORDAN ISLAMIC BANK FOR FINANCE AND INVESTMENT

		31 Dec 2008	31 Dec 2007	31 Dec 2006	31 Dec 2005
		Year End JODm Original	Year End JODm Original	Year End JODm Original	Year End JODm Original
I. PERFORMANCE					
1. Net Margin on Earning Assets	%	4.08	4.18	4.08	3.59
2. Financing Yield	%	6.84	8.12	7.79	8.08
3.Cost of Funds	%	2.33	2.23	2.16	2.06
4. Costs/Average Assets	%	1.75	1.47	1.38	1.38
5. Costs/Income	%	32.58	35.66	39.84	39.08
6. Pre-Impairment Operating ROAA	%	3.68	2.74	2.15	2.27
7. Operating ROAA	%	2.90	2.25	1.71	1.62
8. Pre-impairment Operating ROAE	%	43.12	33.68	32.59	43.73
9. Operating ROAE	%	33.96	27.65	25.99	31.19
II. CAPITAL ADEQUACY					
1. Internal Capital Generation	%	23.97	12.22	11.58	20.69
2. Core Capital/Total Assets	%	8.60	8.24	7.76	5.16
3. Eligible Capital/Regulatory Weighted Risks	%	13.83	15.51	16.00	n.a.
4. Eligible Capital+Eligible Revaluation Reserves/Regulatory Weighted Risks	%	14.01	15.73	16.26	n.a.
5. Tier 1 Regulatory Capital Ratio	%	12.61	14.38	14.88	10.90
6. Total Regulatory Capital Ratio	%	13.73	15.69	16.17	12.10
7. Free Capital/Equity	%	22.92	20.75	24.37	7.78
III. LIQUIDITY (year end)					
1. Liquid Assets/Deposits & Short-term Funding	%	37.91	41.98	43.61	46.95
2. Financing/Deposits	%	59.57	54.47	48.44	41.92
IV. ASSET QUALITY					
1. Impairment Charges for Financing / Financing Gross (av.)	%	1.57	1.10	1.11	1.93
2. Total Impairment Charges/Pre-impairment Operating Profit	%	21.26	17.90	20.27	28.67
3. Impairment Reserves/Impaired Financing Gross	%	60.12	40.30	40.83	n.a.
4. Individual Impairment for Financing/Impaired Financing Gross	%	n.a.	n.a.	n.a.	n.a.
5. Impaired Financing Gross/Financing Gross	%	3.39	4.25	2.79	n.a.
6. Impaired Financing Net/Eligible Capital	%	8.18	14.73	8.81	n.a.
7. Net Charge-offs/ Financing Gross (av.)	%	0.07	0.04	n.a.	n.a.