



IIRA Reaffirms Credit Ratings on Jordan Islamic Bank

Manama, October 21, 2018 – The Islamic International Rating Agency (IIRA) has reaffirmed Jordan Islamic Bank's ("JIB" or "the Bank") credit ratings. On the national scale, JIB is rated A+(jo)/ A1(jo) (Single A Plus / A One). On the international scale, the foreign currency rating was reaffirmed at BB+/A3 (Double B Plus / A Three). Further, IIRA has maintained a 'Stable' outlook on the assigned ratings.

JIB is the largest Islamic bank in the Hashemite Kingdom of Jordan ("Jordan" or "the country") and is also the third largest of all banks in the overall banking sector. The bank's growth moderated in 2017, reflecting in part greater risk aversion in the backdrop of constrained market conditions, which were characterized by a persistent, though decreasing fiscal deficit, an increasing current account deficit and high indebtedness amidst regional political dynamics, global monetary tightening as well as high unemployment and inflation in the domestic market.

The impact of market conditions was further evident on the bank's asset quality. Despite posting an increase in non-performing financing, overall indicators remain superior by regional standards and reinforced by adequate reserves and provisions. Similarly, liquidity remains in surplus, buoyed by the bank's high franchise value.

Despite market conditions, JIB maintained its net income at the same level as of year 2016. However, this is not construed to be reflective of fundamental changes to the bank's business strategy or risk profile. IIRA expects earnings growth to recover with growth in business and normalization of prevailing economic conditions. The bank's capitalization remains strong given steady internal capital generation and measured growth in risk assets.

For further information on this rating announcement, please contact us at iira@iirating.com.