



IIRA Reaffirms Ratings of Jordan Islamic Bank

Manama, December 8, 2020 – Islamic International Rating Agency (IIRA) has maintained ratings of Jordan Islamic Bank at A+(jo)/A1(jo) on the national scale and BB+/A3 on the international scale with a ‘Stable’ outlook. The reaffirmation takes into account largely maintained asset quality, strong capital adequacy and sustained profitability in 2019 and H1’20. With a wide network all over the country, JIB continued to benefit from steady deposit growth and a sustained high market share, despite the effects of the pandemic.

The operating environment remains challenging; adverse effects of the ongoing pandemic are reflected in further straining the already subdued economic growth in the country, translating into not only lower employment rate but also potentially contracting the economy by over 3% in 2020. An economic downturn is leading to weak market conditions with assets in the banking sector growing only 0.9% in H1’20 amid limited opportunities for business. The negative impact of the pandemic is likely to persist in H2’20, gradually easing through 2021.

Non-performing accounts remained contained in 2019 and in H1’20, despite the present pandemic conditions, given CBJ’s protective measures and the conservative credit risk management of the Bank. Provisioning cover has historically been high. The Bank maintained profitability during 2019 and H1’20, with continued trends in income generation from financings and investments and buffered by the release of reserves from the investment risk fund in lieu of fresh provisions required, minimizing charge-offs during the period.

Capitalization indicators remain strong with CAR at 24.1% at end H1’20. Being further supported by high provisions and strong asset quality, as well as sustained profitability, capitalization is viewed to be sufficient to withstand emerging risks from COVID-19. IIRA takes note of the fact that the bank has been able to maintain its risk profile in difficult market conditions and in a globally heightened risk environment, which is deemed supportive of the ratings assigned.

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