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للصحة  
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السادة بورصة عمان المحترمين ،،  
عمان - الأردن

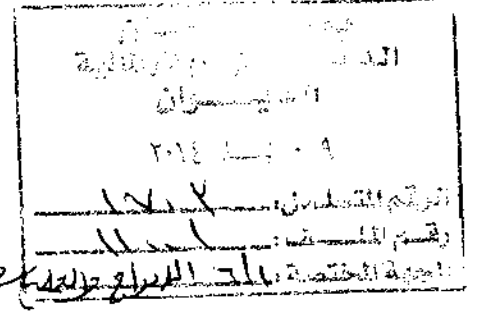
السلام عليكم ورحمة الله وبركاته،،

الموضوع: التصنيف الائتماني

يسرنا أن نرفق لكم في طيه نسخة من التصنيف الخاص بمصرفنا والصادر عن  
Fitch Ratings والمعلن في ٢٠١٤ /٤/٧ من جهة التصنيف.

وتفضلوا بقبول فائق الاحترام،،،

محمد علان  
نائب المدير العام



ن ت ا ن ت

## **FITCH AFFIRMS JORDAN ISLAMIC BANK & BANK OF JORDAN AT 'BB-'; OUTLOOK NEGATIVE**

Fitch Ratings-London-07 April 2014: Fitch Ratings has affirmed Jordan Islamic Bank (JIB) and Bank of Jordan's (BOJ) Long-term foreign currency Issuer Default Ratings (IDR) at 'BB-'. The Outlooks are Negative. A full list of rating actions is at the end of this release.

### **KEY RATING DRIVERS - IDRs AND VIABILITY RATINGS (VR)**

Both JIB and BOJ's IDRs are driven by their intrinsic strength, as indicated by their VR.

Both BOJ and JIB are essentially domestic banks, and their ratings reflect and are constrained by the still difficult (although improving) operating environment in Jordan. Both banks have sound and improving asset quality indicators. However, the ratings reflect asset quality risks, which are also mainly driven by the operating environment, and some lending/financing concentrations. The ratings further take into account the banks' healthy profitability. Both banks have a long track record of solid profit generation. The ratings also reflect a solid funding base, consisting of diversified local deposits, and sound liquidity.

Asset quality indicators remain strong. JIB's non-performing financing represented an acceptable 4.35% of gross financing at end-2013, essentially the same level as at end-2012 except that in 2013 the non-performing financing ratio was not distorted by high financing growth as was the case in 2012. Unreserved impaired financing represented almost 9% of Fitch core capital at end-2013. BOJ's impaired loan ratio improved to 8.7% at end-2013 from 9.9% at end-2012. The improvement was largely due to recoveries. Reserve coverage also improved and unreserved impaired loans represented an insignificant 2% of Fitch core capital at end-2013.

Both banks have a solid and diversified deposit base. Accordingly, deposit concentration is low. Liquidity remains sound. Highly liquid assets consisting of cash and interbank placements accounted for 26% of JIB's assets at end-2013 and 38% of BOJ's (the latter includes government securities; JIB does not hold non-sharia compliant securities, so liquidity is mainly bank placements).

### **RATING SENSITIVITIES - IDRs AND VRs**

For both banks, sensitivity is mainly to operating environment risks. Changes in Fitch's perception of risks relating to Jordan, in either direction, could affect the banks' ratings. Material deterioration in asset quality could have a negative rating impact on the banks' IDRs and VRs. Upside potential depends mainly on material positive developments in the local economy, and an expansion of growth opportunities.

### **KEY RATING DRIVERS - SUPPORT RATINGS AND SUPPORT RATING FLOORS:**

The banks' Support Ratings of '4' reflect the limited probability of support from the Jordanian sovereign due to constraints on its ability to provide it, although we consider willingness to provide support would be high as both banks are systemically important. In JIB's case, support from the bank's main shareholder, Al Baraka Banking Group, is possible. However, as Fitch cannot assess how likely it is to be available, this support has not been factored into the ratings.

### **RATING SENSITIVITIES - SUPPORT RATINGS AND SUPPORT RATING FLOORS**

These ratings are sensitive to any change in Fitch's perception of the Jordanian sovereign's ability or willingness to support the banks.

The rating actions are as follows:

JIB

Long-term IDR affirmed at 'BB-'; Outlook Negative  
Short-term IDR affirmed at 'B'  
Viability Rating affirmed at 'bb-'  
Support Rating affirmed at '4'  
Support Rating Floor affirmed at 'B+'

BOI

Long-term IDR affirmed at 'BB-'; Outlook Negative  
Short-term IDR affirmed at 'B'  
Viability Rating affirmed at 'bb-'  
Support Rating affirmed at '4'  
Support Rating Floor affirmed at 'B+'

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Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

Applicable criteria, 'Global Financial Institutions Rating Criteria' dated 31 January 2013 is available  
at [www.fitchratings.com](http://www.fitchratings.com).

Applicable Criteria and Related Research:

Global Financial Institutions Rating Criteria

[http://www.fitchratings.com/creditsdesk/reports/report\\_frame.cfm?rpt\\_id=732397](http://www.fitchratings.com/creditsdesk/reports/report_frame.cfm?rpt_id=732397)

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