



موسى شحادة
الرئيس التنفيذي / المدير العام

الرقم: /IIRA2016/119
التاريخ: ٢٠١٦/١٢/٢٩

السادة هيئة الأوراق المالية المحترمين
عمان - الأردن

السلام عليكم ورحمة الله وبركاته،،،

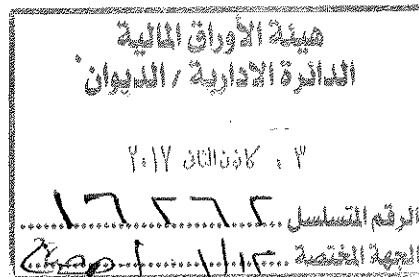
الموضوع: تصنيف الجودة الشرعية لمصرفنا

بالإشارة إلى الموضوع أعلاه ، يسرنا أن نرفق لكم في طيه نسخة من تصنيف الجودة الشرعية الخاص بمصرفنا والصادر عن الوكالة الإسلامية الدولية للتصنيف إصدار كانون أول ٢٠١٦.

وتفضلوا بقبول فائق الاحترام،،،

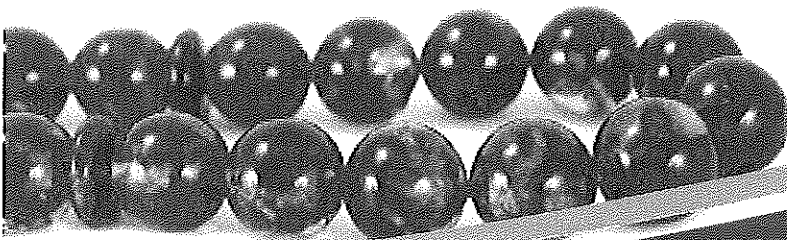
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Shari'a Quality Rating Report
Jordan Islamic Bank
December 2016



الوكالة الإسلامية الدولية للتصنيف
Islamic International Rating Agency
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SHARI'A QUALITY RATING REPORT

Jordan Islamic Bank

Report Date:
December 05, 2016

Assessors:
Sheikh Esam M. Ishaq
Mr. Adel Al-Mannai
Ms. Sabeen Saleem

Shari'a Quality Rating	Latest (December 05, 2016)	Previous (January. 19, 2015)
	AA (SQR)	AA (SQR)

CORPORATE PROFILE

Jordan Islamic Bank ('JIB' or 'the bank') was established in 1978 and operates on the principles of Islamic Shari'a, being licensed as such by the Central Bank of Jordan. It is the oldest and largest amongst the four banks which provide Islamic banking services in the Hashemite Kingdom of Jordan ('Jordan' or 'the Kingdom' or 'the country'), representing more than 50% of the sector's deposit and asset base. Vis-à-vis the banking sector at large, JIB ranks third in terms of total assets and total deposits. As of end 2015, JIB's share of the total industry assets was 8.8% (2014: 8.6%) and it held 11.5% of total industry deposits (including restricted investment accounts). JIB's growth in the business operations is supported by the expansion of its delivery network comprising 93 branches and cash offices (2014: 86), in addition to 170 ATMs as of end-2015 (2014: 147).

Al Baraka Banking Group (ABG), which is a prominent Islamic banking group with a multi-jurisdictional footprint, is the largest and most significant shareholder of JIB, with a stake of 66.0%. ABG operates under an Islamic wholesale banking license from the Central Bank of Bahrain (CBB) and was established in 2002 to consolidate the operations of the group's entirely Islamic operations through 11 banking subsidiaries.

JIB has been conducting its business operations in accordance with Islamic Shari'a principles for close to four decades and is considered amongst the pioneers in the Islamic finance segment. The bank also enjoys strong franchise as a Shari'a compliant bank, with a clear embodiment of the principles of ethical banking in its vision and mission statement.

SHARI'A GOVERNANCE ASSESSMENT

....Regulatory Environment

While Islamic banking has become significantly more entrenched in Jordan over time, the Islamic market as a whole remains in a developing stage. Despite the passing of the Sukuk law in the Kingdom in 2012, the Sukuk market activity in Jordan had remained lackluster on account of absence of a complete regulatory framework enabling key market players to participate. In 2016, Jordan saw Sukuk issued to cover the liquidity requirements of key public sector entities, ushering in a new era in capital market development. While the flow of corporate Sukuk may take time to build up, increased utilization of Sukuk based structures by banks is expected, both to raise liquidity as well as liquidity management instruments, over time. Critically important at this point is the development of a Shari'a compliant facility to meet the liquidity needs of banks under distress, by the Central Bank of Jordan (CBJ).

On the other hand, Jordan has led development of the regulatory framework for Islamic banking in the region and has demonstrated political will to gradually adopt ethical practices in line with principles of Shari'a compliant banking in the Kingdom. Specific license of incorporation is issued to Islamic Banks by the Central Bank of Jordan in appreciation of the difference in the nature of Islamic banking operations vis-à-vis conventional banking.

The CBJ has formulated specific rules and regulations directed towards the supervision of Islamic Banks' activities. In order to ensure adequate governance practices at banks, the CBJ revised the Code of Corporate Governance (CCG) for Islamic banks having become effective in May 2015, with enhancements to its earlier version issued in 2007. The CCG provides guiding framework for banks to institute sound governance practices in line with international best practices. The new CCG also outlines framework for specific Shari'a governance practices to be instituted at Islamic banks which conform to international best practices and in certain instances sets international benchmark, not observed in other jurisdictions.

Shari'a governance related areas outlined in the CCG broadly pertain to the composition and operations of Shari'a Supervisory Board (SSB) and enhanced focus on the Shari'a Review process. Moreover as per the instructions of the CBJ, Islamic banks are required to institute a Shari'a audit department as distinct from the Internal Audit department. The CBJ is expected to review banks' compliance with CCG on a periodic basis, as before.

....Shari'a Governance Framework

The Shari'a governance infrastructure instituted at the bank is largely in accordance with the guidelines provided by the CBJ in the CCG, having been recently enhanced. Key additions to the Shari'a governance framework in the revised CCG and the bank's performance against these, stipulations, are as follows:

Shari'a Supervisory Board

....SSB Composition

While the minimum standards of composition require three members, the code prescribes enhanced frequency of meetings, among the members of the SSB and with other statutory supervisory bodies such as Board of Directors, its audit committee and external auditors. Educational and experience related qualifications required for SSB members were also clearly stipulated in the revised code.

The composition of JIB's SSB remained unchanged from the previous year when a fourth new member had been appointed onto the Board, currently exceeding the requirement of three members. Dr. Mahmoud Ali Mosleh Al Sartawi has been the Chairman of the SSB since 2015, with Dr. AbdSattar Abu Goddeh – a senior scholar- occupying the position of Vice Chairman. The other members of the SSB include Dr. Mohammad Khair Al-Issa and Dr. Abdul Rahman Ibrahim Zaid Al Kelani. A brief profile of SSB members is presented in Table 1.

Name	Profile
H.E. Dr. Mahmoud Ali Mosleh Al Sartawi (Chairman)	He obtained his PhD in Shari'a, specializing in comparative jurisprudence, from Al-Azhar University in 1976. He is a member of the SSB of The Islamic Insurance Company and Jordan Engineers Association. He holds academic positions at various universities and is also associated with Ministry of Education in an advisory capacity to aid in the development of books comprising teachings of Islamic Shari'a. He personally conducts Shari'a related trainings at JIB and other institutions.
H.E. Dr. AbdSattar Abdul Karim Abu Goddeh (Vice Chairman)	He is a well-renowned Shari'a scholar holding a doctorate in Islamic Law (comparative jurisprudence) from Al-Azhar University. He is presently the Chairman of the SSB at ABG and also supervises product development and research. He is also present on the Shari'a boards of standard setting bodies such as AAOIFI as well as various Islamic banks internationally.
H.E. Dr. Mohammad Khair Al-Issa	He obtained his PhD in Holy Quran Interpretation and Science from Omdurman University in 1999. He was the Mufti for Public Security and also served as the religious preacher and lecturer at the Police Academy. He has also occupied the position of a lecturer at various universities and has authored many books and research papers.
H.E. Dr. Abdul Rahman Ibrahim Zaid Al Kelani	He holds a doctorate in jurisprudence from University of Jordan. He currently serves as the Professor of Islamic jurisprudence at University of Jordan and has also been associated with International Islamic Fiqh Academy in the capacity of Shari'a expert and with Central Shari'a Supervisory Board of the Islamic Sukuk as a member. His past experience also includes faculty and board membership with several educational institutions in Jordan.

Each of the 4 board members is well versed with Islamic jurisprudence, having been associated with SSBs of national as well as international organizations. The SSB members also hold academic positions at various universities imparting Shari'a related knowledge to a wider audience and aiding in the development of the industry.

The SSB convened 4 meetings during 2015 as against a minimum requirement of 6 prescribed in the revised CCG issued by CBJ. The conduct of meetings at more frequent intervals will enable the SSB to more closely monitor the adequacy of Shari'a practices at the bank. In 2016, based on the number of meetings conducted this far, the bank appears to likely comply with the said requirement. All the members of the SSB, except the Vice Chairman, had a 100% attendance level during 2015. The Vice Chairman did not attend two meetings convened during 2015, whereas of the 4 meetings conducted till July 2016, only one member of the 4 respected members was unable to attend 1 of the meetings, resulting in sound overall attendance record, in periodic SSB meetings.

The Board of Directors also met the SSB twice in 2015, to deliberate on Shari'a related matters including compliance and product development, as also advised by the CBJ revised code. There remains adequate interaction between the SSB members and the bank's senior executives. Each of the SSB meetings were attended by at least 3 executives from the bank's top management, including the General Manager of the bank, Assistant General Manager and the Head of Internal Audit. Deliberations in the meetings pertain to Shari'a basis for new products and contracts, review of internal Shari'a audit reports, approval of calculations determining the profit attributable to depositors, gauging the compliance of the bank's activities with Shari'a rulings, preparation and approval of the SSB annual report among others.

....Appointment, Tenure and Termination

As required by the code, each member of the SSB is eligible for appointment for a period of 4 years, following which the members may be re-elected. Upon recommendation of the Board of Directors, the members of the SSB of JIB are elected in the Annual General Assembly of shareholders. It is required for every member of the SSB to be approved by the CBJ and the bank is required to submit the resume of the respective SSB members to the CBJ. As per the specific corporate governance instructions issued for Islamic Banks, the current SSB was appointed for a period of four years in April 2015. In order for any SSB member to be terminated, a resolution by the Board of Directors is required and subsequently it also has to be ratified by the Annual General Assembly of shareholders. The CBJ should also be notified immediately regarding any change to the SSB's composition. The policy governing the appointment, tenure and termination of SSB at JIB conforms to best practices and CBJ requirements/recommendations.

All members of the SSB, except Dr. Kelani, have been associated with the bank for more than four years. Dr. Kelani was appointed as the member of the SSB in April 2015. Previous changes on the SSB, at least over the past five years, were mainly due to the members' passing away.

....Foreign Members and Physical Attendance

Furthermore, to ensure better attendance, foreign participants were restricted to 50% by the revised regulatory code. This enables banks to access international thought, while also ensuring on ground dependability. To this end also, physical presence in SSB meetings is a distinct requirement in the revised code of governance. While members may participate via technological links, if approved by

the Chairman, physical presence in at least 50% (i.e. 3 meetings a year) are mandatory. The representation of foreign nationals on JIB's SSB is less than 50%, set as maximum in the CCG, with only the Vice Chairman not being Jordanian. Meetings in 2015 and up until July 2016, were conducted with physical presence of all members.

.....Independence of the SSB

One of the most significant enhancements to the regulatory framework was the guidelines provided to minimize conflicts of interest within SSBs. The following specific criteria have been laid down to establish independence of SSB members:

The SSB members

- Would have no direct or indirect financing from the bank
- Would not have been in employment of the bank or its subsidiaries in previous three years
- Cannot be an SSB member of any other Islamic Bank in the Kingdom
- Would have maximum four memberships In Non Deposit (Banking) Financial Institutions
- Would not be a member of BOD of the Bank or substantial client of the Bank
- Would not have a direct or indirect relation with the BOD members or Senior Management staff
- Cannot hold shares in the Bank, its subsidiary or group
- Should avoid all forms of conflict of interest

The bank confirmed that each of its members complied with the above stipulations in avoidance of any conflict of interest.

....Terms of Reference

Terms of Reference of the Shari'a Board are well documented. The responsibilities of the bank's SSB include supervising whether the bank's operations are Shari'a compliant, providing opinions on product structures and contracts to be used for business purposes, ensuring all instructions of CBJ on Shari'a compliance are implemented, providing guidance to the management team on all Shari'a related matters, ensuring that non-Shari'a compliant income is disposed to charity, mechanism for sharing risks and rewards for investment accountholders and presenting an annual report to the general assembly of shareholders.

As per its terms of reference, the SSB provides an independent opinion with regards to compliance of the bank's business operations with principles of Shari'a. A random sample of transactions carried out by the bank during the year is reviewed by the SSB to form an opinion regarding the bank's compliance with Shari'a principles. The Shari'a audit department aids the SSB in this regard. An annual report of the SSB is provided to stakeholders and made public alongside annual accounts and which subscribes to all minimum governance standards prevailing on the subject. The SSB coordinates with the bank's Shari'a audit department and also has continuous access to the management team in this regard. However, the management team is ultimately responsible to ensure that business practices are carried out as per Shari'a rulings. This is clearly laid down as part of the SSB annual report to the shareholders.

....SSB Remuneration

The total remuneration paid to the members of the SSB increased to JD 60.0k in 2015 (2014: JD 45.0k) as an additional member was appointed during the year. In addition to this, travel and transportation related expenses are also reimbursed to the SSB members. The remuneration structure does not depict any conflicts of interest for the SSB members.

...Annual Report of SSB

The annual report of the SSB is prepared in accordance with the guidelines established by AAOIFI. The contents of the report include its purpose, the nature of work performed by the SSB, responsibility of the management, the period for review and SSB's opinion with regards to the bank's compliance with Shari'a principles.

The SSB has clearly stated in its annual report that the bank is not in violation of Shari'a rules and principles. Further, the SSB has also stated that the allocation of profits and charging of losses relating to investment accounts conform to its rulings which is in accordance with Shari'a principles. The SSB has acknowledged that all earnings that have been realized by the bank from sources or through means which is not allowed by Shari'a laws have been used for charitable causes. An internal report on a half-yearly basis is also issued by the SSB, communicating its opinions to the Board and executive management team.

The Internal Shari'a Review Process

.....Shari'a Audit

As per the new CCG for Islamic banks issued by the CBJ, JIB has established a separate Shari'a audit department which reports directly to the SSB. Previously the Shari'a audit department was housed within the internal audit department. Separation of the department is viewed positively as it will enable a more focused approach towards Shari'a related matters. The secretary of the SSB, Dr. Ali Mohammad Abu El Izz, heads the Shari'a audit department of the bank and has a staff of four under his supervision. The Shari'a audit department also reviews and provides Shari'a related support to the bank's subsidiaries. The department operates in accordance with a documented charter, stating its roles and responsibilities, approved by the Board. The charter provides the department unlimited access to any department within the organization in order to review transactions or make inquiries to ensure compliance with Shari'a principles. The Shari'a audit function is independent from the bank's executive management and reports to the General Manager only in an administrative capacity.

A comprehensive manual documents the Shari'a audit and review procedures. The manual comprises audit objectives, scope of work and procedures to be adopted for the audit of different business operations and product structures in addition to other requirements. The SSB approves the methodology for Shari'a audit and an audit plan is submitted to the Board Audit Committee for approval.

The Shari'a audit team presents detailed reports, entailing its observations and findings, to the SSB on a semi-annual basis. Annual evaluation is also undertaken by the Shari'a audit team of the bank's largest shareholder, ABG, facilitated by on-site visit and sample review of transactions. The result from the evaluation is reported to SSBs of both JIB and ABG. The Shari'a department is also involved in providing Shari'a related trainings to the employees. The bank ensures that its staff is well

equipped with Islamic finance related knowledge by organizing Shari'a related trainings on a frequent basis. The bank also continues to further develop the Islamic finance industry through product research and by participating in various seminars and conferences.

....Product Profile & Funding Structure

<i>In millions of JD</i>	2013	%	2014	%	2015	%
Sales Receivables	1,762.5	82.9	1,772.7	80.1	2,076.9	80.3
IjaraMuntahiaBittamleek Assets	342.2	16.1	415.3	18.8	483.1	18.7
Musharaka	22.2	1.0	25.3	1.1	27.7	1.0
Net Financing Portfolio	2,126.9		2,213.3		2,587.7	

During the last several years, the bank has continuously innovated in terms of new products catering to the emerging market needs. A myriad of banking services are being provided, using Shari'a compliant structures, duly approved by the SSB. The bank has however abstained from utilization of cash based financing products, i.e. Tawarruq in its operations. Broadly, financings are extended to the customers by mainly utilizing the Murabaha and Ijara structures. In 2015, the share of both the structures in the net financing portfolio remained at around similar levels vis-à-vis the previous year, and has largely remained comparable, when viewed over an extended timeline. Increasing use of Musharaka, as a viable structure in some jurisdictions, poses an opportunity, particularly in areas of home financing.

The SSB approves all the product structures and related contractual documents. The structure adopted by JIB for development of products is in consonance with AAOIFI standards. The approval of SSB is required in case of any modification to existing contracts or products. The management team also consults with the SSB with respect to any ambiguity relating to existing products.

During 2015 and 2016, new products were introduced by JIB with required approval from the SSB. These addressed various services provided by the bank such as medical treatment, religious travel, education, tourism, renewable energy, maintenance of cars, based on services Ijarah, an alimony card, and prepaid cards for specific services.

Deposit products offered to corporate and individual customers include current and call accounts, unrestricted investment accounts (saving, notice and time deposits), both in local and foreign currency and off-balance sheet restricted investment accounts. The terms and conditions of these products are pre-decided and approved by the SSB. Funds are also raised from banks and banking institutions within and outside the country through current and call accounts.

....Profit Distribution Mechanism

The bank utilizes the qard structure for funds raised through current and call accounts. The funds contributed by the unrestricted investment accounts are based on the Mudaraba structure and comingled with the bank's own funds for onward deployment in asset side products. As per the CBJ directives and the bank's usual practice, at least 10% of the joint investment profit is set aside against the investment risk fund (IRF) prior to any profit being distributed to the depositors. Once the size of

IRF is twice the bank's paid up capital, the bank can discontinue the transfer of a portion of the joint investment profits to this fund. The balance in IRF at the end of December 2015 stood at JD 91.8m, 61% of the bank's paid in capital as of that date. During 2015, 10% (2014: 15%) of the joint investment profit was allocated to the IRF. After the distribution to the IRF is made, the bank charges a Mudarib fee (management fee), which was 45% for the LCY and 50% for the FCY accounts in 2015 (2014: 40% for both the accounts). The remaining balance is distributed between the bank (as a share of its capital contribution) and unrestricted investment accounts in accordance with their share of contribution towards the joint investment pool.

Table 3: Profit Distribution Mechanism									
In Local Currency (JD'millions)									
	Joint Investment Profits	Investment Risk Fund		Mudarib Fee of the Bank		Bank's Share for Capital Contribution		Share of URIA ¹	
		Amt	%	Amt	%	Amt	%	Amt	%
2015	175.11	17.51	10%	78.80	45%	31.62	18%	47.18	27%
2014	161.13	24.17	15%	64.45	40%	27.07	17%	45.44	28%
2013	159.66	15.97	10%	59.07	37%	35.41	22%	49.21	31%
In Foreign Currency (JD'millions)									
2015	2.28	0.23	10%	1.14	50%	0.02	1%	0.90	39%
2014	5.25	0.79	15%	2.10	40%	0.13	2%	2.23	42%
2013	6.43	0.64	10%	2.57	40%	0.30	5%	2.92	45%

During 2015, the bank donated an amount equivalent to JD 400k from its share of the joint investment profit to unrestricted investment account holders. In recent years, this is the first such instance of shareholder dispensation to investment account holders. The profits are distributed to the depositor according to their contribution and as per the terms agreed between the Bank and the depositor. Saving, notice and term accounts are deemed to be invested up to 50%, 70% and 90%, respectively, for determining investors' share in profit. General profit percentage in 2015 for local currency accounts was 3.40% (2014: 3.52%, 2013: 4.29%) and for foreign currency accounts was 0.61% (2014: 1.45%, 2013: 1.67%).

Table 4: Rates of return distributed to URIA and earned by the bank on Joint Financing and Investments				
In millions of JD	2012	2013	2014	2015
Joint Investment Profits	144.61	166.09	166.38	177.39
Average Joint Financing and Investments	1,888.94	2,261.12	2,328.18	2,575.97
Return to URIA	2.44%	2.31%	2.05%	1.87%
Bank's return as mudarib	2.84%	2.73%	2.86%	3.10%
Bank's return as capital contributor	1.22%	1.58%	1.17%	1.23%

¹ Unrestricted Investment Accounts

The bank is obligated to invest the funds of the restricted investment accountholders on restricted Mudaraba basis in a specific project. As agreed with the investors and as approved by the SSB, restricted investment accounts are managed under separate investment pools in line with each fund's specific investment policy and terms and conditions. Mudarib share for funds (Restricted Investments and Muqaradah Bonds) is determined at the beginning of the year and separately for each fund. The bank's own account bears all the administrative expenses and the same is not charged to the investor accounts for the calculation of the net profit.

....Protection of Investment Accountholders Rights

Superior transparency standards and risk management systems are required to be adopted by Islamic banks vis-à-vis their conventional counterparts. Rights of the investment accountholders are recognized by the bank through a documented policy. Steps undertaken by the bank to protect the rights of investment accountholders include; formulating a sound investment strategy consistent with risk profiles, and adequately disclosing the profit sharing mechanism, as well as educating customers as regards expectations of risk and reward in the context of Islamic banking as part of branch banking. The bank has also adopted specific policies for profit purification and setting aside of investment risk reserves in view of protection of interests of investment accountholders. No specific guidance has been provided by the CBJ or standard setting bodies globally as to enabling the inclusivity of investment accountholders in monitoring investment performance and participation in decision making process.

....Transparency & Disclosures

JIB conforms to the guidelines outlined by the IFSB with respect to transparency and disclosures regarding management of investors' funds. The account opening form mentions the terms and conditions of investor accounts and also include clauses specific to Shari'a compliant banking. The customers are specifically educated about the risk & reward sharing mechanism and that their proportionate share is pre-determined by the Board at the beginning of the year and communicated to the bank's branches. The bank's annual report discloses the basic criteria for sharing of risks and returns with unrestricted investment accountholders. The maximum percentage of investor funds deemed invested in the joint investment pool and the actual Mudarib share charged is also disclosed in the annual report.

Other Shari'a and governance related disclosures in the annual report and on the bank's website are adequate. Some of the disclosures include composition of the Board & its sub committees, SSB and executive management team along with their brief profiles, attendance matrix for the meetings convened by the SSB and the Board & its sub committees, SSB & executive management team and the remuneration structure of the members of the Board, SSB & executive management team. IFSB also recommends that code of ethics and conflict of interest policies be made available and a compliance statement vis-à-vis specific Governance requirements on compliance with the Shari'a, would add to transparency standards.

....Profit Purification & Investment Screening

JIB has set out a specific profit purification policy to address income from non-Shari'a compliant

equities. The policy states that equity investments are made only in those companies, whose activities are Shari'a compliant and revenues from non-Shari'a compliant sources do not exceed more than 5% of total revenues. The policy also states that Shari'a compliant funding sources should represent at least 70% of the company's overall funding structure.

The bank's share of non-Shari'a compliant income is contributed towards charity. Profit-purification is based on close estimates, in case Shari'a non-compliant income cannot be determined accurately. If the financing contracts are not executed in the desired manner, the income pertaining to such contracts is also distributed to charity as per the bank's profit purification policy.

....Social Role & Activities

The bank has established a social responsibility committee at the Board level, which is responsible to guide the bank's social responsibility program and review the activities of executive level social responsibility committee. Some of the initiatives undertaken by the bank during 2015 include:

Educational training and research: The bank continued to participate in various conferences and seminars to impart education related to business practices of Islamic banks. Its internally delivered courses continued to cover a range of topics relevant to Shari'a compliant finance. The bank also sponsored the costs related to training and education of its employees. Furthermore it engaged external trainers like CIBAFI to impart training to the bank's staff. The bank also directed its efforts towards scientific research activities through sponsorship of conferences and educational institutions.

Charitable Contributions: The total donations provided by the bank in 2015 amounted to JD 910k and has consistently risen over the years. The donations were directed towards a variety of causes and institutions such as Jordanian Hashemite Fund for Human Development, Al Aman Fund for the Future of Orphans, Jordan Hashemite Charity Organization and many others.

Table 5: Beneficiaries of Charitable Contributions of JIB

<i>In JD</i>	2013	2014	2015
Jordanian Hashemite Fund for Human Development (JHFHD)	83,460	85,456	91,585
Al Aman for the Future of Orphans	32,000	32,000	42,500
Jordan Hashemite Charity Organization (JHCO)	25,000	10,000	5,000
Associations and Competition of Holy Quran Memorization	81,400	56,250	80,300
Charity Associations and Organizations and Zakah Committees	110,962	208,335	253,050
Scientific Conferences and Educational and Cultural Programs	59,172	112,403	85,925
Mosque Commissions	9,300	150,680	159,595
King Hussein Cancer Center	200,000	1,200	1,200
Princess Alia Foundation	-	34,000	-
King Abdullah II Fund for Development (KAFD)	-	-	25,000
Martyr Ma'ath Al Kasasbeh Fund	-	-	14,005
Societal Financial Culture Dissemination Project	-	-	51,700
Jordan Armed Forces – Borders Guard	-	-	100,000
Total	601,294	690,324	909,860

Al Qard Al Hasan: This is provided by the bank for social causes such as education, medical treatment and other personal causes. The bank has been engaged in granting such loans since its inception and the total value of granted loans amounted to JD 236m as of end-2015 benefitting about 406 thousand citizens.

Mutual Insurance Fund: Under the administration and support of the bank, a mutual insurance fund was created in 1994 to provide protection to eligible creditors of the bank in case of death, permanent disability, or continuing financial hardships. Total compensation paid by the fund amounted to JD 871k in 2015, making the aggregate compensation disbursed since the inception of the fund to around JD 7m. The scope of this fund stretches to retail clients only and is governed by a specific policy providing criteria for needy borrowers.

Conserving Energy: The bank has installed solar cells at its headquarters and 18 branches, thus reducing its electricity consumption and decreasing the high electricity load in the country. In the coming years the bank plans to ensure that all its branches are powered by solar energy.

Shari'a Quality Rating Scales & Definitions

IIRA uses a scale of AAA (SQR) to B (SQR) to rate Shari'a Quality Compliance with AAA (SQR) being the highest possible rating and B (SQR) being the lowest possible rating.

AAA (SQR) – In IIRA's opinion, an entity/instrument rated AAA (SQR) conforms to highest level of standards of Shari'a requirements in all aspects of Shari'a quality analysis.

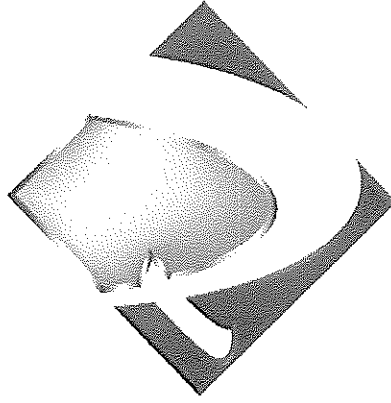
AA (SQR) – In IIRA's opinion, an entity/instrument rated AA (SQR) conforms to very high level of standards of Shari'a requirements in all aspects of Shari'a quality analysis.

A (SQR) – In IIRA's opinion, an entity/instrument rated A (SQR) conforms to high level of standards of Shari'a requirements and has very few weaknesses in some areas of Shari'a quality analysis.

BBB (SQR) – In IIRA's opinion, an entity/instrument rated BBB (SQR) conforms to moderately high level of standards of Shari'a requirements and has few weaknesses in some areas of Shari'a quality analysis.

BB (SQR) – In IIRA's opinion, an entity/instrument rated BB (SQR) conforms to satisfactory level of standards of Shari'a requirements and has some weaknesses in some areas of Shari'a quality analysis.

B (SQR) – In IIRA's opinion, an entity/instrument rated B (SQR) conforms to adequate level of standards of Shari'a requirements and has weaknesses in some areas of Shari'a quality analysis.



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