



الوكالة الإسلامية الدولية للتصنيف
Islamic International Rating Agency

IIRA announces its international and national scale ratings of Jordan Islamic Bank

Amman/ Bahrain, 29 September, 2009

IIRA has assigned its international scale ratings of BBB- / A-3 / Stable for foreign currency long term and short term obligations and BBB/ A-3/ Stable for local currency long term and short term obligations of Jordan Islamic Bank (JIB). IIRA has also assigned its National scale ratings of A (jd) and A-1 (jd) to long term and short term obligations of JIB. The outlook for the ratings is stable.

Jordan Islamic Bank has been operating for the last 30 years in the Kingdom of Jordan and has strong brand recognition, being the leading Islamic bank of the country. Capital of the bank is strong as reflected in a capital adequacy ratio of 13.7% as of FYE'08. This is coupled with a strong parent, which has shown demonstrated support to the bank in the recent past.

Liquidity position is strong given the high level of liquid assets, large proportion of individual deposits, negligible reliance on bank borrowing as a funding source and sound loan to deposit relationships.

Asset quality is good and is maintained through well-conceived credit and investment policies. Borrower and real estate concentrations, though high, are well within the regulatory limits. Though non-performing loans have shown an increasing trend over the last 2 years, they have been covered adequately through loan loss provisioning and the unutilized portion of the investment risk reserve. The bank has improved the utilization of its balance sheet over the last 5 years through a gradual and consistent conversion of cash balances into earning assets, loans and advances.

Core earnings have shown impressive growth over the last 5 years through improvement in profit spreads, consistent increase in non-fund based revenues and adequate control on operating expenses.

The preliminary figures received for half year ended June 30, 2009 indicate that despite difficult economic conditions, JIB has been able to maintain its performance in the first six months of 2009, as indicated by a growth of 6.9%, 8.8% and 10.9% in assets, customer deposits and loans and advances from its Dec 2008 levels. Net income has increased by 3% in the first half of 2009, compared to corresponding period of 2008.

The challenges that JIB faces include implementation of the new MIS, succession planning and implementation, and devising strategies to remain as the premier Islamic bank of the country given that new and strong competition is expected in the future due to arrival of new players,, backed by strong and established foreign Islamic banks.

IIRA will continue to monitor the trend of non-performing loans and exposure to real estate and equity markets. The possible impact of the overall global economic conditions on Jordan and Jordan Islamic Bank will be kept under review.

For further information on this rating announcement, please contact Mr. J. M. McMullen (Senior Vice President- Ratings) or Mr. Nasir Ali Merchant (Vice President) at +973-17211606 or fax no +973 17211605.

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