

Jordan Islamic Bank

Key Rating Drivers

Jordan Islamic Bank's (JIB) Issuer Default Ratings (IDRs) are driven by its standalone strength, as indicated by its 'bb-' Viability Rating (VR). The VR takes into consideration its only adequate capitalisation, given the bank's high leverage and sovereign exposure. It also reflects JIB's strong domestic franchise, stable asset quality, profitability, and funding and liquidity.

Challenging Domestic Operating Environment: High government debt, large external financing needs and geopolitical risks constrain GDP growth. The Iran war has increased energy import costs, and affected tourism, investments, capex and exports. Fitch Ratings expects real GDP growth of 2.3% in 2026, supported by macroeconomic stability, a resilient banking sector and backing from international partners. Bank credit growth is likely to remain moderate (2026F: 3%-4%) due to limited financing opportunities and stiff bank competition.

Strong Domestic Franchise: JIB had a market share of 10.4% of banking-sector assets and 44% of Islamic banking-sector assets at end-2025. It has broad distribution capabilities (86 branches; 17 cash offices) and a strong brand. The bank benefits from growth opportunities in Islamic banking and has no direct or indirect exposures to the Palestinian territories.

High Sovereign Exposure, Concentration: JIB is highly exposed to the sovereign through the financing of government-related entities (GREs), holdings of sovereign securities, and balances with the Central Bank of Jordan (CBJ). At end-1H26, these accounted for 31% of assets, or 4.3x common equity Tier 1 (CET1) capital. These assets were 94% in local currency (LC), which reduces risks.

Financing is concentrated on real estate-related sectors, mostly ijara muntahia bittamleek (IMB; mostly residential property leasing; end-1H26: 22% of gross financing), retail housing (8%) and wholesale real estate (4%). These risks are mitigated by JIB's adequate risk management.

Stable Asset Quality: JIB's lower Stage 2 (end-1H26: 6.6%; peers: 10.5%) and Stage 3 (3%; peers: 6.3%) financing ratios, strong total loss allowances coverage of Stage 3 financing (121%) and high exposures to the sovereign underline our assessment of asset quality. JIB has absorbed mild asset-quality pressure; Stage 3 financing generation was only 0.7% in 1H26 (2025: 0.1%). However, high concentrations would expose JIB to event risk. Fitch expects asset quality to remain stable, with a Stage 3 financing ratio at 3% by end-2026 and end-2027.

Steady Profitability: Net profit increased 19% year-on-year in 1H26 (2025: 8%), with an operating profit at 4.7% of risk-weighted assets (RWAs) and 1.9% of average total assets. Improving operating efficiency and low cost of risk have supported profitability amid low growth opportunities, despite pressure on net financing margins (NFM; 1H26: 2.8%; 2025: 3% as per Fitch calculations; JIB's calculations: margin was up). Fitch expects profitability to remain stable, with operating profit at 4%-4.2% of RWAs and 1.6%-1.7% of average assets in 2026-2027.

Only Adequate Capitalisation: JIB's CET1 capital ratio is stable (end-1H26: 19%) due to slow growth and adequate internal capital generation. It is above its peers' (15.1%) and the 9% regulatory minimum (including buffers) due to 0% risk-weights on LC sovereign exposures (as for all banks) and the 30% alpha factor (as for all Jordanian Islamic banks). The latter provides a 70% discount to risk weightings on credit risk exposures financed by investment accounts (these were 30% of undiscounted credit risk exposures at end-1H26).

The discount translates into higher leverage than conventional bank peers', with a Fitch-calculated tangible leverage ratio of 7.7%, demonstrating lower loss-absorption buffers. Fitch expects stable capitalisation, with a CET1 capital ratio of 19%-19.5% by end-2026 and end-2027 due to moderate growth and stable asset quality and better profitability.

Stable Funding and Liquidity: JIB is funded mostly by stable and granular retail customer deposits (end-1H26: 73% of customer deposits) that result in very low funding concentration. The bank's high-quality liquid assets represented an adequate 19% of total assets at end-1H26, covering an adequate 21% of customer deposits and mitigating liquidity maturity mismatches.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

A downgrade of the Jordanian sovereign rating or a significant deterioration in the domestic operating environment would lead to a downgrade of JIB's ratings.

An increase in JIB's risk appetite – pressuring asset quality, profitability and capitalisation – could also lead to a downgrade of the bank's ratings.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of JIB's ratings would require an upgrade of the Jordanian sovereign rating and sustained improvements to the operating environment, in tandem with stable business, risk and financial profiles.

Other Debt and Issuer Ratings

The 'B' Short-Term IDR is the only option mapping to a 'BB-' Long-Term IDR.

JIB's Short-Term IDR is sensitive to changes in its Long-Term IDR.

Significant Changes from Last Review

CBJ Precautionary Measures Support Resilience of Banking Sector and Economy

The CBJ launched a JOD700 million stimulus package in April to support bank liquidity, tourism and food security, following the outbreak of the US–Iran war. It reduced the mandatory reserve ratio by 2% (to 5% for conventional banks and 4% for Islamic banks) and reduced its balance of certificates of deposits to JOD150 million from JOD550 million. This released JOD700 million in additional bank liquidity that could be used for lending.

The central bank also provided concessional financing for the tourism sector, with interest subsidised by the government until end-2026, allowing tourism establishments affected by the war to cover their operational costs. It also established a JOD60 million facility to support food imports, 85% backed by loan guarantees from the Jordan Loan Guarantee Corporation. Both measures reduce bank credit risk and should support affected sectors.

Key Interest Rates Follow the US Federal Reserve

The CBJ automatically follows the US Federal Reserves' rate changes, with the Jordanian dinar pegged to the US dollar. This also helps the CBJ to reduce inflationary pressure from energy and food price hikes. The central bank rate changes on 21 September therefore came in line with those of the Fed, with a 25bp increase of the CBJ main rate (to 6%), rediscount rate (7%), overnight repurchase agreement rate (6.75%) and overnight deposit window rate (5.75%). Fitch does not expect this change to support banks' profitability because of stiff domestic competition for loans and deposits, but also due to the Jordanian banks' decision to keep interest rates unchanged on existing retail loans to support obligors' financial standing and repayment capacity amid current challenging operating, despite a potential rise in funding costs. The increase in interest rates could, however, impact corporates' repayment capabilities and add mild pressure to banks' loan quality.

The last central bank interest rate changes were between September and December 2025, with a cumulative 75bp reduction of its rates. Since then, the CBJ has kept its key interest rates unchanged despite its precautionary measures and liquidity injections. This is because the central bank's monetary policy uses quantity-based rather than price-based tools.

Ratings Navigator

	Operating Environment	Business Profile	Risk Profile	Financial Profile				Implied Viability Rating	Viability Rating	Government Support Rating	LT Issuer Default Rating
				Asset Quality	Earnings & Profitability	Capitalisation & Leverage	Funding & Liquidity				
aaa								aaa	aaa	aaa	AAA
aa+								aa+	aa+	aa+	AA+
aa								aa	aa	aa	AA
aa-								aa-	aa-	aa-	AA-
a+								a+	a+	a+	A+
a								a	a	a	A
a-								a-	a-	a-	A-
hbb+								hbb+	hbb+	hbb+	RRR+
hbb								hbb	hbb	hbb	RRR
bbb-								bbb-	bbb-	bbb-	BBB-
bb+								bb+	bb+	bb+	BB+
bb								bb	bb	bb	BB
bb-								bb-	bb-	bb-	BB- Sta
b+								b+	b+	b+	B+
b								b	b	b	B
b-								b-	b-	b-	B-
ccc+								ccc+	ccc+	ccc+	CCC+
ccc								ccc	ccc	ccc	CCC
ccc-								ccc-	ccc-	ccc-	CCC-
cc								cc	cc	cc	CC
c								c	c	c	C
f								f	f	ns	D or RD

The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

Factor Outlook

■ Stable ◆ Evolving ▲ Positive ▼ Negative

VR - Adjustments to Key Rating Drivers

The operating environment score of 'bb-' is above the 'b' category implied score due to the following adjustment reason: macroeconomic stability (positive).

The business profile score of 'bb-' is above the 'b & below' category implied score due to the following adjustment reason: market position (positive).

The capitalisation and leverage score of 'b+' is below the 'bb' category implied score due to the following adjustment reason: leverage and risk-weight calculation (negative).

Company Summary and Key Qualitative Factors

Operating Environment

Stable Sovereign Rating; High Government Debt and Geopolitical Risks

Fitch's affirmation of Jordan's sovereign rating with a Stable Outlook in May reflects macroeconomic stability, resilience to shocks, progress in fiscal and economic reforms and resilient financing. The longstanding foreign-currency (FC) exchange-rate peg to the US dollar, acceptable inflation (2025: 1.8%; 2026F: 3.3%; 2027F: 1.7%) partly due to delays in fuel price adjustments, adequate foreign reserves (2025: 8.4 months of current external payments; 2026F: 7.3), low dollarisation, and the sovereign's resilient financing support Jordan's macro-financial stability. The liquid banking sector, the Social Security Corporation and the continuous access to funding from international partners (the US, IMF, GCC) given Jordan's role in maintaining regional stability, support the country's financing needs.

However, high government debt, large external financing needs, moderate growth and domestic and regional political risks constrain the sovereign's ratings. Jordan has been resilient to the effects of the Iran war, but Fitch expects the government budget to deteriorate in 2026 due to lower revenue, higher spending through a gradual adjustment of administered fuel prices and a rigid expenditure profile, despite capex-cutting. Government debt will remain high (2025: 86.4% of GDP; 2026F: 88.2%; 2027F: 88%). Lower tourism receipts and higher energy import costs pressure the current account deficit (2025: 5.6% of GDP; 2026F: 7.8%; 2027: 4.8%) and increase the net external debt (2025: 11.1% of GDP; 2026F: 16%; 2027F: 16.7%). Accordingly, Fitch expects real GDP growth to moderate (2025: 2.8%; 2026F: 2.3%), leading to persistent unemployment (21.5%) and social pressures exacerbated by an influx of refugees.

However, Fitch expects higher real GDP at 3.3% in 2027 as capex rises and foreign investment and tourism return. Iraq will remain a dynamic export market for Jordan, and trade with Syria could provide further impetus. Large-scale projects could add to growth, with the support of the US and GCC countries. Jordan is well positioned to benefit from likely post-war efforts by GCC countries to diversify their logistics routes away from Hormuz.

Resilient Banking Sector Despite Pressure on Loan Quality and Profitability

The challenging operating environment constrains lending and growth opportunities, and has pushed some banks towards expanding outside Jordan, particularly in Iraq, which is a weaker, but dynamic and growing, market. The ongoing regional tensions add pressure despite recent precautionary CBJ measures. Fitch expects mild pressure on loan quality to continue in 2026 and 2027 due to the challenging economic environment and still-high interest rates, although the last interest rates reductions in 2025 supported borrowers' repayment capabilities. The CBJ's recommendations to accelerate loan write-offs, good risk management, adequate reserve coverage and collateral mitigate risks. Single-obligor concentration, mostly to government-related entities and utility companies, will continue to expose banks to event risk. Jordanian banks' total exposure to the sovereign, including the CBJ, is high (end-1H26: 38% of sector assets, or 3.6x equity).

Sector profitability will remain under mild pressure in 2026-2027 from subdued business volumes, lower – although still high – interest rates, domestic competition amid challenging operating conditions, digitalisation spending and a higher cost of risk. However, Jordanian banks should continue to generate sufficient pre-impairment operating profits to absorb any increases in impairment charges without hitting capital. Jordanian banks operating in Iraq will continue to benefit from significant non-interest income, although regulatory caps on international transfers and cards imposed in 2025 have reduced these benefits.

Fitch expects banks' capital ratios to remain adequate and stable in 2026, with a CET1 capital ratio of 14.5%-15% on moderate loan growth and adequate internal capital generation. Jordanian banks' loss-absorption capacity is supported by about 90% of their total regulatory capital being in the form of CET1 capital. The sector net Stage 3 loans/CET1 capital ratio should remain low. Fitch expects funding and liquidity to remain sound and stable across Jordanian banks in 2026, underpinned by their stable and diversified retail deposit bases and good liquidity positions. Dollarisation is moderate (end-1H26: 21% of assets, 12% of loans and 21% of customer deposits). Market risk is well-contained.

Moderate Exposures to the Palestinian Territories Pose Additional Risks

Jordanian banks are moderately exposed to the Palestinian territories through branches mostly in the West Bank with minimal activity in Gaza (end-1H26: 10% of Jordanian banks' assets) due to historical ties and common interests. Exposures include loans (45% of total assets), placements with the Palestine Monetary Authority and local banks (27%), securities (10%), and cash (15%). Loans are largely to the Palestinian authority backed by taxes or invoices, and monopolistic large entities; retail loans to civil servants and employees of the large private groups. Jordanian banks do not take excessive risks, in Fitch's view, and impaired loans ratios are typically low (below 7%).

However, these exposures are highly sensitive to the geopolitical situation and therefore expose Jordanian banks' asset quality, profitability and capital to high event risk. Jordanian banks have already classified credit risk exposures to the Palestinian Authority and government employees as Stage 2 given the delays in repayments due to Israel withholding the tax revenue of the Palestinian Authority. Risks would escalate if Israel cancelled the banking waiver, which could create a systemic risk. The banking waiver, extended in July 2026 until 31 December 2026, allows Israeli banks to process payments from banks in Palestinian territories, including services and salaries related to the Palestinian Authority, in Israeli shekel, without being exposed to legal actions from terrorism financing and noncompliance with anti-money laundering.

Business Profile

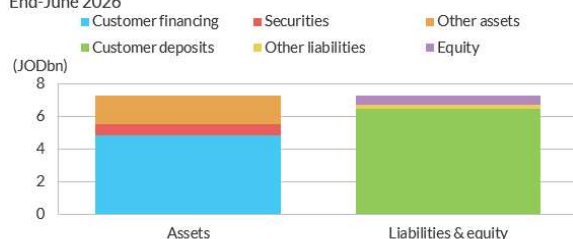
JIB is a systemically important bank in Jordan, and the largest Islamic bank in the country. It has good market shares in the banking sector and dominant market shares in Islamic banking, and benefits from growth opportunities in Islamic banking. The bank solely operates in Jordan (end-1H26: 92% of credit risk exposures), with no foreign presence and no direct or indirect exposures to the Palestinian territories.

JIB mostly uses organic growth to consolidate its market position, with a higher focus on financing (end-1H26: 69% of total assets) than peers due to the small Islamic investment and placements opportunities in Jordan. Financing growth, likely to be 7%-8% in 2026-2027, will concentrate on retail (end-1H26: 52% of gross financing and 64%, excluding GRE financing), which is mostly housing to civil servants, and GREs – mostly National Electricity Power Company (NEPCO; 100% state-owned; end-2025: 18% of gross financing). JIB is also aiming to grow its small trade-finance business (end-1H26: 3% of total assets and off-balance-sheet trade finance), which is smaller than that of peers. It will do this by leveraging on the geographical presence of its parent, Al Baraka Group (ABG; 66% ownership), a Bahrain-based international Islamic financial group that operates across 14 countries. However, group business benefits will remain limited. Non-financing assets, mostly focused on Jordanian sovereign instruments and CBJ placements, will remain for liquidity and capital purposes.

Digitalisation supports JIB's competitive position for business origination and retention, deposit collection, and cost efficiency. Like peers, JIB's net financing income remains high (1H26: 71% of operating income; 2025: 76%), which will continue to expose the bank to credit and interest rate cycles. Fees and commissions are weaker than peers because JIB does not charge fees and commissions on financing (these are included as part of the financing profit rate), but also due to the small trade finance business and high financing to NEPCO. The bank has a good and experienced management team, but execution is sensitive to the challenging domestic operating conditions.

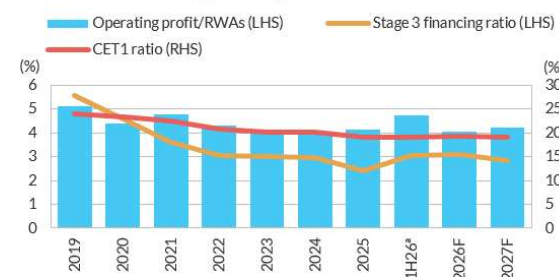
Balance Sheet

End-June 2026



Source: Fitch Ratings, Fitch Solutions, JIB

Performance Through the Cycle



* Annualised
Source: Fitch Ratings, Fitch Solutions, JIB

Risk Profile

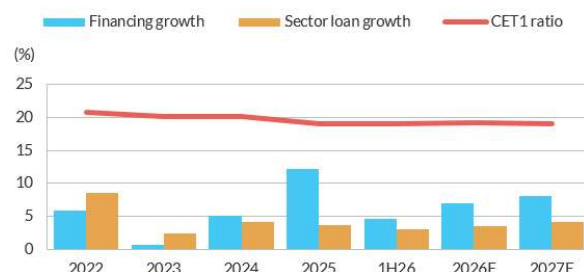
JIB is highly exposed to the Jordanian sovereign through GRE financing, holdings of sovereign securities, and balances with the CBJ (end-1H26: 31% of assets or 4.3x CET1 capital; 60% of these are related to NEPCO financing and sukuk, and they are 100% guaranteed by the government. This translates into high single-obligor concentration – at end-1H26, the 20 largest-single group obligors represented 29% of gross financing, or 2.9x CET1 capital (10% and 1.1x respectively, excluding NEPCO). The concentration is mostly driven by NEPCO (end-1H26: 19% of gross financing, or 1.8x CET1 capital), is not subject to single-obligor limits, and is mostly bilateral financing for working-capital needs. This also translates into volatile financing growth, as this is sensitive to NEPCO credit demand and settlement. However, this supports JIB's regulatory capital through lower risk weights, offers higher yields compared to CBJ placements, and reflects conservative risk appetite given the limited financing opportunities.

JIB's financing is concentrated on real estate-related sectors, split between IMB (end-1H26: 20% of gross financing), which is mostly leasing of residential properties to government employees with salary assignments, retail housing (5%) and wholesale real estate (3%). JIB's retail financing has appropriate financing/value and debt-burden ratios. Other wholesale financing is spread across various economic sectors. Financing to hospitality, transportation and shares is limited. SME financing is small (5%), well-collateralised, and backed by the Jordan Loan Guarantee Corporation. Financing is adequately provisioned and collateralised (end-2025: total collateral covered 51% of gross financing), mostly real estate (75%). JIB's financing is mostly murabaha (77%) and IMB (20%), both non-participation profit-and-loss financing, which means lower risk in Fitch's view. Financing growth is conservative and has not put any pressure on capitalisation.

JIB is sensitive to interest rate changes (75%-80% of operating income comes from financing income), due to negative repricing gaps for short maturities, which benefits JIB's NFM when interest rates are lower. This mostly comes from the agreed and fixed pricing at inception of the murabaha contracts (typically 60%-70% mature after 12 months; IMB: variable pricing), fixed-rate sovereign securities (the majority mature after 12 months) and sizeable term deposits (about 65%). Fierce market competition adds pressure to the repricing capabilities on the financing and deposits. JIB does not have a profit equalisation reserve that can be used to mitigate fluctuation in profit rates. The bank can have recourse to shareholders to maintain the competitiveness of profit rates offered, as done a few times in the past few years, but only for small amounts. Fitch expects JIB to benefit slightly from a lower interest rate environment.

The long-standing peg of the Jordanian dinar with the US dollar, the small FC positions, and the natural hedging of FC corporate lending by FC earnings mitigate FC risk. Mark-to-market valuation risk is low, as 85%–90% of securities are at amortised cost. Investment properties are small, with no major pressure in the domestic real estate market. Trading is negligible. Equity price risk is limited due to low equity securities, negligible share financing and collateralised shares.

Financing Growth



Source: Fitch Ratings, Fitch Solutions, JIB

Financial Profile

Asset Quality

Financing quality is stable through the cycles, supported by a conservative risk appetite. JIB has one of the lowest Stage 3 financing ratios in the domestic banking sector, with adequate Stage 2 financing ratio and high loss allowance coverage of Stage 3 financing.

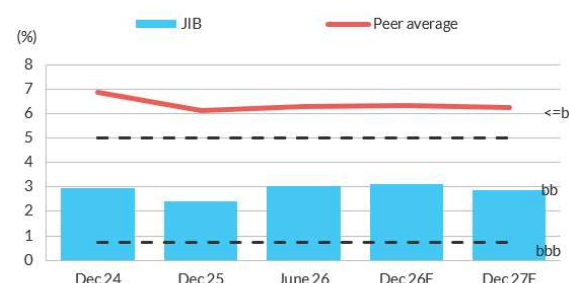
IMB impairment classification also supports the Stage 3 financing ratio. An IMB asset is subject to impairment based on the fair value of the leased asset, while only the receivables' 90-day-past-due portion is classified as impaired. Considering the total related principal as impaired would only add 30bp–40bp to the Stage 3 financing ratio and does not affect our assessment of asset quality.

Foreclosed assets add some pressure to financing quality, adding a moderate 100bp–130bp to the Stage 3 financing ratio. Properties are regularly appraised, and disposal of these assets at appropriate prices is challenging in the current operating environment.

Fitch expects stable financing quality, with the Stage 3 financing ratio around 3% by end-2026 and at end-2027, and a high total loss allowances coverage of Stage 3 financing of about 120%.

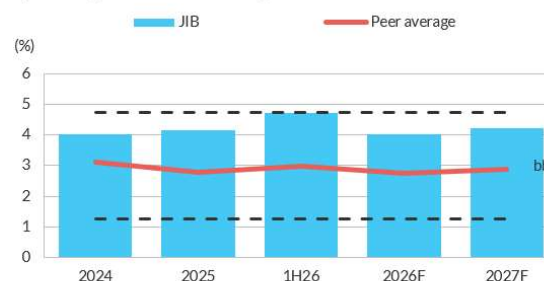
Fitch's asset quality assessment incorporates high sovereign-related credit risk exposures and the good quality of the non-government-related financing.

Stage 3 Financing/Gross Financing



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

Amid pressure on NFM which remains adequate, the good operating efficiency and low impairment charges have supported JIB's profitability and offset the slow growth and limited financing opportunities, which are sensitive to GRE financing.

The cost/income ratio has decreased (1H26: 37%; 2025: 40%; 2024: 43%) and is now lower than peers' (53%). Pressure on JIB's profitability from stiff domestic competition amid challenging operating conditions will continue. The annualised operating profit/RWAs ratio (1H26: 4.7%; 2025: 4.2%) was higher than peers' (3%), and benefitted from low RWA density. The bank's annualised operating profit/average total assets ratio was 1.9% in 1H26, comparing well with peers. Pre-impairment operating profit equalled a moderate 3% of JIB's average gross financing in 1H26, providing the bank with moderate buffers to absorb additional impairments through the income statement.

Fitch expects profitability to remain stable, with operating profit at 4%-4.2% of RWAs and 1.6%-1.7% of average total assets in 2026-2027, supported by stronger NFM, reasonable business volumes, good cost control and low cost of risk from stable asset quality.

Capitalisation and Leverage

JIB's capital buffers are only adequate given the bank's high exposure to sovereign risk and the low-risk weights applicable in its regulatory capital calculations. The CET1 capital ratio (end-1H26: 19%) and capital adequacy ratio (19.2%) are much higher than domestic peers' (15.1% and 17.7%, respectively) and well above the minimum regulatory requirements (9% and 12.5%, respectively; including all buffers; a domestic systemically important bank (D-SIB) buffer of 0.5% is also applicable). This is due to 0% risk-weights on LC sovereign exposures, including financing to NEPCO and cash balances with the CBJ, which applies for all banks operating in Jordan. All Islamic banks in Jordan are also subject to the 30% alpha factor under CBJ instructions, based on Islamic Financial Services Board standards. This provides a 70% discount to risk-weights on credit risk exposures financed by investment accounts, which made up 30% of undiscounted credit risk exposures at end-1H26. The discount translates into high leverage, which is above peers'. The Fitch-calculated tangible leverage ratio of 7.7% demonstrated lower loss absorption buffers.

Full loss allowance coverage of Stage 3 financing and moderate pre-impairment operating profit provide an adequate cushion against deteriorating credit conditions. The bank's capital base is mostly composed of CET1 capital without any hybrid capital. Given the regulatory capital ratios level, Fitch does not expect any capital-raising, and that the bank will continue to manage its capital ratios at the same level.

Fitch expects stable capitalisation, and that the CET1 capital ratio will be 19%-19.5% by end-2026 and end-2027 due to moderate growth and stable asset quality and better profitability. Tangible leverage should remain at around 8% up until end-2026 and end-2027.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Financing/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

JIB is mostly funded by stable and granular customer deposits (end-1H26: 98% of non-equity funding). Retail deposits represented a high 73% of customer deposits at end-1H26, with no dependence on government-related deposits (7%). This reflects low deposit concentration, with the 20 largest depositors accounting for only 10% of the total at end-1H26. The bank has limited non-resident deposits (1%), which are mostly from Jordanian expatriates and low FC deposits (less than 10% of customer deposits). FC liquid assets cover FC liabilities. The deposit insurance scheme (up to JOD50,000) in Jordan further supports the stability of funding.

The bank's gross financing/customer deposits (including cash margins) ratio is adequate (end-1H26: 78%), but higher than peers' (71%) due to the larger focus on financing because sharia-compliant investments and placements opportunities are more limited. High-quality liquid assets (used for the liquidity coverage ratio calculation) represented an adequate 19% of total assets at end-1H26, covering 21% of customer deposits, which is adequate but lower than at peers' (26% and 35%, respectively). The bank does not have refinancing risks and no debt issuance.

Additional Notes on Charts

Black dashed lines represent boundaries for indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'bb' category. Peer average includes Arab Bank Plc (VR: bb), Bank Al Etihad (bb-), Bank of Jordan Plc (bb-), Jordan Kuwait Bank (b+) and Jordan Ahli Bank Plc (b+). Unless otherwise stated, financial year end is 31 December for all banks in this report.

Financials

Financial Statements

	31 Dec 23 12 months (JODm)	31 Dec 24 12 months (JODm)	31 Dec 25 12 months (JODm)	30 Jun 26 1st half (JODm)	31 Dec 26F 12 months (JODm)	31 Dec 27F 12 months (JODm)
Summary income statement						
Net financing and dividend income	123	132	164	90	170	194
Net fees and commissions	23	25	26	13	27	30
Other operating income	20	18	22	15	23	23
Total operating income	167	175	211	118	220	247
Operating costs	73	75	85	43	86	92
Pre-impairment operating profit	94	99	127	74	133	154
Financing and other impairment charges	-1	0	13	8	17	22
Operating profit	95	99	114	66	116	133
Other non-operating items (net)	0	0	0	0	0	0
Tax	32	33	42	23	41	46
Net income	62	66	71	43	75	86
Other comprehensive income	0	0	1	-2	5	7
Fitch comprehensive income	63	66	72	40	80	93
Summary balance sheet						
Assets						
Gross financing	4,117	4,328	4,853	5,078	5,192	5,608
– of which Stage 3	124	128	118	154	161	160
Financing loss allowances	164	161	173	187	185	201
Net financing	3,953	4,167	4,680	4,891	5,007	5,407
Interbank	127	233	220	447	n.a.	n.a.
Derivatives	0	0	0	0	n.a.	n.a.
Other securities and earning assets ^a	580	661	742	779	^a 1,251	^a 1,400
Total earning assets	4,660	5,061	5,642	6,117	6,258	6,807
Cash and due from banks	777	860	935	990	n.a.	n.a.
Other assets ^b	189	202	210	229	^b 1,190	^b 1,357
Total assets	5,626	6,123	6,787	7,336	7,448	8,164
Liabilities						
Customer deposits	4,883	5,271	5,812	6,499	6,451	6,967
Interbank and other short-term funding	87	176	241	147	n.a.	n.a.

Other long-term funding	0	0	0	0	n.a.	n.a.
Trading liabilities and derivatives	0	0	0	0	n.a.	n.a.
Total funding and derivatives	4,970	5,447	6,053	6,646	n.a.	n.a.
Other liabilities ^c	116	114	150	115	£382	£539
Preference shares and hybrid capital	0	0	0	0	0	0
Total equity	540	562	584	575	615	658
Total liabilities and equity	5,626	6,123	6,787	7,336	7,448	8,164

^a Other securities and earning assets at 31 Dec 26F and 31 Dec 27F include interbank, derivatives, securities and other earning assets.

^b Other assets at 31 Dec 26F and 31 Dec 27F include cash and due from banks and other non-interest earning assets.

^c Other liabilities at 31 Dec 26F and 31 Dec 27F include non-customer deposit funding and other liabilities.

Source: Fitch Ratings, Fitch Solutions, JIB

Key Ratios

(%; annualised as appropriate)	31 Dec 23	31 Dec 24	31 Dec 25	30 Jun 26	31 Dec 26F	31 Dec 27F
Profitability						
Operating profit/risk-weighted assets	4.0	4.0	4.2	4.7	4.0	4.2
Operating profit/average total assets	1.7	1.7	1.8	1.9	1.6	1.7
Net financing income/average earning assets	2.6	2.7	3.0	2.8	2.9	3.0
Non-financing expense/gross revenue	43.6	43.1	40.0	36.9	39.3	37.4
Impairment charges/pre-impairment operating profit	-0.5	0.0	10.2	11.2	13.0	14.0
Net income/average equity	11.9	12.2	12.5	14.6	12.6	13.6
Asset quality						
Stage 2 financing ratio	10.3	10.5	7.4	6.6	6.9	6.7
Stage 3 financing ratio	3.0	2.9	2.4	3.0	3.1	2.9
Growth in gross financing	0.7	5.1	12.1	4.6	7.0	8.0
Financing loss allowances/Stage 3 financing	132.3	125.9	146.3	121.1	115.0	125.9
Financing loss allowances/gross financing	4.0	3.7	3.6	3.7	3.6	3.6
Financing impairment charges/average gross financing	0.0	0.0	0.3	0.3	0.3	0.4
Capitalisation						
Common equity Tier 1 capital ratio	20.2	20.2	19.1	19.0	19.2	19.0
Tangible common equity/tangible assets	9.5	9.0	8.5	7.7	8.1	8.0
Basel leverage ratio	18.8	17.8	17.0	15.9	n.a.	n.a.
Net Stage 3 financing/common equity Tier 1 capital	-8.4	-6.6	-10.5	-6.1	-4.4	-7.0
Risk weighted assets/total assets	41.9	40.4	40.3	38.4	38.6	38.3
Funding and liquidity						
Gross financing/customer deposits	84.3	82.1	83.5	78.1	80.5	80.5
Customer deposits/total non-equity funding	98.2	96.8	96.0	97.8	96.6	95.0
Liquidity coverage ratio	342.1	304.1	274.6	261.8	n.a.	n.a.
Net stable funding ratio	119.8	131.6	129.0	136.1	n.a.	n.a.

Source: Fitch Ratings, Fitch Solutions, JIB

Support Assessment

Government Support

Sovereign	Hashemite Kingdom of Jordan
Sovereign Long Term Issuer Default Rating	● BB-/Stable
Total adjustment (notches)	-2
Typical D-SIB Government Support for sovereign's rating level	bb- or b+
Actual jurisdiction D-SIB Government Support	b
Government Support Rating	b
Government ability to support D-SIBs	
Size of banking system	● Negative
Structure of banking system	● Negative
Sovereign financial flexibility (for rating level)	● Negative
Government propensity to support D-SIBs	
Resolution legislation	● Neutral
Support stance	● Neutral
Government propensity to support bank	
Systemic importance	● Neutral
Liability structure	● Positive
Ownership	● Negative

The colours indicate the influence of each support factor in our assessment. Influence: Dark blue = neutral; Red = higher

Source: Fitch Ratings

Fitch believes the Jordanian authorities have a strong willingness to provide support to domestic banks, including JIB to maintain market confidence and stability, given JIB's high systemic importance, high contagion risk among domestic banks, and their high importance to the economy and the country's development plans. However, the domestic systemically important banks' (D-SIBs) Government Support Rating (GSR) of 'b' is below Fitch's typical D-SIB GSR of 'bb-' or 'b+' for 'BB-' rated sovereigns, with a high propensity to provide support, due to the Jordanian sovereign's weak financial flexibility. Fitch, therefore, assigns JIB a GSR of 'b', at the same level as the Jordanian D-SIB GSR.

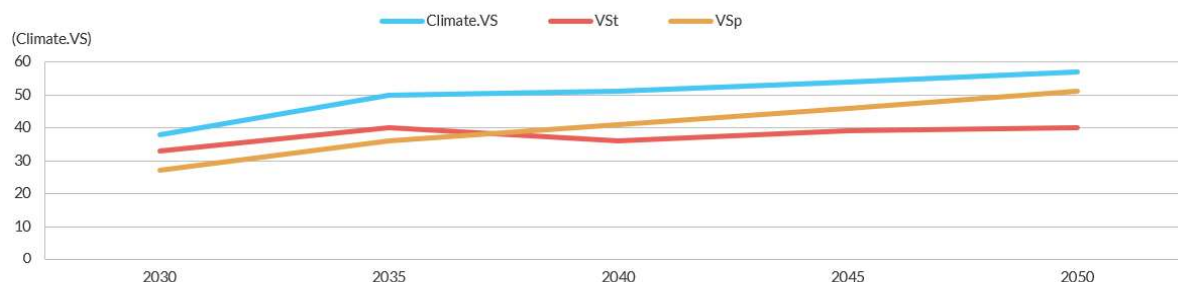
Fitch does not factor into the ratings any support from JIB's Bahraini ultimate parent Al Baraka Group (ABG; 66% shareholding) as support cannot be relied on because of JIB's high relative size (end-1H26: JIB's total assets represented 31.3% of ABG's consolidated assets), which could constrain ABG's ability to support.

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify issuers whose credit profiles have a higher potential exposure to climate-related risks, and to subject those ratings to additional analysis and consideration in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk).

The Climate.VS for JIB for 2035 is 38, which indicates that climate risk factors are not expected to materially affect the credit profile, but some adaptation may be needed. This reflects a transition risk (Vst) component signal of 28 and a physical risk (VSp) component signal of 29. Any potential effect on the rating may differ from the illustrative rating impact in the Climate.VS framework.

Climate Vulnerability Signals for Jordan Islamic Bank



Source: Fitch Ratings

Environmental, Social and Governance Considerations



Environmental Relevance Scores

General issues	Score	Sector-specific issues	Reference
GHG Emissions & Air Quality	2	Regulatory risks, emissions fines or compliance costs related to owned, financed or managed assets, which could impact asset prices, profitability, etc.	Operating Environment; Business Profile; Risk Profile; Asset Quality
Energy Management	1	n.a.	n.a.
Water & Wastewater Management	1	n.a.	n.a.
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile; Risk Profile; Asset Quality



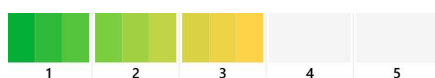
Social Relevance Scores

General issues	Score	Sector-specific issues	Reference
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile; Risk Profile
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile; Risk Profile
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile
Employee Wellbeing	1	n.a.	n.a.
Exposure to Social Impacts	3	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile; Financial Profile



Governance Relevance Scores

General issues	Score	Sector-specific issues	Reference
Management Strategy	3	Operational implementation of strategy	Business Profile
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile; Earnings & Profitability; Capitalisation & Leverage
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile



ESG Scoring

ESG relevance scores range from '1' to '5' based on a 15-level colour gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the general and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signalling the credit relevance of the sector-specific issues to an issuer's overall credit rating. The Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The panels underneath the relevance scores tables are visualisations of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The Score columns summarise rating relevance and impact to credit from ESG issues. The column on the far left identifies any ESG relevance sub-factor issues that are drivers or potential drivers of an issuer's credit rating (corresponding with scores of '3', '4' or '5'). All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The general and sector-specific issues draw on the classification standards published by the UN Principles for Responsible Investing, the Sustainability Accounting Standards Board and the World Bank.

Credit-Relevant ESG Scale

	5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to 'Higher' relative importance within the Navigator.
	4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to 'Moderate' relative importance within the Navigator.
	3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to 'Lower' relative importance within the Navigator.
	2	Irrelevant to the entity rating but relevant to the sector.
	1	Irrelevant to the entity rating and irrelevant to the sector.

Islamic banks have an ESG Relevance Score of '3' for exposure to social impacts, above sector guidance for an ESG relevance score of '2' for comparable conventional banks. This reflects certain sharia limitations being embedded in Islamic banks' operations and obligations, although this only has a minimal credit impact on the entities.

Except for the matters discussed above, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Ratings

Foreign Currency

Long-Term IDR

BB-

Short-Term IDR	B
Viability Rating	bb-
Government Support Rating	b
Sovereign Risk (Hashemite Kingdom of Jordan)	
Long-Term Foreign-Currency IDR	BB-
Long-Term Local-Currency IDR	BB-
Country Ceiling	BB
Outlooks	
Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

ESG and Climate

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

Climate Vulnerability

2035 Climate Vulnerability Signal: 38

Transition (VSt): 28

Physical (VSp): 29

Applicable Criteria

Bank Rating Criteria (May 2026)

Related Research

Fitch Affirms Jordan Islamic Bank at 'BB-'; Outlook Stable (September 2026)

Hashemite Kingdom of Jordan (June 2026)

Fitch Affirms Jordan at 'BB-'; Outlook Stable (May 2026)

EMEA Islamic Banks Outlook 2026 (December 2025)

Middle East Banks Outlook 2026 (December 2025)

Analysts

Gilbert Hobeika

+971 4 424 1214

gilbert.hobeika@fitchratings.com

Redmond Ramsdale

+44 20 3530 1836

redmond.ramsdale@fitchratings.com

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