Bank of Jordan

Full Rating Report

Ratings

Long-Term IDR	BB-
Short-Term IDR	B
Support Rating	4
Support Rating Floor	B+
Viability Rating	bb-

Outlooks

Long-Term Foreign-Currency IDR	Stable

Financial Data

Bank of Jordan

	31 Mar 18	31 Dec 17
Total assets (USDm)	3,645	3,613
Total assets (JODm)	2,588	2,565
Total equity (JODm)	433	439
Operating profit (JODm)	20	69
Net income (JODm)	11	46
Operating ROAA (%)	3.1	2.8
Operating ROAE (%)	18.2	16.5
Fitch Core Capital (%)	20.8	21.8
Tier 1 capital ratio (%)	18.0	19.0
Impaired loans/gross loans (%)	5.1	5.0
Loans/deposits ratio (%)	86.0	83.5

Related Research

2017 Outlook: Banks in the Levant (January 2017)

Analysts

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Key Rating Drivers

Operating Environment Constrains Ratings: Bank of Jordan's (BOJ) Issuer Default Ratings (IDRs) are driven by its intrinsic strength as indicated by its Viability Rating (VR), which is correlated with, and constrained by, the Jordanian operating environment given BOJ's largely domestic focus.

Solid Domestic Franchise: BOJ has a solid domestic franchise, especially in the corporate segment, and accounted for about 5% of total banking system loans and deposits at end-2017.

Healthy Asset-Quality Metrics: Asset-quality risks are driven by the bank's concentrated exposure to the Jordanian government or government-guaranteed entities. However, asset-quality metrics remain healthy with the impaired loans ratio maintained at 5% at end-2017, supported by high loan growth. Reserve coverage of impaired loans improved to 122% at end-2017 from 109% at end-2016 as the bank booked additional loan impairment charges (LICs) to boost its loan-loss reserve coverage.

Conservative Risk Appetite: Fitch Ratings considers BOJ's underwriting standards to be conservative and consistent over economic cycles. This translates into well-maintained asset-quality metrics.

Sound Profitability: BOJ's profitability remains healthy and has been stable across economic cycles. The net interest margin (NIM) improved to 5.2% in 2017 (4.9% in 2016) due to the Central Bank of Jordan's (CBJ) decision to raise interest rates and the bank's high portion of current and savings account (CASA) deposits providing it with a low-cost funding base. BOJ maintained a healthy operating return on average equity of 16.5% in 2017 despite higher LICs.

Adequate Capital Ratios: BOJ remains well-capitalised with Fitch Core Capital (FCC) and Tier 1 capital ratios of 21.8% and 19%, respectively, at end-2017, comfortably above minimum regulatory requirements. However, capital ratios will come under pressure if loan growth continues to exceed internal capital generation.

Solid Funding Base: BOJ has a solid and diversified deposit base supported by a strong domestic franchise. Retail deposits form about 80% of the deposit base. Deposit concentration is low as a result, with the 20 largest depositors accounting for 13% of the deposit base at end-2017.

Sound Liquidity: Liquidity remains healthy, with liquid assets (including interbank placements, cash balances less mandatory reserves and government securities) covering 48% of customer deposits at end-2017. The loans/deposits ratio increased to 84% at end-2017 (81% at end-2016) due to a 19% growth in the loan book, which was higher than peers.

Rating Sensitivties

Operating Environment: BOJ's VR and IDRs are mainly sensitive to any trend in the operating environment. Changes in Fitch's perception of risks relating to Jordan, in either direction, could affect the bank's ratings. Material deterioration in asset quality could have a negative impact on the bank's ratings. Rating upside depends mainly on material positive developments in the local economy and more growth opportunities.

Operating Environment

The operating environment in Jordan is stabilising but remains challenging due to sluggish economic growth, the significant influx of Syrian refugees (which is putting pressure on the country's resources) and the government's rising debt trajectory. We do not expect the operating environment to deteriorate, but it is likely to remain challenging given regional instability and the sovereign's weak financial flexibility.

Real GDP growth was reasonably resilient in 2017 at 2.3% despite the influx of Syrian refugees and the disrupted trade routes with Iraq, one of Jordan's main export markets. Fitch forecasts growth of 2.5% in 2018 and 2.7% in 2019. The growth outlook and trajectory are pressured by the ongoing challenges such as the situation in Syria and a weak regional environment.

Fiscal consolidation will lead to a gradual decline in government debt. Public debt levels increased from 89% of GDP in 2014 to an estimated peak of 95.6% of GDP in 2017. Fitch expects the continued fiscal consolidation efforts and gradually increasing growth to lead to government debt falling to 91.3% of GDP by end-2019. Jordan funded its fiscal deficit by a combination of mostly foreign borrowing and government deposits, together with some domestic issuance. The country benefits from continued strong global appetite for its government debt. In October 2017, it issued a USD1 billion 30-year Eurobond, which was three times oversubscribed and yielded 5.8%.

Fitch also expects Jordan's fiscal deficit to decline gradually. Jordan has made significant progress since signing its 2014 IMF program, having more than halved its budget deficit to 3.9% in 2017 from 9.3% of GDP in 2014. The fiscal deficit is expected to drop further to 3% of GDP by 2019 through continued fiscal consolidation. However, Fitch projects a slower rate of fiscal consolidation than the authorities and the IMF due to implementation risks given high social pressures.

The current account deficit is expected to remain high, averaging 9.1% of GDP in 2018-2019 and funded by foreign direct investment averaging 4% of GDP over the same period combined with donor flows and government borrowings. Fitch forecasts international reserves to continue falling to USD13.2 billion by end-2018 and USD12.5 billion by end-2019, from USD13.8 billion at end-2017 (6.9 months of current external payments). However, the peg to the US dollar is expected to remain strong despite pressures. The CBJ has been increasing its policy rate since December 2016 by collectively 1.5pp to prevent dollarisation and reduce the pressure on its reserves.

Company Profile

Solid Domestic Franchise

BOJ was established in 1960 and is Jordan's seventh-largest bank, with market shares of 5% in both assets and deposits at end-2017. The prominent local family-owned Fakhouri Group has been BOJ's largest shareholder since 1979. Tawfiq Shaker Fakhouri has a 23.4% stake in the bank, and Al-Eqbal (a Jordan-based company that he controls) owns a further 12.9%.

The bank offers a broad range of corporate and retail banking services, and is listed on the Amman Stock Exchange. BOJ's domestic banking operations are supported by the third-largest branch network in Jordan (73 branches). The bank has two wholly owned subsidiaries in Jordan – a leasing company and a brokerage firm. BOJ also has a presence in the Palestinian territories.

BOJ runs a 49%-owned subsidiary bank in Syria, which began operations in November 2008. As there is no loss of control, the subsidiary is still consolidated in BOJ's results. However, due to the volatile situation in the country, only seven of the bank's 13 branches are open. Business activity in Syria is now strictly limited to small retail transactions, which are centrally screened in Jordan. The bank's investment in Syria is about JOD20 million and is fully provisioned.

Related Criteria

Bank Rating Criteria (March 2018)

The bank has recently established an offshore wholesale banking unit in Bahrain, which started operations in 1Q18. The unit will focus on corporate banking and participating in Gulf Cooperation Council syndications and trade finance. BOJ is also considering opening three branches in Iraq to focus on corporate lending and trade financing but this is awaiting a banking licence in Iraq, which is not expected to be granted in the short term.

Undiversified but Stable Business Model

BOJ's business model lacks diversification but compares well with domestic peers. Corporate lending remains its core business activity, accounting for about 60% of the loan book. SME financing is an area of growth for most banks in Jordan due to the limited number of large corporates in Jordan and also initiatives by the CBJ to encourage SME financing through loan agreements with the European Bank for Reconstruction and Development and the International Finance Corporation. SME lending represented 16% of BOJ's total lending at end-2017 (11% at end-2016). BOJ is selective on which sectors it lends to and focuses on industries that are stable and counter-cyclical.

Despite corporate lending representing the bulk of the loan book, it only formed about a third of the bank's operating profit (in line with retail banking) due to thinner pricing given the limited good credit quality counterparties and higher LICs. Treasury formed an additional 20% of operating profit. Since 2015, the bank has been reducing its investment in sovereign instruments due to lower yields and deploying its excess liquidity into short-term certificate of deposits. BOJ's investment portfolio represented 13% of total assets at end-2017 (23% at end-2014).

Management and Strategy

Domestic Strategy but Potential Offshore Growth

The bank's management team has a good degree of depth and understanding of the local market. Management has a conservative risk appetite and maintaining the bank's asset-quality metrics is a key objective.

The bank focuses on the domestic market but has started seeking growth opportunities abroad. The balance sheet of the Bahraini unit is not expected to exceed 7%-10% of BOJ's balance sheet. Offshore expansion can add to the bank's risk profile, but we believe it will be carried out in a cautious manner. We do not think the international expansion will present a significant portion of the bank's operations and we also expect the bank to maintain its conservative lending strategy.

Mr. Fakhouri held the dual post of chief executive and chairman of the board of directors until early 2017, which was a weakness for the bank's corporate governance. After new CBJ regulations requiring the roles to be split, Mr. Fakhouri resigned as chief executive, with the bank's chief risk officer taking over as acting chief executive. Generally, Fitch believes BOJ has an effective corporate governance framework, although we believe key-man risk will persist until a permanent chief executive is appointed. Six of the bank's 11 board members are independent and related-party lending accounts for less than 5% of total lending.

Risk Appetite

BOJ has conservative underwriting standards, which are consistent over the economic cycles and do not seem to change based on market opportunities, as reflected in the bank's steady asset-quality metrics. Risk controls and reporting are acceptable and compare well with domestic peers although they lack sophistication. We believe risk controls are adequate for the bank's risk profile and simple business model.

The loan book grew by a strong 19% in 2017, higher than the bank's historical average and that year's sector average of about 8%. There was growth in various sectors, including the public sector, retail, SMEs, real estate, pharmaceutical and renewable energy. We do not believe high loan book growth was at the expense of underwriting standards. However, if growth continues to exceed the market average then this is likely to put pressure on the bank's asset quality as the loan book seasons. We believe BOJ's loan book growth will not exceed 10% in 2018 due to the challenging operating environment.

Corporate lending continues to constitute the bulk of BOJ's lending, with corporate and SME financing (excluding real-estate lending) representing 60% of the loan book at end-2017. Corporate lending is mainly to established local companies with long banking relationships with BOJ. Management is conservative in its selection of clients and is closely monitoring the performance of the loan book or any changes in its underlying credit quality. Trade is the largest sector, accounting for 23% of total lending at end-2017, followed by manufacturing (10%). Government and public-sector lending formed 15% of total loans, including a JOD65 million credit facility extended to NEPCO against a 100% government guarantee. SME lending represented 16% of the loan book and is extended to companies with turnover of JOD5 million-JOD7 million with credit facilities capped at JOD1.5 million.

Total real-estate lending, which is mainly retail residential mortgages, represented 15% of the loan book at end-2017. BOJ is conservative in its real-estate lending, with loan/values capped at 70% and the collateral regularly evaluated at the prevailing market prices. In line with the CBJ regulatory requirements, real-estate lending is capped at 20% of total customer deposits (12% for BOJ at end-2017). Residential mortgages accounted for 79% of total real-estate lending.

Retail lending formed 24% of the loan book at end-2017 and mainly consisted of personal loans, mortgages, auto finance and credit cards. Most retail exposures are salary assigned, with a debt service ratio capped at 50%. Retail loan maturities (except mortgages) are capped at 96 months, as per CBJ regulations.

The loan book is fairly concentrated in comparison to regional peers. The top 20 exposures totalled 1.1x the bank's equity at end-2017. Almost all the top 20 exposures are to the leading corporates and family business groups in Jordan. The top 20 exposures were all performing and they were mainly given a risk-rating score of between two and five, indicating good performance.

Limited Exposure to Market Risk

BOJ's exposure to market risk is fairly limited. The bank's loan book is mostly floating, which mitigates against interest-rate risk. An increase in interest rates would have a negative impact on the pricing of the bank's bond portfolio. However, the investment book is mainly kept for liquidity purpose and is held until maturity. The bank runs positive interest gaps in all tenors except for the less-than-one-month bucket (5% of FCC). According to the bank's sensitivity analysis, a 2% fluctuation in interest rates across all currencies would have an impact of less than 1% on the bank's interest income.

BOJ is exposed to some equity price risk through its equity investments (27% of equity at end-2017). According to the bank's sensitivity analysis, a 5% fluctuation in both the Amman and New York stock exchanges would have an impact of about 1% on equity. Equity investments are mainly in Jordanian listed companies, with a small portion in US equities. The bank reported JOD24.9 million gains in 2017 from the change in fair value of its available-for-sale (AFS) portfolio. However, an adverse equity price movement would negatively affect the bank's capital.

Exposure to foreign-exchange risk is minimal. The use of derivatives is for foreign-currency hedging purposes only and to cover clients' needs. The bank has small open foreign-currency position in US dollars representing 5% of total equity at end-2017. The Jordanian peg to the US dollars, which has been in place for more than 20 years, minimises the bank's exposure to foreign-currency risks. Foreign-currency lending (mainly in US dollars) represented about 21% of total loans at end-2017 and was adequately covered by foreign-currency deposits.

Financial Profile

Asset Quality

Asset-Quality Metrics Compare Well with Peers

Asset-Quality Ratios

(%)	End-1Q18	End-2017	End-2016	End-2015
Growth of gross loans	4.29	18.79	6.21	2.10
Impaired loans/gross loans	5.14	4.98	5.10	6.64
Reserves for impaired loans/impaired loans	116.91	122.92	108.46	98.27
Pre-impairment operating profit/gross loan	3.8	5.2	5.4	5.8
Loan impairment charges/average gross loans	-1.11	1.43	0.45	0.34

Source: BOJ

BOJ's asset-quality metrics are well maintained and compare well against peers. Impaired loan origination went up to 0.9% of loans in 2017 versus -0.5% in 2016, when it was supported by write-offs and recoveries. However, the impaired loans ratio was maintained at 5% at end-2017 due to high loan book growth and was roughly the same at end-1Q18. Unless there are any significant credit events, we expect the bank's impaired loans ratio to be maintained or to increase slightly following the high loan book growth in 2017.

Corporate lending accounts for most impaired loans, with the retail book accounting for about a third of total impaired loans. The 20 largest impaired exposures accounted for more than 40% of total impaired loans at end-2017 and were adequately covered by reserves and collateral. Many of these are legacy exposures as the bank usually holds on its impaired loans until they get recovered.

Reserve coverage of impaired loans improved to 122% at end-2017 as the bank booked additional JOD21 million LICs during the year to improve its coverage in preparation of IFRS 9. BOJ has adequate reserve coverage (117% at end-1Q18) and we do not expect the bank to book additional significant LICs. BOJ also has healthy profitability, which can support higher LICs if needed. Pre-impairment operating profit represented 5.2% of gross loans in 2017, providing the bank with an extra cushion against an increase in impaired loans without hurting its capital.

Total restructured loans were only JOD10 million at end-2017, representing less than 1% of gross loans. Accordingly, the total problem loans ratio (impaired loans + 90 days past due but not impaired loans + restructured loans) was 7% at end-2017 (end-2016: 8%). BOJ is conservative in its classification of restructured loans and these include any rescheduling of instalments or duration amendments.

Earnings and Profitability

Sound Profitability Through the Cycles

Earnings and Profitability Ratios

(%)	3M18	2017	2016	2015
Net interest income/average earning assets	4.90	5.18	4.90	5.13
Non-interest expense/gross revenue	55.20	41.63	44.74	45.36
Loans and securities impairment charges/ pre-impairment operating profit	-27.74	22.99	8.10	6.17
Operating profit/average total assets	3.12	2.80	2.80	2.84
Operating profit/risk-weighted assets	3.88	3.58	3.77	3.91
Net income/average equity	10.48	10.90	10.82	11.74

Source: BOJ

BOJ's profitability remains healthy and has been stable across economic cycles. The CBJ increased interest rates by a total of 125bp in 2017, which helped improve the bank's NIM to 5.2% in 2017. BOJ is also focusing on attracting CASA deposits, which give it a low-cost funding base.

Yields on the bank's investment book formed 15% of the bank's interest income in 2017, down from 27% in 2013, as the bank has been reducing its investments in government securities due to lower returns. Non-interest income represents an average of 25% of the bank's operating income, higher than some domestic peers due to BOJ's relatively more diversified business model and its corporate banking focus.

The cost/income ratio is well maintained (42% in 2017) but is slightly higher than some domestic peers as the bank spends more on upgrading its IT systems and introducing new banking products.

LICs represented 23% of pre-impairment operating profit in 2017, higher than the bank's historical average, as BOJ has been building up its reserve coverage in preparation of IFRS 9. BOJ has adequate reserve coverage and future LICs are not expected to be material. In 1Q18, the bank wrote back JOD4.3 million of LICs through the income statement as it released some of its excess provisions.

Despite the higher LICs in 2017, profitability ratios remained healthy, with operating return on average assets and return on equity of 2.8% and 10.9%, respectively. We expect BOJ to maintain its profitability metrics unless there are significant credit events.

Capitalisation and Leverage

Adequate Capital Ratios

Capital Ratios

(%)	End-1Q18	End-2017	End-2016	End-2015
Fitch Core Capital/weighted risk	20.83	21.75	23.12	21.71
Impaired loans less reserves for impaired loans/Fitch Core Capital	-3.23	-4.19	-1.41	0.40
Tangible common equity/tangible assets	16.72	16.49	17.08	16.04
Tier 1 regulatory capital ratio	17.99	18.98	19.98	17.33
Total regulatory capital ratio	18.09	19.76	20.74	18.20

Source: Fitch

The bank remains adequately capitalised despite strong loan growth, with a FCC ratio of 22% at end-2017, which compares well with peers. The FCC ratio dropped slightly to 20.8% at end-1Q18 due to the implementation of IFRS 9 resulting in JOD7.4 million expected credit losses, which were deducted from retained earnings.

BOJ is classified as domestic systemically important bank (D-SIB) by the CBJ, which requires the bank to have an additional 0.5% D-SIB buffer to be phased in over four years to 2019. BOJ's Tier 1 and total regulatory capital ratios were 18% at end-1Q18, comfortably above the respective regulatory requirements of 10.125% and 14.125%. The difference between FCC and regulatory capital ratios is due to deductions by the CBJ, including 55% of fair-value reserves and investments in banks and insurance companies.

The bank's capital ratios benefit from zero percent risk weight on sovereign debt and exposure to NEPCO against 100% government guarantee. Risk-weighted assets average about 75% of the bank's total assets. Accordingly, the tangible leverage ratio was lower at 16.7% at end-1Q18 but this compares well with peers.

In 2017, BOJ paid JOD36 million dividends representing 86% of 2016 net income, higher than its historical average (78% payout ratio in 2016). However, we believe dividends will be kept at levels supportive of the bank's capital ratios. BOJ's capitalisation is adequate for its risk profile, with impaired loans fully provided for. In the absence of significant credit events or consistent high loan growth that exceeds the bank's internal capital generation, we expect capital ratios to be maintained.

Funding and Liquidity

Strong Funding Franchise

Funding and Liquidity Ratios

(%)	End-1Q18	End-2017	End-2016	End-2015
Loans/customer deposits	85.98	83.52	80.76	78.08
Interbank assets/interbank liabilities	593.06	602.00	356.80	352.99
Customer deposits/total funding (excluding derivatives)	89.99	89.49	85.37	86.93
Growth of total customer deposits	1.31	14.86	2.69	-3.90

Source: BOJ

BOJ is mainly funded by customer deposits, which represent almost 90% of its funding. The bank is trying to attract CASA deposits (these account for 68% of total deposits) through payroll and transactional accounts to reduce its funding costs. The deposit base is largely made of retail deposits (about 80% of total deposits), supported by the bank's strong domestic franchise. Corporate and SME deposits accounted for most of the rest, with government deposits representing less than 2% of the total.

Given the high portion of retail deposits, the deposit base is relatively well diversified compared with peers in the region, with the 20 largest deposits accounting for only 13% of the total at end-2017. These were mainly retail deposits but included some government and public-sector deposits.

About half of the bank's deposits are contractually maturing within a year. However, deposits have been stable, supported by BOJ's strong domestic franchise and granular deposit base. The bank runs positive liquidity gaps in most tenors except in the less-than-one-month bucket due to the high portion of customer deposits maturing within this tenor.

BOJ has an adequate liquidity profile. Liquid assets including interbank placements, cash balances less mandatory reserves and government securities covered 48% of customer deposits at end-2017. The loans/deposits ratio increased to 84% at end-2017 from 81% at end-2016 due to the 19% growth in the loan book. This was only partially offset by 15% growth in deposits and remains higher than peers. We do not expect the ratio to increase materially from its current level (86% at end-1Q18) as we expect moderate loan growth in 2018. BOJ also has a strong domestic franchise that allows it to raise additional deposits if needed without pressure on its funding costs.

Support

Fitch considers the sovereign's propensity to support the banks to be high. Jordan's banks are mainly domestic, with the exception of Arab Bank Plc, which makes support more likely.

Nevertheless, Fitch believes that the sovereign's ability to support the banking system is constrained by its modest financial flexibility and high dependence on grants and IMF support. Government debt is estimated at 96% of GDP in 2017, which constrains the sovereign's ability to support banks.

Fitch views BOJ as a D-SIB and its Support Rating Floor is in line the D-SIB Support Rating Floor of 'B+'. This reflects the bank's 5% market share by assets and strong domestic retail funding franchise.

Bank of Jordan
Income Statement

	31 Mar 2018		31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
	3 Months - 1st Quarter USDm Reviewed - Unqualified	3 Months - 1st Quarter JODm Reviewed - Unqualified	Year End JODm Audited - Unqualified	Year End JODm Audited - Unqualified	Year End JODm Audited - Unqualified	Year End JODm Audited - Unqualified
1. Interest Income on Loans	n.a.	n.a.	110.3	90.5	89.8	93.8
2. Other Interest Income	49.4	35.1	19.6	19.4	21.9	29.0
3. Dividend Income	0.0	0.0	4.6	2.8	3.2	3.9
4. Gross Interest and Dividend Income	**49.4**	**35.1**	**134.5**	**112.7**	**114.9**	**126.7**
5. Interest Expense on Customer Deposits	n.a.	n.a.	25.4	16.0	19.8	28.2
6. Other Interest Expense	12.0	8.5	1.5	1.1	1.0	1.9
7. Total Interest Expense	**12.0**	**8.5**	**26.9**	**17.1**	**20.8**	**30.1**
8. Net Interest Income	**37.5**	**26.6**	**107.6**	**95.6**	**94.1**	**96.6**
9. Net Fees and Commissions	8.9	6.3	24.3	23.5	20.5	18.3
10. Net Gains (Losses) on Trading and Derivatives	n.a.	n.a.	0.4	0.1	0.0	0.0
11. Net Gains (Losses) on Assets and Liabilities at FV	0.0	0.0	0.0	(0.1)	(0.2)	0.3
12. Net Gains (Losses) on Other Securities	n.a.	n.a.	0.1	n.a.	n.a.	n.a.
13. Net Insurance Income	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14. Other Operating Income	2.4	1.7	21.1	8.3	7.3	9.5
15. Total Non-Interest Operating Income	**11.3**	**8.0**	**45.9**	**31.8**	**27.6**	**28.1**
16. Total Operating Income	**48.7**	**34.6**	**153.5**	**127.4**	**121.7**	**124.7**
17. Personnel Expenses	14.6	10.4	33.6	30.3	28.5	28.7
18. Other Operating Expenses	12.3	8.7	30.3	26.7	26.7	26.6
19. Total Non-Interest Expenses	**26.9**	**19.1**	**63.9**	**57.0**	**55.2**	**55.3**
20. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	n.a.	n.a.	n.a.	0.0
21. Pre-Impairment Operating Profit	**21.8**	**15.5**	**89.6**	**70.4**	**66.5**	**69.4**
22. Loan Impairment Charge	(6.1)	(4.3)	20.6	5.7	4.1	9.4
23. Securities and Other Credit Impairment Charges	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24. Operating Profit	**27.9**	**19.8**	**69.0**	**64.7**	**62.4**	**60.0**
25. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
26. Goodwill Impairment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27. Non-recurring Income	0.0	0.0	1.5	0.1	3.5	0.0
28. Non-recurring Expense	n.a.	n.a.	2.9	2.5	3.9	n.a.
29. Change in Fair Value of Own Debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
30. Other Non-operating Income and Expenses	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
31. Pre-tax Profit	**27.9**	**19.8**	**67.6**	**62.3**	**62.0**	**60.0**
32. Tax expense	11.8	8.4	22.0	20.1	21.9	15.2
33. Profit/Loss from Discontinued Operations	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
34. Net Income	**16.1**	**11.4**	**45.6**	**42.2**	**40.1**	**44.8**
35. Change in Value of AFS Investments	0.3	0.2	17.7	31.7	15.2	(7.1)
36. Revaluation of Fixed Assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
37. Currency Translation Differences	(0.1)	(0.1)	(0.6)	2.6	4.1	3.9
38. Remaining OCI Gains/(losses)	n.a.	n.a.	n.a.	n.a.	15.2	n.a.
39. Fitch Comprehensive Income	**16.2**	**11.5**	**62.7**	**76.5**	**74.6**	**41.6**
40. Memo: Profit Allocation to Non-controlling Interests	(0.1)	(0.1)	(1.2)	0.8	(0.7)	(2.3)
41. Memo: Net Income after Allocation to Non-controlling Interests	16.2	11.5	46.8	41.4	40.8	47.1
42. Memo: Common Dividends Relating to the Period	n.a.	n.a.	36.0	31.0	31.0	23.3
43. Memo: Preferred Dividends and Interest on Hybrid Capital Accounted for as Equity Related to the Period	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Exchange rate		USD1 = JOD0.71	USD1 = JOD0.71	USD1 = JOD0.71	USD1 = JOD0.71	USD1 = JOD0.71

Bank of Jordan
Balance Sheet

	31 Mar 2018	31 Mar 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
	3 Months - 1st Quarter USDm	3 Months - 1st Quarter JODm	Year End JODm	Year End JODm	Year End JODm	Year End JODm
Assets						
A. Loans						
1. Residential Mortgage Loans	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2. Other Mortgage Loans	337.6	239.7	234.0	224.9	208.8	192.9
3. Other Consumer/ Retail Loans	558.9	396.8	377.2	328.8	276.8	257.9
4. Corporate & Commercial Loans	1,064.8	756.0	701.0	604.8	586.9	682.7
5. Other Loans	303.1	215.2	229.4	139.3	149.4	63.3
6. Less: Reserves for Impaired Loans	135.4	96.1	94.4	71.8	79.7	96.2
7. Net Loans	**2,129.0**	**1,511.6**	**1,447.2**	**1,226.0**	**1,142.2**	**1,100.6**
8. Gross Loans	**2,264.4**	**1,607.7**	**1,541.6**	**1,297.8**	**1,221.9**	**1,196.8**
9. Memo: Impaired Loans included above	115.8	82.2	76.8	66.2	81.1	96.7
10. Memo: Specific Loan Loss Allowances	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
B. Other Earning Assets						
1. Loans and Advances to Banks	529.6	376.0	390.7	519.5	436.3	205.3
2. Reverse Repos and Securities Borrowing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3. Derivatives	n.a.	n.a.	n.a.	0.0	0.9	0.8
4. Trading Securities and at FV through Income	0.3	0.2	0.2	0.2	1.1	4.9
5. Available for Sale Securities	164.5	116.8	114.8	92.1	62.7	47.4
6. Held to Maturity Securities	313.2	222.4	219.6	172.6	227.7	452.0
7. Other Securities	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8. Total Securities	**478.0**	**339.4**	**334.6**	**264.9**	**291.5**	**504.3**
9. Memo: Government Securities included Above	n.a.	n.a.	149.2	112.6	202.0	416.5
10. Memo: Total Securities Pledged	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11. Equity Investments in Associates	n.a.	n.a.	n.a.	0.0	0.0	0.0
12. Investments in Property	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13. Insurance Assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14. Other Earning Assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
15. Total Earning Assets	**3,136.6**	**2,227.0**	**2,172.5**	**2,010.4**	**1,870.9**	**1,811.0**
C. Non-Earning Assets						
1. Cash and Due From Banks	321.1	228.0	268.6	228.2	234.5	258.2
2. Memo: Mandatory Reserves included above	145.9	103.6	104.1	91.5	87.0	89.5
3. Foreclosed Assets	63.9	45.4	45.1	n.a.	37.4	n.a.
4. Fixed Assets	46.6	33.1	31.9	29.8	25.8	27.3
5. Goodwill	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6. Other Intangibles	7.0	5.0	4.8	3.6	3.3	3.4
7. Current Tax Assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8. Deferred Tax Assets	22.3	15.8	14.7	11.9	12.2	20.0
9. Discontinued Operations	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10. Other Assets	47.6	33.8	27.5	54.9	22.1	70.3
11. Total Assets	**3,645.2**	**2,588.1**	**2,565.1**	**2,338.8**	**2,206.2**	**2,190.2**
Liabilities and Equity						
D. Interest-Bearing Liabilities						
1. Total Customer Deposits	2,633.7	1,869.9	1,845.8	1,607.0	1,564.9	1,628.4
2. Deposits from Banks	89.3	63.4	64.9	145.6	123.6	74.4
3. Repos and Securities Lending	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4. Commercial Paper and Short-term Borrowings	199.6	141.7	149.4	129.3	111.2	102.1
5. Customer Deposits and Short-term Funding	**2,922.5**	**2,075.0**	**2,060.1**	**1,881.9**	**1,799.7**	**1,804.9**
6. Senior Unsecured Debt	n.a.	n.a.	0.0	n.a.	0.0	n.a.
7. Subordinated Borrowing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8. Covered Bonds	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
9. Other Long-term Funding	4.1	2.9	2.4	0.4	0.5	0.5
10. Total LT Funding	**4.1**	**2.9**	**2.4**	**0.4**	**0.5**	**0.5**
11. Memo: o/w matures in less than 1 year	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12. Trading Liabilities	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13. Total Funding	**2,926.6**	**2,077.9**	**2,062.5**	**1,882.3**	**1,800.2**	**1,805.4**
14. Derivatives	0.1	0.1	0.2	0.0	0.0	n.a.
15. Total Funding and Derivatives	**2,926.8**	**2,078.0**	**2,062.7**	**1,882.3**	**1,800.2**	**1,805.4**
E. Non-Interest Bearing Liabilities						
1. Fair Value Portion of Debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2. Credit impairment reserves	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3. Reserves for Pensions and Other	7.2	5.1	5.0	5.0	6.2	8.8
4. Current Tax Liabilities	27.7	19.7	19.6	16.9	13.2	16.0
5. Deferred Tax Liabilities	11.7	8.3	n.a.	n.a.	n.a.	n.a.
6. Other Deferred Liabilities	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7. Discontinued Operations	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8. Insurance Liabilities	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
9. Other Liabilities	47.6	33.8	38.6	22.2	19.7	20.1
10. Total Liabilities	**3,021.0**	**2,144.9**	**2,125.9**	**1,926.4**	**1,839.3**	**1,850.3**
F. Hybrid Capital						
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
G. Equity						
1. Common Equity	518.2	367.9	364.7	354.2	340.5	328.1
2. Non-controlling Interest	8.0	5.7	5.5	7.0	4.7	4.1
3. Securities Revaluation Reserves	115.4	81.9	81.3	63.6	33.2	18.0
4. Foreign Exchange Revaluation Reserves	(17.3)	(12.3)	(12.3)	(12.4)	(11.5)	(10.3)
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6. Total Equity	**624.2**	**443.2**	**439.2**	**412.4**	**366.9**	**339.9**
7. Memo: Equity plus Pref. Shares and Hybrid Capital accounted for as E	624.2	443.2	439.2	412.4	366.9	339.9
8. Total Liabilities and Equity	**3,645.2**	**2,588.1**	**2,565.1**	**2,338.8**	**2,206.2**	**2,190.2**
9. Memo: Fitch Core Capital	606.6	430.7	419.7	396.9	346.7	312.4
Exchange rate		USD1 = JOD0.7	USD1 = JOD0.7	USD1 = JOD0.7	USD1 = JOD0.7	USD1 = JOD0.7

Bank of Jordan
Summary Analytics

	31 Mar 2018 3 Months - 1st Quarter	31 Dec 2017 Year End	31 Dec 2016 Year End	31 Dec 2015 Year End	31 Dec 2014 Year End
A. Interest Ratios					
1. Interest Income/ Average Earning Assets	6.47	6.48	5.77	6.27	7.00
2. Interest Income on Loans/ Average Gross Loans	n.a.	7.63	7.22	7.45	7.87
3. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	1.43	0.98	1.24	1.75
4. Interest Expense/ Average Interest-bearing Liabilities	1.67	1.35	0.91	1.15	1.66
5. Net Interest Income/ Average Earning Assets	4.90	5.18	4.90	5.13	5.33
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	5.70	4.19	4.60	4.91	4.81
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	4.90	5.18	4.90	5.13	5.33
B. Other Operating Profitability Ratios					
1. Operating Profit/ Risk Weighted Assets	3.88	3.58	3.77	3.91	4.12
2. Non-Interest Expense/ Gross Revenues	55.20	41.63	44.74	45.36	44.35
3. Loans and securities impairment charges/ Pre-impairment Op. Profit	(27.74)	22.99	8.10	6.17	13.54
4. Operating Profit/ Average Total Assets	3.12	2.80	2.80	2.84	2.75
5. Non-Interest Income/ Gross Revenues	23.12	29.90	24.96	22.68	22.53
6. Non-Interest Expense/ Average Total Assets	3.01	2.59	2.46	2.51	2.53
7. Pre-impairment Op. Profit/ Average Equity	14.25	21.41	18.05	19.46	21.49
8. Pre-impairment Op. Profit/ Average Total Assets	2.44	3.63	3.04	3.02	3.18
9. Operating Profit/ Average Equity	18.20	16.49	16.59	18.26	18.58
C. Other Profitability Ratios					
1. Net Income/ Average Total Equity	10.48	10.90	10.82	11.74	13.87
2. Net Income/ Average Total Assets	1.79	1.85	1.82	1.82	2.05
3. Fitch Comprehensive Income/ Average Total Equity	10.57	14.99	19.62	21.83	12.88
4. Fitch Comprehensive Income/ Average Total Assets	1.81	2.54	3.31	3.39	1.91
5. Taxes/ Pre-tax Profit	42.42	32.54	32.26	35.32	25.33
6. Net Income/ Risk Weighted Assets	2.24	2.36	2.46	2.51	3.08
D. Capitalization					
1. FCC/ FCC-Adjusted Risk Weighted Assets	20.83	21.75	23.12	21.71	21.46
2. Tangible Common Equity/ Tangible Assets	16.72	16.49	17.08	16.04	14.61
3. Equity/ Total Assets	17.12	17.12	17.63	16.63	15.52
4. Basel Leverage Ratio	n.a.	n.a.	n.a.	n.a.	n.a.
5. Common Equity Tier 1 Capital Ratio	17.99	18.98	n.a.	n.a.	n.a.
6. Fully Loaded Common Equity Tier 1 Capital Ratio	n.a.	n.a.	n.a.	n.a.	n.a.
7. Tier 1 Capital Ratio	17.99	18.98	19.98	17.33	16.91
8. Total Capital Ratio	18.09	19.76	20.74	18.20	17.50
9. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	(3.23)	(4.19)	(1.41)	0.40	0.16
10. Impaired Loans less Reserves for Impaired Loans/ Equity	(3.14)	(4.01)	(1.36)	0.38	0.15
11. Cash Dividends Paid & Declared/ Net Income	n.a.	78.95	73.46	77.31	52.01
12. Risk Weighted Assets/ Total Assets	79.88	75.22	73.39	72.39	66.47
13. Risk Weighted Assets - Standardised/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.	n.a.
14. Risk Weighted Assets - Advanced Method/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.	n.a.
E. Loan Quality					
1. Impaired Loans/ Gross Loans	5.11	4.98	5.10	6.64	8.08
2. Growth of Gross Loans	4.29	18.79	6.21	2.10	4.38
3. Reserves for Impaired Loans/ Impaired Loans	116.91	122.92	108.46	98.27	99.48
4. Loan Impairment Charges/ Average Gross Loans	(1.11)	1.43	0.45	0.34	0.79
5. Growth of Total Assets	0.90	9.68	6.01	0.73	5.46
6. Reserves for Impaired Loans/ Gross Loans	5.98	6.12	5.53	6.52	8.04
7. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	n.a.	n.a.
8. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	7.72	7.68	5.10	9.41	8.08
F. Funding and Liquidity					
1. Loans/ Customer Deposits	85.98	83.52	80.76	78.08	73.50
2. Liquidity Coverage Ratio	n.a.	n.a.	n.a.	n.a.	n.a.
3. Customer Deposits/ Total Funding (excluding derivatives)	89.99	89.49	85.37	86.93	90.20
4. Interbank Assets/ Interbank Liabilities	593.06	602.00	356.80	352.99	275.94
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	n.a.	n.a.
6. Growth of Total Customer Deposits	1.31	14.86	2.69	(3.90)	5.45

Bank of Jordan
Reference Data

	31 Mar 2018 3 Months - 1st Quarter USDm	31 Mar 2018 3 Months - 1st Quarter JODm	31 Dec 2017 Year End JODm	31 Dec 2016 Year End JODm	31 Dec 2015 Year End JODm	31 Dec 2014 Year End JODm
A. Off-Balance Sheet Items						
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3. Guarantees	183.9	130.6	133.8	117.6	104.6	91.0
4. Acceptances and documentary credits reported off-balance sheet	215.4	152.9	174.2	155.1	76.0	62.2
5. Committed Credit Lines	145.1	103.0	108.8	86.9	136.4	146.5
6. Other Contingent Liabilities	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7. Other Off-Balance Sheet items	n.a.	n.a.	13.7	n.a.	2.1	n.a.
8. Total Assets under Management	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
B. Average Balance Sheet						
1. Average Loans	2,217.9	1,574.7	1,445.6	1,252.9	1,205.3	1,191.6
2. Average Earning Assets	3,098.3	2,199.8	2,076.3	1,952.3	1,833.8	1,811.1
3. Average Total Assets	3,629.0	2,576.6	2,466.2	2,314.2	2,199.9	2,181.8
4. Average Managed Securitized Assets (OBS)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5. Average Interest-Bearing Liabilities	2,916.1	2,070.4	1,997.7	1,883.7	1,815.5	1,812.0
6. Average Common equity	515.9	366.3	358.1	345.0	324.7	304.3
7. Average Equity	621.4	441.2	418.4	390.0	341.7	323.0
8. Average Customer Deposits	2,616.8	1,857.9	1,770.4	1,631.9	1,598.1	1,609.3
C. Maturities						
Asset Maturities:						
Loans & Advances < 3 months	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Loans & Advances 3 - 12 Months	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Loans and Advances 1 - 5 Years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Loans & Advances > 5 years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Securities < 3 Months	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Securities 3 - 12 Months	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Securities 1 - 5 Years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Securities > 5 Years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Loans & Advances to Banks < 3 Months	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Loans & Advances to Banks 3 - 12 Months	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Loans & Advances to Banks 1 - 5 Years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Loans & Advances to Banks > 5 Years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Liability Maturities:						
Retail Deposits < 3 months	n.a.	n.a.	587.3	n.a.	503.8	n.a.
Retail Deposits 3 - 12 Months	n.a.	n.a.	400.4	n.a.	424.6	n.a.
Retail Deposits 1 - 5 Years	n.a.	n.a.	858.1	n.a.	636.5	n.a.
Retail Deposits > 5 Years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other Deposits < 3 Months	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other Deposits 3 - 12 Months	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other Deposits 1 - 5 Years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other Deposits > 5 Years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Deposits from Banks < 3 Months	n.a.	n.a.	43.4	n.a.	120.4	n.a.
Deposits from Banks 3 - 12 Months	n.a.	n.a.	1.1	n.a.	3.2	n.a.
Deposits from Banks 1 - 5 Years	n.a.	n.a.	20.4	n.a.	0.0	n.a.
Deposits from Banks > 5 Years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Senior Debt Maturing < 3 months	n.a.	n.a.	76.8	n.a.	23.5	n.a.
Senior Debt Maturing 3-12 Months	n.a.	n.a.	17.5	n.a.	21.5	n.a.
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	55.1	n.a.	66.2	n.a.
Senior Debt Maturing > 5 Years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total Senior Debt on Balance Sheet	**n.a.**	**n.a.**	**149.4**	**n.a.**	**111.2**	**n.a.**
Fair Value Portion of Senior Debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Subordinated Debt Maturing < 3 months	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total Subordinated Debt on Balance Sheet	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Fair Value Portion of Subordinated Debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
D. Risk Weighted Assets						
1. Risk Weighted Assets	2,912.0	2,067.5	1,929.5	1,716.4	1,597.0	1,455.9
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Asse	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3. Fitch Core Capital Adjusted Risk Weighted Assets	**2,912.0**	**2,067.5**	**1,929.5**	**1,716.4**	**1,597.0**	**1,455.9**
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5. Fitch Adjusted Risk Weighted Assets	**2,912.0**	**2,067.5**	**1,929.5**	**1,716.4**	**1,597.0**	**1,455.9**
E. Fitch Core Capital Reconciliation						
1. Total Equity as reported (including non-controlling interests)	624.2	443.2	439.2	412.4	366.9	339.9
2. Fair-value adjustments relating to own credit risk on debt issued	0.0	0.0	0.0	0.0	0.0	0.0
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.0	0.0	4.7	4.1
4. Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
5. Other intangibles	7.0	5.0	4.8	3.6	3.3	3.4
6. Deferred tax assets deduction	10.6	7.5	14.7	11.9	12.2	20.0
7. Net asset value of insurance subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.0	0.0	0.0	0.0
9. Fund for general banking risks if not already included and readily convertible into equi	0.0	0.0	0.0	0.0	0.0	0.0
10. Fitch Core Capital	**606.6**	**430.7**	**419.7**	**396.9**	**346.7**	**312.4**
Exchange Rate		USD1 = JOD0.71	USD1 = JOD0.71	USD1 = JOD0.71	USD1 = JOD0.71	USD1 = JOD0.71

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.