



IIRA reaffirms Shari'a Quality Rating of Jordan Islamic Bank (JIB)

Manama, March 28, 2024: Islamic International Rating Agency ("IIRA") has reaffirmed the Shari'a Quality Ratings of Jordan Islamic Bank ("JIB") at AA+ (SQ). JIB is a leading Islamic bank in the region and offers Shari'a-compliant products and services catering to a range of customers' banking needs.

The Bank's compliance with Shari'a principles has been evaluated through an analysis of underlying structures of its spectrum of products and services. The Bank has continuously avoided structures, which are not preferred by Shari'a scholars. The income purification mechanism yields minimal income to be forfeited to charity accounts, reflective of the bank's largely streamlined structures and processes.

A well-structured control system and diligent oversight of an experienced and long-standing Shari'a Board ensures adequate controls and timely Shari'a reporting. The acknowledgement of Shari'a non-compliance risk in the risk policy framework is also a positive feature of the Bank's commitment to Shari'a. The annual Shari'a report of the Bank is comprehensive, as is the Board's engagement with other control organs of the Bank including the Board of Directors, External Auditors and the shareholders. In light of the enhanced governance requirements issued recently by the Central Bank of Jordan, the Bank has strengthened its Shari'a control infrastructure in 2023, by also instituting a Shari'a compliance function.

The corporate governance framework puts into effect local regulations and best practices. High independent representation on the Board, gender diversity, effective internal controls, and mechanisms for protecting the investment account holders' rights contribute to a strong governance framework. Independent representation in key committees and inclusion of SSB in the governance oversight committee may further align the governance framework with best practices.

A high level of transparency is consistently maintained in terms of Shari'a disclosures. These cover relevant Shari'a governance related disclosures as well as comprehensive disclosures regarding the aspects that makes Islamic finance participative. JIB's commitment to Corporate Social Responsibility and Sustainability is evident from its products and services spectrum, donations for charitable causes, sustainable energy utilization, and participation in community building efforts. The Bank has developed financing products related to sustainable financing, which will support its sustainability initiatives and strategy.

Besides, adequate dispensation of fiduciary responsibility is evident from competitive returns paid to IAH, maintained asset quality reflecting conscientious management of funds, and relevant disclosures.

For further information on this rating announcement, please contact us via e-mail at iira@iirating.com.