البنك الإسلامي الأردني

الإدارة العامة

الرقم : م.م 119/تعاميم /2022/150/ 19758
التاريخ : 2022/10/12 م
الموافق : 16 / ربيع الأول / 1444هـ

السادة بورصة عمان المحترمين ،،،

السلام عليكم ورحمة الله وبركاته،،

الموضوع: التصنيف الائتماني للبنك الإسلامي الأردني من الوكالة الإسلامية الدولية للتصنيف (IIRA)

بالإشارة إلى الموضوع أعلاه يسُرنا أن نرفق لكم طيه نسخة من تقرير وخبر التصنيف الائتماني الخاص بمصرفنا والصادر عن الوكالة الإسلامية الدولية للتصنيف (IIRA) إصدار تشرين الأول 2022.

وتفضلوا بقبول فائق الاحترام،،،

المدير العام
د. حسين سعيد

المرفقات: نسخة من تقرير وخبر التصنيف الائتماني للوكالة الإسلامية الدولية للتصنيف (IIRA) إصدار تشرين الأول 2022

شركة مساهمة عامة محدودة
(سجل الشركة رقم ١٢٤)
هاتف : ٩٦٢٦٥٦٧٧٣٧٧+
فاكس : ٩٦٢٦٥٦٦٦٣٢٦+
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الوكالة الإسلامية الدولية للتصنيف
Islamic International Rating Agency

IIRA Reaffirms Ratings of Jordan Islamic Bank

Manama, October 11, 2022 – Islamic International Rating Agency (IIRA) has maintained ratings of Jordan Islamic Bank (‘JIB’ or ‘the Bank’) at A+(jo)/A1(jo) on the national scale and BB+/A3 on the international scale with a ‘Stable’ outlook. Assigned ratings reflect the stability in risk profile of the bank. A strong franchise translating into a cost-effective, and steady retail footprint is a key competitive advantage. Liquidity indicators have consistently pointed to a sound liquidity position.

Notwithstanding one-off disruption from the pandemic of 2020-2021, Jordan’s economy has been marked by gradual and consistent growth, although affected by both external and fiscal challenges. Reflective of the general economic conditions, the banking sector has also posted slow growth, with limited escalation in credit offtake from the private sector corporates, on a year-on-year basis.

With a seasoned business portfolio, JIB has also grown steadily over the years. The Bank benefited from economic recovery and expanded its portfolio significantly in 2021. Margins in the sector have remained narrow and were particularly tight in 2021. However, positive momentum in banking fees and commissions, along with business growth, provided uplift to growth rate in earnings and net income. Moreover, cost controls are evident despite inflationary pressures, since the latter part of 2021.

Also reinforcing IIRA’s stable outlook on the bank’s risk profile is its sustained internal capital generation capacity, by way of maintained profit margins, balanced by gradual growth in risk assets and resulting in strong capital adequacy having been sustained over the years.

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

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Rating Report

Jordan Islamic Bank

October 2022

الوكالة الإسلامية الدولية للتصنيف
Islamic International Rating Agency
Serving the Islamic Ummah

RATING REPORT

Jordan Islamic Bank

Report Date:

October 11, 2022

Credit Rating

	Latest Rating (October 11,2022)	Previous Rating (August 18, 2021)
International Scale- FCY	BB+/A3	BB+/A3
National Scale	A+(jo)/A1(jo)	A+(jo)/A1(jo)
Outlook	Stable	Stable

Company Information

- **Incorporation year:** 1978
- **Listed on:** Amman Stock Exchange
- **External auditors:** PwC from May 2022
- **Key Shareholders:** AlBaraka Group
- **Chairman:** H.E. Mr. Musa Abdelaziz Shihadeh
- **Chief Executive Officer:** H.E. Dr. Hussain Said Saifan
- **Branches & banking offices:** 109, at year-end 2021

CORPORATE PROFILE

Jordan Islamic Bank ('JIB' or 'the Bank') was established in 1978 and is considered a pioneering Islamic bank globally. It is listed on the Amman Stock Exchange. As one of the largest banks in the Kingdom of Jordan (Jordan or 'the Kingdom'), representing 8.7% of JD 61.1b total assets banking industry, JIB is also the largest Islamic Bank of Jordan. The Central Bank of Jordan (CBJ) deems the bank systemically important for the stability of the domestic financial system. The Bank has a very strong franchise, with broad-based geographical coverage through (84) branches and (25) cash offices across Jordan, supporting the bank's retail footprint.

With 2439 employees as of end-2021, the management has remained stable. H.E. Musa Shihadeh is currently the Chairman of the Board of Directors, having held leadership roles in the bank for the last four decades. H.E. Dr. Hussein Said Saifan is the CEO/ General Manager and has also had a long-standing association with JIB for over thirty years.

The conduct of banking operations since inception is marked by stability and a commitment to social causes. Reflective also of the measured pace of economic growth in Jordan, albeit interrupted by global crisis such as the pandemic of 2020-2021, the bank has progressed gradually but steadily. As such the bank has also been a pioneer amongst banks in the region having initiated banking facilities and programs for needy segments of the population. Digitalization has also been high on the agenda, with an expanding suite of technologically delivered services, which continues to add to the bank's customer service capacity.

Sponsors' Profile

Al Baraka Group B.S.C. ("ABG" or "the group" and erstwhile Al Baraka Banking Group) is a major shareholder in JIB. ABG license has recently been converted from an Islamic wholesale bank to a 'category 1 - investment firm', following approval by the Central Bank of Bahrain. ABG has a global presence and operates through 17 subsidiaries, associates, and representative offices, providing investment and commercial banking services. ABG's reported assets remained at about US$28.2bn in 2021, while its consolidated net earnings posted 14.3% YoY growth to US$189.7mn during the year (2020: US$165.9mn). ABG had a consolidated network of 688 branches and a workforce of 11,419 as of end-2021.

RATING RATIONALE

Assigned ratings reflect the stability in risk profile of the bank. Notwithstanding one-off disruptions from the pandemic of 2020-2021, Jordan's economy has been marked by gradual and consistent growth, although affected by both external and fiscal challenges. Reflective of the general economic conditions, the banking sector has also posted slow growth, particularly given a less than robust credit offtake from the private sector corporates.

With a seasoned business portfolio, JIB has also grown steadily over the years. While business momentum has been muted in prior years, JIB benefited from recovery in business and expanded its portfolio significantly in 2021. Margins in the sector have remained narrow and were particularly tight in 2021. However, positive momentum in fee income sources and gains from exchange of currencies, along with business growth, provided uplift to earnings. Moreover, cost controls are evident despite inflationary pressures since the latter part of 2021.

A strong franchise translating into a cost-effective, and steady retail footprint is a key competitive advantage. Liquidity indicators have consistently pointed to a sound liquidity position. The bank has remained conservative in underwriting, enabling continuity of asset quality trends, marked by excess reserves against potential delinquencies.

Also reinforcing IIRA's stable outlook on the bank's risk profile is its sustained internal capital generation capacity, by way of maintained profit margins, balanced by gradual growth in risk assets and resulting in strong capital adequacy year on year.

ECONOMIC OVERVIEW- Hashemite Kingdom of Jordan

Table 1: Macroeconomic Indicators

Figures as stated	2019	2020	2021
Population (Mn)	10.1	10.2	10.3
Nominal GDP (US$'bn)	44.6	43.8	45.3
GDP per capita (US$)	4,426	4,289	4,412
Real GDP Growth (%)	2.0	-1.6	2.2*
Average CPI (%)	0.8	0.4	1.3*
Unemployment Rate (%)	19.1	22.7	24.1
Current Account Balance (% of GDP)	-2.1	-5.7	-8.8*
Fiscal Balance (% of GDP)	-4.9	-7.0*	-5.4*

Jordan's economy has posted broad-based recovery following the pandemic with growth seen across a range of sectors. While the momentum in the service sector lagged pre-pandemic levels in 2021, with contact sensitive sectors still in turnaround phase, the economy is generally in steady recovery mode with services likely to catch up in the current year. As such following contraction of 1.6% in 2020, the economy posted 2.2% growth[1] in 2021 and is poised for continued momentum in 2022. A full turnaround of tourism and further improvement in business sentiment will be instrumental in achieving this. Going forward, economic growth is projected to be moderate at 2.1% and 2.3% in 2022E and 2023E respectively.

The state of the global economy has implications for Jordan's economic outlook with the Russia Ukraine crisis in the early part of this year and the recovery in consumer demand since 2021, having propelled the global economy into inflation. Supply disruptions persist across the region, putting pressure on input cost and leading to elevated food and energy prices. Inflation at 5.36% in August 2022 is notably high. While the currency is pegged, giving CBJ minimum monetary policy independence, policy rates have risen since March 2022, reaching 5.25% currently, from 2.5%, as reduced in 2021.

In 2020, the government signed a staff level agreement with IMF on a new four-year program targeted to stimulate growth and create jobs, strengthen external and fiscal balances, and increase transparency. Commitment to IMF targets is evident. The fiscal position rebounded significantly in 2021 with the help of recovery in domestic revenue collection with fiscal deficit falling to 5.4% of GDP – an improvement over prior year as well as budget targets. Capital spending remained high as a necessary input to achieving revival in the economy. Having received the second highest number of refugees in relation to its population in the world at almost 10.7%, the country hosts around 660,000 people from Syria alone, with thousands of refugees coming from Iraq, Yemen, Sudan and Somalia in

[1] Source: WDI, Macro Poverty Outlook, and official data.

late 2020. Jordan is committed to meet all the essential services required for refugees, putting additional pressure on government expenses.

On the other hand, Jordan's current account deficit (CAD) remains elevated at 8.8% of GDP in 2021, driven by increase in global commodity prices and modest recovery in travel revenues and remittances compared to pre-COVID-19 levels. While tourism sector may revive more fully in the current year, pressure on international commodity prices persists causing potentially further stress on the external position, although checked by strong international and bilateral access which has allowed Jordan to maintain sufficient international reserves.

Jordan has reported high unemployment rate over the years. The COVID-19 pandemic further worsened the labor market conditions with unemployment being still high at 22.8% in Q1-2022. Declining Covid-19 restrictions bodes well for accelerated activity and tourism potential and should see employment levels improve in 2022.

Unemployment and relatively slow pace of economic activity, coupled with imminent global risk factors arising from the Russian-Ukraine conflict and associated sanctions, pose downside risks. The long-term strategy of the government is to focus on broadening the tax base, eliminating pressure from public utilities, and improving fairness, efficiency, and transparency in public finances. Moreover, concentrated efforts at building an improved investment climate and attracting foreign direct investment can also aid in providing employment opportunities to the youth and women.

THE ISLAMIC BANKING INDUSTRY IN JORDAN

The Islamic banking industry in Jordan has benefitted from the strong and supportive regulatory environment in the country. The 4 Islamic banks in the Kingdom comprise 19.2% of banking assets. Islamic Banking windows are not permitted in the Kingdom, requiring entirely segregated and independent entities to conduct Islamic banking.

Shari'a compliant instruments are limited with sukuk issued to finance Government or Government entities. In the latest 2021 report, the Islamic Finance Development Report and Indicator (IFDI) maintained the ranking of Jordan at 6th globally for industry-wide quantitative development, knowledge, governance, corporate social responsibility, and awareness of Islamic banking and finance[2].

[2] Islamic Finance Development Report 2021

FINANCIAL PROFILE

JIB's asset growth showed strong performance during 2021 with 9.5% (exceeding sector growth of 8.8%, and with market share having inched up to 9.2%. Growth was reflected across asset classes, with offtake in financing commensurate with increase in the bank's assets and comprising 68.8% of total assets at YE2021 (2020: 68.7%). New opportunities also allowed enhanced allocation to the investment portfolio. As the largest Islamic bank and with insufficient placement opportunities, cash is mainly maintained as balance with central bank.

Table 2: Financial Indicators

JD'mn	2019	2020	2021	H1'2022
Cash & Bank Balances	939	852	938	852
% Growth	2.3%	-9.2%	10.0%	-9.1%
Net Financings	2,914	3,329	3,650	3,782
% Growth	8.2%	14.3%	9.7%	3.6%
Net Investments	423	424	490	480
% Growth	-0.4%	0.3%	15.5%	-1.9%
Other Assets	174	239	224	215
% Growth	38.0%	37.5%	-6.1%	-4.3%
Total Assets	4,449	4,844	5,303	5,330
% Growth	6.9%	8.9%	9.5%	0.5%

JIB's net financings [3] increased by 9.7% during 2021 reaching JD 3,650mn (2020: JD 3,329mn). Government exposures which constituted a significant 28.5% (2020: 26.1%) allocation in gross financings continued to lead growth with 18.7% increase in. Growth was also noteworthy in retail-based exposures with 11.6% increase in 2021. As part of the government portfolio, NEPCO has remained the largest borrower of the Bank with a financing of JD 1092.6mn as of end-2021. Nevertheless, the exposure remained guaranteed by the government of Jordan, and is as such considered low risk in the national context. The Bank has also invested in NEPCO Sukuk which has grown further to JD 229mn and dominates the Sukuk portfolio. Combining both financings and investments, exposure to NEPCO stood at JD 1,321.6mn as of end-2021 or 24.9% of assets.

With a share of around half of the total financing portfolio, retail sector is the most dominant business segment. At JD 1,826.8mn in retail financing, a significant JD 369.3mn pertains to real estate finance. Further, some retail financing under the Ijarah Muntahia Bittamleek, is mainly allocated to housing finance. Activity in real estate has increased after the lifting of COVID-19 restrictions, and given the existence of latent demand, the sector is not likely to experience notable volatility or price erosion.

After posting strong growth of 21.2% during 2020, corporate sector financing posted 8.6% contraction during 2021 to JD 514mn (2020: JD 562mn). However, the SME sector reflected growth despite being affected adversely in 2020 as small businesses, particularly high customer contact enterprises, faced disruptions amid COVID19. The bank's focus on the segment is persistent with 6.8% growth in SME exposures in 2021 to JD173.3mn. Nevertheless, the share of SME in total financings was about 7% in 2021.

The bank's key sector exposures comprise energy and real estate sectors. However, given the strategic nature of the former, and given the dynamics of the latter, the bank's portfolio is overall defensive in nature and has historically featured minimal non-performance. Gross NPFs declined by 12.2% to JD 86.4mn during 2021 (2020: JD 98.3mn), taking gross NPF ratio from 2.8% at end- 2020 to 2.3% in 2021. The decline in NPFs was supported by government initiatives of supporting failing businesses and offering loan moratoriums, which remained in place until end-2021.

[3] Excluding Quard Hassan

The Bank has continued to take provisions against financings totaling JD 144.6mn at YE2021 (2020: JD 141.0mn). Charge offs against Expected Credit Loss computed under IFRS 9/ FAS 30, the bank build sufficient provisions and reserves, likely to withstand any surge in NPFs, following the lifting of forbearance measures instituted by CBJ. The higher provision brings net NPF down to JD 11.7mn.

Table 3: Asset Quality Indicators

In JD'mn/%	2019	2020	2021	H1'22
Gross Non-Performing Financing (NPF)	107.3	98.3	86.4	96.8
Net NPF[4]	29.8	22.0	11.7	17.2
Gross NPF % Gross Financings	3.5%	2.8%	2.3%	2.5%
Net NPFs % Net Financings	1.1%	0.7%	0.4%	0.5%
Net NPFs % Total Equity	7.1%	4.6%	2.3%	3.5%
Total Provisions[5]	131.3	141.0	144.6	140.6

Funding and Liquidity

With an annual growth of 9.9%, total deposits of JIB reached JD 4,586mn (2020: JD 4,175mn), largely represented by the retail sector, which at JD 3,856mn during 2021 (2020: JD 3,623mn), posted growth of 6.4%, and comprised 84.0% of deposits (2020: 87.1%). Much of the new growth has come about on the back of increase in retail deposits. In addition, growth in corporate deposits was noteworthy, particularly from the SME segment. Moreover, URIA accounts increased from JD 2,843mn in 2020 to JD 3,150mn in 2021, posting growth of 10.8%. Deposit mix was largely maintained indicating favorable funds composition overall.

Table 4: Funding Sources

JD'mn	2019	2020	2021	H1'22
Retail	3,433	3,623	3,856	3,848
Corporate	27	38	61	62
SME	265	295	392	419
Government	79	105	169	206
Financial Institutions	31	114	108	103

Although slightly lower in 2021, financings over deposits ratio remained high at 80.9% when compared to the 2019 level of 75.6%. Accordingly, liquid assets[7] to funding ratio has declined further to 21.9% in 2021 (2020: 22.5%), nevertheless being sufficient in a historical context and given that the deposit base is marked by stability - reflective of sustained market confidence and therefore access to additional funds if needed.

Table 5: Liquidity Indicators

%	2019	2020	2021	H1'22
Net Financings[6] / Total Deposits	75.6%	81.9%	80.9%	82.0%
Liquid Assets /Total Funding	26.5%	22.5%	21.9%	19.8%
Liquid Assets /Total Assets	23.1%	19.6%	19.2%	17.6%

[4] Net of stage 3 impairment provisions only, Al Qard Al Hasan included. Stage 3 provisions sourced from Bank private data

[5] Including Stage 1+2+3 provisions and provision againest future risk

[6] Including Al Qard Al Hasan

[7] Including cash and cash equivalents (including mandatory cash reserves), bank placements, quoted equity investments and quoted Islamic Sukuk

Capitalization

Strong capitalization over the years has been maintained with consistent increase in net shareholders' equity, which increased by 7.6% to JD 510mn (2020: JD 474mn) in 2021. This was on the back of higher retained earnings, given improved earnings. The Bank distributed 25% dividend or JD 50mn for 2021 during the current year.

Table 6: Capitalization Indicators

In JD'm unless stated otherwise	2019	2020	2021	H1'22
Net Shareholders' Equity	422	474	510	492
- Paid-up Capital	*200*	*200*	*200*	*200*
- Reserves	*132*	*150*	*169*	*169*
- Retained Earnings	*89*	*125*	*141*	*124*
Dividend Rate (% Paid-up capital)	-	12.0%	25.0%	
Equity to Total Assets	9. 5%	9.8%	9.6%	9.2%
Financial Leverage	17.3%	18.9%	17.8%	18.8%
CAR[8]	24.3%	23.7%	23.0%	22.9%

The eligible capital of the bank increased marginally by 2.6% to JD 462.7mn during 2021 (2020: JD 451.1mn), with lower contribution from eligible retained earnings. A significant 97.6% of total capital or JD 451.7mn is core capital representing high quality capital. The bank has not needed to rely on additional tier 1 capital issuance or supplementary tier-2 issues so far. However, reserves against ECL serve as tier-2 capital and contribute minimally to total eligible capital.

As the bank's financing portfolio grew markedly, risk weighted assets increased by 10.6% to JD 2,101mn during 2021 (2020: JD 1,900mn). On the back of higher RWA, tier-1 CAR of the bank decreased to 22.47% in 2021 from 23.33% in 2020. Total CAR similarly fell by a commensurate 73bps to 23.01% (2020: 23.74%), remaining strong and above the minimum regulatory requirement of 12.5% (as a D-SIB, CAR requirement is higher by 0.5%). Over the years, capital adequacy has remained range-bound with growth balanced against internal capital generating capacity of the Bank.

Profitability

JIB's profitability rebounded, gaining ground after having posted reduced net earnings in 2020, with net income increasing 13.3% Y-o-Y to JD59.1mn in 2021 (2020: JD52.1mn). This came on the back of increasing operating income from diversified revenue sources and a measured increase in operating expenses. Despite significantly more compressed margins reflecting market conditions, the increase in margin income was a function of business growth. The return on earning assets which was 6.3% in 2020 decreased to 5.9% during 2021, while cost of funds marginally to

Table 7: Profitability Indicators

In JD '000s/%	2019	2020	2021	H1'22
Total Income from Financing& Investments	196,731	200,220	214,403	108,703
Return to URIAs	55,280	60,647	69,224	35,370
Net Margin Income	**141,451**	**139,573**	**145,180**	**73,333**
Commissions &Other Income	24,695	26,456	28,354	14,148
Income from RIAs Management	5,823	5,867	7,985	4,571
Operating Expenses	77,721	80,065	78,094	39,492*
Operating Profit Before Provision& Tax	**96,200**	**91,830**	**103,609**	**52,561**
Provisions	1,178	8,065	7,153	N.A.
Share of Investment Risk Fund	6,469	-	-	N.A.
Net Income for the Year	**54,349**	**52,122**	**59,058**	**33,032**
ROAA (%)	1.3%	1.1%	1.2%	1.2%
ROAE (%)	13.3%	11.6%	12.0%	13.2%
Spread	**5.4%**	**4.8%**	**4.4%**	**4.2%**
- Return on Earning Assets	6.9%	6.3%	5.9%	5.7%
- Cost of non-shareholders fund	1.5%	1.5%	1.6%	1.5%
Efficiency Ratio[9]	39.6%	41.7%	38.4%	38.4%

[8] The bank computes the capital adequacy ratio in accordance with CBJ's instructions based on the Islamic Financial Services Board (IFSB) standards.

[9] Adjusted for depreciation and amortization expenses.

1.6% (2020: 1.5%), narrowing JIB's spread to 4.4% (2020: 4.8%). Nevertheless, a moderate improvement in net margin income was noted, with a 4.0% rise YoY to JD145.2mn. Lower charge-offs against expected credit loss of JD7.2mn in 2021 also contributed positively when compared to JD8.1mn in prior year and as non-performance remained largely in check. Commission and fee income trends were also favorable, inching up to JD 28.4mn (2020: JD 26.5mn), mostly contributed by banking service revenues and foreign currency gain.

Cost control has been evident, with new business growth requiring diminishing additions to the cost base and being characteristic of a mature institution. Employee expenses grew modestly by 1.0% at JD 41.9mn (2020: JD 41.5mn). General and administrative expenditures were also restrained and decreased slightly to JD 27mn in 2021 from JD 28.5mn in 2020 with notable decline in energy costs, reflective of the bank's investment in green energy in prior years. As a result, efficiency ratio of the Bank improved to 38.4% in 2021 from 41.7% in 2020.

On the whole, the improved net margin income, strong cost control and notably higher ancillary income generation led the Bank to post higher profits with ROAA and ROAE at 1.2% and 12.0% respectively (2020: ROAA: 1.1%, ROAE: 11.6%). In the current year, margins may compress further, as policy rates are hiked by the CBJ. This may be balanced by continuing gradual growth in business volumes, as economic activity recovers fully, and core earnings generation capacity will likely remain strong.

IIRA Rating Scales & Definitions

Ratings on International Scale

Foreign Currency Ratings

The foreign currency ratings by IIRA measure the ability of the rated entities to service their foreign currency obligations. These ratings incorporate all the sovereign risks of a country, including the risk of converting local currency to foreign currency.

Local Currency Ratings

The local currency ratings by IIRA measure the ability of the rated entities to service their local currency obligations. These ratings incorporate all the sovereign risks of a country, except the risk of converting local currency to foreign currency.

Ratings on National Scale

The national scale local currency ratings assigned by IIRA are tiered against an assumed local government rating of 'AAA' and, therefore, do not incorporate all the sovereign risks of a country.

Issue/Issuer Rating Scale & Definitions

Medium to Long Term

IIRA uses a scale of AAA to D to rate credit worthiness of the issuer and long term issues, with AAA being the highest possible rating and D being the lowest possible rating.

AAA: Highest credit quality. Represent the least credit risk.

AA : High credit quality. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

A : Good credit quality. Protection factors are adequate. Risk factors may vary with possible changes in the economy.

BBB : Adequate credit quality. Protection factors are reasonable and sufficient. Risk factors are considered variable if changes occur in the economy.

BB : Obligations deemed likely to be met. Protection factors are capable of weakening if changes occur in the economy. Overall quality may move up or down frequently within this category.

B : Obligations deemed likely to be met. Protection factors are capable of fluctuating widely if changes occur in the economy. Overall quality may move up or down frequently within this category or into higher or lower rating grade.

CCC : Considerable uncertainty exists towards meeting the obligations. Protection factors are scarce and risk may be substantial.

CC : A high default risk

C : A very high default risk

D: Defaulted obligations

Note: IIRA appends modifiers + or - to each generic rating classification from AA through B. The modifier + indicates that the obligation ranks in the higher end of its generic rating category; no modifier indicates a mid-range ranking; and the modifier - indicates a ranking in the lower end of that generic rating category.

Rating Outlook : The three outlooks 'Positive', 'Stable' and 'Negative' qualify the potential direction of the assigned rating(s). An outlook is not necessarily a precursor of rating change.

Rating Watch-list : IIRA places entities and issues on 'Watch-list' when it deems that there are conditions present that necessitate re-evaluation of the assigned rating(s). A 'Watch-list' announcement means that the status of the assigned rating(s) is uncertain and an event or deviation from an expected trend has occurred or is expected and additional information is necessary to take a rating action.

Short Term

IIRA uses a scale of A1+ to C to rate credit worthiness of the issuer and its short term obligations, with A1+ being the highest possible rating and C being the lowest possible rating.

A1+ : Highest certainty of timely payment. Short-term liquidity, including internal operating factors and / or access to alternative source of funds, is outstanding and safety is just below risk free short-term obligations.

A1 : High certainty of timely payment. Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.

A2 : Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Access to capital markets is good. Risk factors are small.

A3 : Satisfactory liquidity and other protection factors qualify entities / issues as to investment grade. Risk factors are larger and subject to more variation. Nevertheless, timely payment is expected.

B : Speculative investment characteristics. Liquidity may not be sufficient to ensure timely payment of obligations.

C : Capacity for timely payment of obligations is doubtful.

Fiduciary Rating Score

(91-100) – Very Strong Fiduciary Standards
(91-93), (94-97), (98-100)*
Rights of various stakeholders are well protected and the overall governance framework is strong.

(76-90) – Strong Fiduciary Standards
(76-80), (81-85), (86-90)*
Rights of various stakeholders are protected. Minor weaknesses have been identified in the overall governance framework.

(61-75) – Adequate Fiduciary Standards
(61-65), (66-70), (71-75)*
Rights of various stakeholders are adequately protected. Certain weaknesses have been identified in a few governance related areas.

(40-60) – Basic Fiduciary Standards
(40-46), (47-53), (54-60)*
Rights of various stakeholders are relatively vulnerable. Significant weaknesses have been identified in the overall governance framework.

(Less than 40) – Low Fiduciary standards
Rights of various stakeholders are at high risk and the overall governance framework is weak.

**Apart from the lowest score range, all score ranges have been split into three sub-divisions for further clarity*

الوكالة الإسلامية الدولية للتصنيف

Islamic International Rating Agency