FitchRatings

Banks
Universal Commercial Banks
Jordan

Jordan Kuwait Bank

Key Rating Drivers

Jordan Kuwait Bank's (JKB) Issuer Default Ratings (IDRs) are driven by its standalone strength, as reflected in its 'b+' Viability Rating (VR). The bank's VR reflects its high exposures to the Iraqi sovereign and strong revenue generated in Iraq, which, while supporting profitability, could add volatility. Further high asset concentrations exert pressure on capital. The VR also reflects JKB's moderate franchise and pressure on asset quality, and its stable funding and liquidity.

Challenging Operating Environment: The operating environment remains challenging due to below-potential and structurally weak GDP growth, high unemployment (21.4%) and geopolitical risks that negatively affect tourism and exports. Fitch Ratings expects real GDP growth of 2.5% in 2025 (2026: 2.8%), although this could be affected by any US aid cuts and trade tariffs. We expect sector lending increases to remain moderate, at 3%–4% in 2025 (8M25: 2.8%; 2024: 4.2%).

Moderate Domestic Franchise: JKB had domestic market shares of 5% of banking sector assets and loans at end-1H25. The bank has no direct exposure to the Palestinian territories. Expansion to Iraq supports business and revenue generation, but it exposes it to volatility risk.

High Exposure to Iraq: JKB is highly exposed to the Iraqi sovereign (B-/Stable) through holdings of debt securities and balances with the Central Bank of Iraq (end-1H25: 19% of assets or 1.7x common equity Tier 1 (CET1) capital). The bank generates a large portion of operating income (1H25: 54%; 2024: 62%) from Iraq, which exposes it to volatility risk.

Pressure on Asset Quality: The bank's Stage 3 loans ratio decreased to 7.6% at end-1H25 (end-2024: 8.3%), supported by settlements, but also write-offs, as underlined by a high Stage 3 loan generation ratio (1H25: non-annualised 0.8%; 2024: 2.4%). The high Stage 2 loans ratio (end-1H25: 11.3%) is in line with the market.

Total loss allowance coverage of Stage 3 loans is high (142%). High exposure to the Iraqi sovereign and high single-obligor concentration add pressure. Fitch expects Stage 3 loans ratio to reduce to 7.5% by end-2025 and 7.1% by end-2026, supported by write-offs, lower interest rates and tighter underwriting standards.

High Profitability; Volatility Risk: Annualised operating profit remains high, at an annualised 6.2% of risk-weighted assets (RWAs) in 1H25 (2024: 7.2%), supported by income from Iraq. JKB's consolidated profitability is pressured by the Central Bank of Iraq's restrictions on cards and transfers, capping fees and the size of transactions, and higher operating expenses and a high cost of risk, leading to a 5% decline in net income in 1H25 year on year.

We expect operating profitability to remain high, despite the pressure and volatility risks in Iraq, at 6.3%–6.5% of RWAs in 2025–2026.

Only Adequate Capitalisation: The CET1 capital ratio rose to 18.6% at end-1H25 (end-2024: 17.3%) due to high profitability and fewer loan originations. High loss allowance coverage of Stage 3 loans and healthy pre-impairment operating profit provide a cushion against deteriorating credit conditions. JKB's high exposure to the Iraqi sovereign and high loan concentration weigh on capital. We expect JKB's capital ratios to be stable, with a CET1 capital ratio of 19.5% at end-2025 and 21.5% at end-2026, supported by internal capital generation.

Stable Funding and Liquidity: JKB's moderate retail deposits lead to deposit concentration, but its deposit base is stable. Its current and savings accounts (CASAs) support lower funding costs. The bank's high-quality liquid assets represented a strong 40% of total assets at end-1H25, covering 55% of customer deposits, supported by liquidity in Iraq. This healthy liquidity helps to mitigate maturity mismatches.

Ratings

Foreign Currency	
Long-Term IDR	B+
Short-Term IDR	B
Viability Rating	b+
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

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

Applicable Criteria

Bank Rating Criteria (March 2025)

Related Research

Fitch Affirms Jordan Kuwait Bank at 'B+'; Outlook Stable (October 2025)

Hashemite Kingdom of Jordan (August 2025)

Israel-Iran Conflict Raises Regional Security Risk (June 2025)

Global Economic Outlook (September 2025)

Fitch Affirms Jordan at 'BB-'; Outlook Stable (May 2025)

Vulnerable Frontier Markets Could Face More External Financing Pressure if US Cuts Aid (February 2025)

EM Banks Tracker (January 2025)

Middle East Banks Outlook 2025 (December 2024)

Analysts

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Rating Sensitivities

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

A deterioration of the domestic operating environment or expansion of the operations in Iraq could lead to a downgrade of JKB's ratings. However, we do not expect any major financing growth in Iraq over the next 12 months.

A deterioration in the bank's loan quality, particularly if its Stage 3 loans ratio remains consistently above 10%, combined with a weaker operating profit at below 1% of RWAs on a sustained basis, weakening the CET1 capital ratio to below 12%, could lead to a VR downgrade.

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

A major improvement in asset quality, particularly if the Stage 3 loans ratio is sustained at below 5%, combined with lower loan concentration, could lead to an upgrade of JKB's ratings. Additionally, a stronger capital position, particularly if the CET1 capital ratio is sustained at above 17%, without any asset quality deterioration, could also lead to an upgrade of JKB's ratings. However, this must be accompanied with controlled risk exposures to Iraq.

Other Debt and Issuer Ratings

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

JKB's Government Support Rating (GSR) of 'b' reflects a limited probability of support from the Jordanian authorities. This considers the sovereign's weak financial flexibility, but also the authorities' strong willingness, in Fitch's view, to support domestic banks to maintain market confidence and stability, given high contagion risk among domestic banks.

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

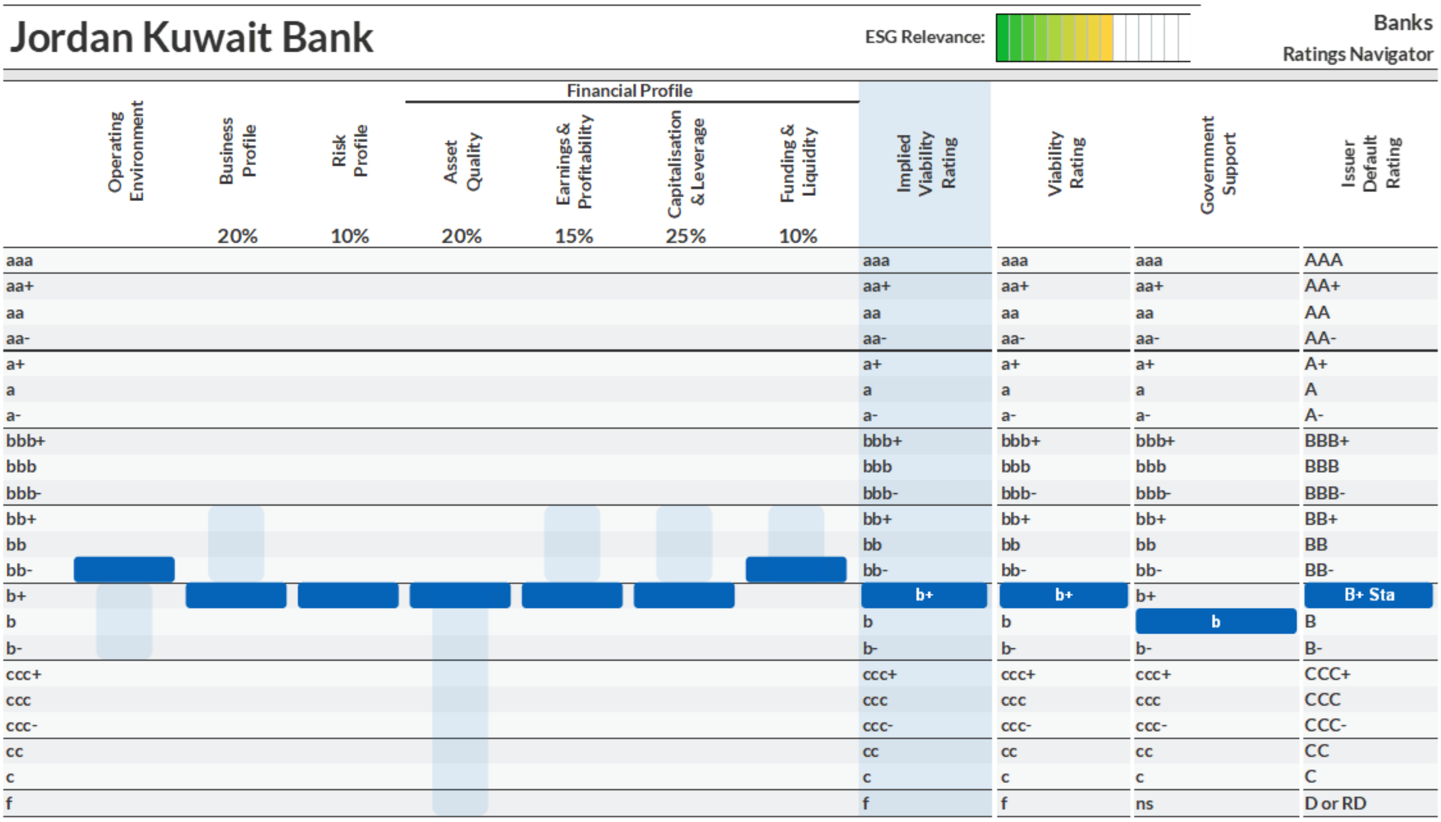
JKB's Government Support Rating is sensitive to changes to our view of the sovereign's ability to support the banking sector.

Significant Changes from Last Review

Lower Interest Rates

The Central Bank of Jordan (CBJ) decreased its main rate (to 6.25%), rediscount rate (7.25%), overnight repurchase agreement rate (7%) and overnight deposit window rate (6%) by 25bp on 21 September 2025 (2024: cumulative 100bp), in line with the Fed's decreases. The CBJ automatically follows the Fed rate changes, with the Jordanian dinar pegged to the US dollar. The lower interest rates could support obligors' repayment capabilities, and, therefore, reduce some of the pressure on Jordanian banks' loan quality. However, lower interest rates, along with high domestic competition on loans and deposits, will pressure Jordanian banks' profitability.

Ratings Navigator



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.

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 ‘b+’ is below the ‘bb’ category implied score due to the following adjustment reason: business model (negative).

The earnings and profitability score of ‘b+’ is below the ‘bb’ category implied score due to the following adjustment reason: earnings stability (negative).

The capitalisation and leverage score of ‘b+’ is below the ‘bb’ category implied score due to the following adjustment reason: risk profile and business model (negative).

Company Summary and Key Qualitative Factors

Operating Environment

Stable Sovereign Rating; High Geopolitical Risks

Fitch's affirmation of Jordan's sovereign rating with a Stable Outlook in May reflects Jordan's progress in fiscal and economic reforms, which should help stabilise debt/GDP (including guarantees) at 93%–94% in 2025–2026. The sovereign's resilient financing is linked to the liquid banking sector, the social security corporation, and funding from international partners, which together support the sovereign rating and the country's macroeconomic stability, particularly the foreign-exchange-rate peg regime to the US dollar. However, high government debt, moderate growth, political and social risks, and large external financing needs all constrain Jordan's rating.

Strong multilateral and bilateral official support, including military and economic assistance from the US, mitigate the persistent high geopolitical risks from ongoing regional conflicts. Fitch believes this support will continue despite the US's review of its foreign commitments, given Jordan's stabilising role in the region. Jordan has preserved economic and political stability despite significant shocks, which have led to lower growth and government debt build-up.

Exports to the US (2024: 26% of Jordan's exports) are mostly apparel (56%), and the potential 20% tariff should not have a major impact as the country's main competitors will also be affected by tariffs. Precious metals and stones (27% of exports to the US) are exempt from duties. However, the imposition of US tariffs will slow global demand and will affect demand for Jordanian exports, partly counterbalanced by a recovery in tourism from Europe and the Gulf Cooperation Council (GCC) countries, the Iraqi dynamic export market and nascent trade with Syria. Several large projects could add to growth, with the support of the US and GCC.

Mild Pressure on Loan Quality and Profitability; Adequate Capitalisation

The challenging operating environment constrains lending and growth opportunities, and has pushed some banks towards expanding outside Jordan, particularly in Iraq, a weaker but dynamic and growing market. Fitch expects mild pressure on loan quality to continue in 2025–2026 due to the challenging economic environment and still-high interest rates, although the slight decline in rates could support borrowers' repayment capabilities. The ongoing regional tensions and potential US tariffs could add pressure to loans. New regulations from the CBJ also affect loan staging and migration; the extension of cooling-off periods before loans can migrate to a lower-risk stage could increase Stage 2 and Stage 3 loans ratios, partially counterbalanced by the regulator recommendations to accelerate loan write-offs. Good risk management, adequate reserve coverage and collateral also 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 to the CBJ, is high (end-1H25: 37% of sector assets, or 3.5x equity).

Sector profitability will remain under mild pressure in 2025-2026 from 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. Fitch expects banks' capital ratios to remain adequate and stable in 2025, with CET1 capital ratios above 15% on moderate loan growth and adequate internal capital generation.

About 90% of Jordanian banks' total regulatory capital is in the form of CET1 capital, which supports the banks' loss-absorption capacity. 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 2025, underpinned by their stable and diversified retail deposit bases and good liquidity positions. Dollarisation is moderate (end-1H25: 21% of assets, 12% of loans and 21% of customer deposits). Market risk is well-contained.

Moderate Exposures to the Palestinian Territories Could Pose Additional Risks

Jordanian banks are moderately exposed to the Palestinian territories through branches (end-1H25: 10% of Jordanian banks' assets) due to historical ties and common interests. Exposure includes loans (45% of total assets), placements with the Palestine Monetary Authority and local banks (29%), securities (10%), and cash (13%). Loans are largely to the Palestinian Authority and related entities backed by taxes or invoices, and monopolistic large entities; retail loans are mainly to civil servants and employees of large private groups. Banks are mostly involved in the West Bank, with minimal activity in Gaza. 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. This risk would escalate if the banking waiver – in place until 30 November 2025, which allows Israeli banks to process payments in Israeli shekel from banks in the Palestinian territories without being exposed to legal action from terrorism financing and non-compliance with anti-money laundering – is cancelled, as proposed by Israel's finance minister, subject to government approval. Alongside the ongoing pressure from the withholding of tax revenue from the Palestinian Authority, both factors create systemic risk in the Palestinian territories and affect operating banks.

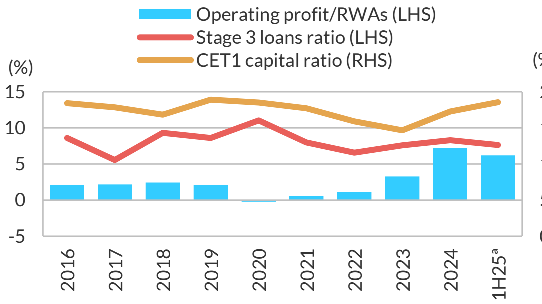
Business Profile

JKB is 51% owned by Al Rawabi United Holding Company, a 100% owned subsidiary of Kuwait Projects Company (KIPCO), a large and diversified holding company (end-1H25: USD40.9 billion of assets), related to the Kuwaiti ruling family. Group benefits, including business and revenue generation, are small.

JKB's main market is Jordan, where it has moderate market shares. The bank aims to consolidate its position in wholesale lending and to strengthen its retail (end-1H25: 19% of gross loans; lower than peers) and SME (7%) lending, to support growth, revenue generation and diversification. Limited domestic growth opportunities led JKB to acquire 53% of Bank of Baghdad (BoB) in 2023 from Burgan Bank (part of KIPCO group) to increase revenues and diversification. The focus is on large corporates and government projects, and to benefit from cross-border transactions, with retail lending to civil servants. BoB provides transactional services (international transfers and foreign-currency (FC) trade), which has improved JKB's non-interest income (1H25: 52% of operating income; 2024: 64%; 2023: 50%; 2022: 25%) and profitability. JKB's balance sheet has shifted to non-loan assets (end-1H25: 62%) as the assets in Iraq are mostly placements at the Central Bank of Iraq (CBI) and government securities.

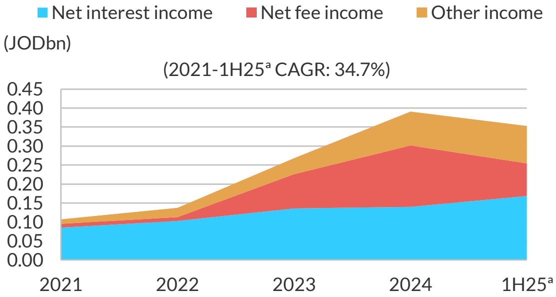
JKB's small activity in Cyprus provides wholesale lending, trade finance and private banking to large Jordanian and Lebanese corporates that have cross-border transactions and regional business. JKB does not have any meaningful exposures to the Palestinian territories.

Performance Through the Cycle



[a] Annualised
Source: Fitch Ratings, Fitch Solutions, JKB

Revenue Breakdown



CAGR: compound annual growth rate[a] Annualised
Source: Fitch Ratings, Fitch Solutions, JKB

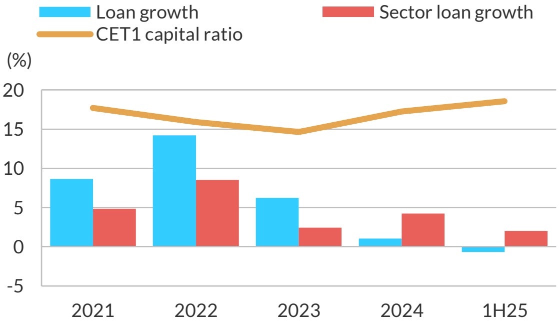
Risk Profile

JKB's high exposures to the Iraqi sovereign and large revenues from Iraq expose it to event and volatility risks that pressure its ratings. The high single-obligor concentration adds pressure, with the 20 largest-single group obligors representing 31% of gross loans, or 1.3x CET1 capital, at end-1H25.

JKB's high exposure to the Jordanian sovereign (end-1H25: 24% of total assets or 2.2x CET1 capital) supports its asset quality and regulatory capital through lower risk weightings. This is due to a lack of business opportunities. Challenging operating conditions limited loan growth at 1% in 2024, with no new net loan originations in 1H25. Wholesale lending is adequately diversified by economic sectors. Lending to the trade, manufacturing and services sector (end-1H25: together 45% of net loans) exposes the bank to domestic and regional economic downturns. Lending to the commercial real estate (4%), construction (3%) and tourism and hospitality (3%) is small; the bank has a negligible share lending. Lending to financial institutions is moderate (10%), mostly to leasing companies owned and backed by Jordanian banks. Oil and gas lending (5%) is focused on Jordan's sole oil refinery. Retail lending is moderate, with appropriate underwriting standards. Loans are well-collateralised and adequately provisioned.

JKB is sensitive to interest rate changes due to its repricing gaps, local competition, good term deposits and the large exposure to the sovereign via fixed-rate lending and securities. Interest income makes up 70%–75% of JKB's operating income in Jordan. The long-standing peg of the Jordanian dinar with the US dollar and JKB's natural hedging mitigate FC risk, which mostly originates from its investment in BoB. Small securities at fair-value through other comprehensive income limit mark-to-market risk. Equity price risk is small, with low equity securities, negligible share lending and some collateralised shares. Trading activity is minimal.

Loan Growth



Source: Fitch Ratings, Fitch Solutions, JKB

Financial Profile

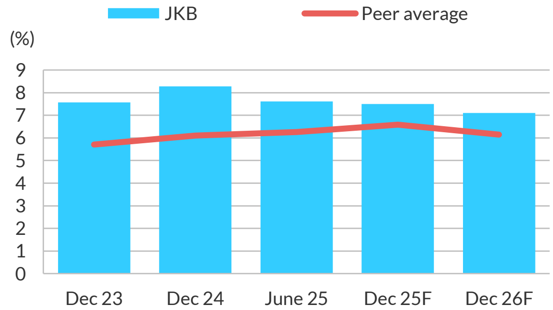
Asset Quality

JKB's loan quality is under pressure from the high interest rates and the challenging operating environment. The Stage 3 loans ratio has remained high (end-1H25: 7.6%; end-2024: 8.3%; end-2023: 7.6%; end-2022: 6.5%) despite the write-offs and foreclosures, evidenced by the high Stage 3 loan generation ratio (change in Stage 3 loans plus written-off loans/average gross loans; 1H25: 0.8% non-annualised; 2024: 2.4%; 2023: 2.4%).

The Iraqi loan book put pressure on JKB's asset quality, although it represents only 2%–3% of total loans. Stage 3 loans in Iraq represented 27% of JKB's total Stage 3 loans at end-1H25 (end-2024: 25%), The loan book in Iraq is very weak, with a high Stage 3 loans ratio of 52.4% at end-1H25 (end-2024: 78.9%), notwithstanding its small size. Excluding Iraq, JKB's Stage 3 loans ratio would have been much lower, at 5.8% at end-1H25 (end-2023: 6.3%).

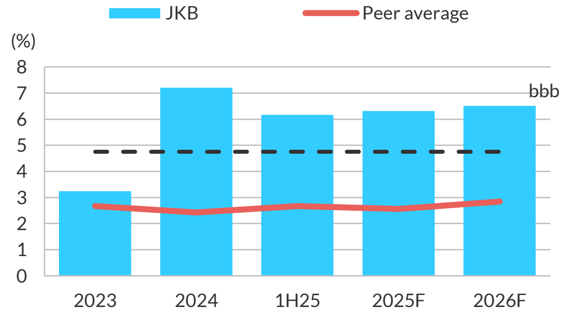
The Stage 2 loans ratio is also high (end-1H25: 11.3%) but in line with the market average. Foreclosed properties add pressure to loan quality (the Stage 3 loans ratio including foreclosed assets was 12% at end-1H25); these are progressively resolving but need time. Fitch expects Stage 3 loan ratio of 7.5% at end-2025 and 7.1% at end-2026, due to write-offs and lower interest rates. The bank is adequately collateralised. Total loss allowances coverage of Stage 3 loans (end-1H25: 142%) is high and better than peers'. Fitch's assessment of asset quality considers the high exposure to the Jordanian and Iraqi sovereigns.

Stage 3 Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

JKB's net income doubled in 2024, and its annualised operating profit reached a high 7.2% of RWAs (2023: 3.2%; 2022: 1.1%), which is much higher than peers'. This was due to a high increase in non-interest income (2024: 64% of operating income; 2023: 50%; 2022: 25%) from Iraq, mainly from fees and commissions on international transfers and FC trading. This has offset negative-to-slow loan growth and the pressure on net interest margin (2024: 3.6%; 2023: 4%), supported cost efficiency (cost/income ratio: 2024: 28%; 2023: 38%; 2022: 51%), which is lower than peers', and helped absorb impairment charges.

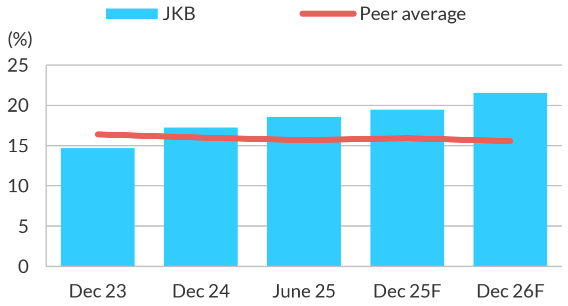
However, profitability is subject to volatility in Iraq, as evidenced by the 5% decline in net profit year on year in 1H25. CBI's intervention capping fees and commissions on international transfers and limiting amounts of card payments has slowed earning generation from Iraq. However, JKB's annualised operating profit remains high, at an annualised 6.2% of RWAs in 1H25 (2024: 7.2%), supported by income from Iraq. Fitch expects profitability to remain high despite the pressure and volatility risks in Iraq, with operating profit at 6.3%–6.5% of RWAs in 2025–2026.

Capitalisation and Leverage

JKB's CET1 capital ratio has increased (end-1H25: 18.6%; end-2024: 17.3%; end-2023: 14.7%) due to improved profitability and fewer loan generations. This is above peers' and well above the minimum regulatory requirement of 9% (including a domestic systemically important bank (D-SIB) buffer of 0.5%). The tangible leverage ratio is also good (13.9%). The high loss allowance coverage of Stage 3 loans and good pre-impairment operating profit (annualised 1H25: 10.1% of average gross loans; 2024: 12.6%) together provide an adequate cushion against deteriorating credit conditions. The bank's capital base was 82% CET1 capital at end-1H25, with JOD89 million additional Tier 1 capital issued in 2023 to finance the acquisition of BoB.

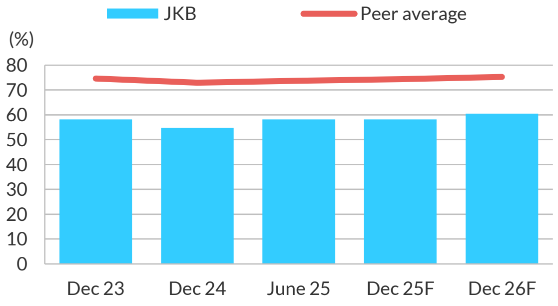
However, JKB's high exposure to the Iraqi sovereign and high loan concentration weigh on capital. JKB can issue capital if needed; however, given the regulatory capital ratios level and the flexible dividend pay-out policy, Fitch does not expect any capital raising and the bank will continue to generate capital internally. Fitch expects the CET1 capital ratio at 19.5% at end-2025 and 21.5% at end-2026, supported by internal capital generation.

CET1 Capital Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

Like peers, JKB is mostly funded by customer deposits (end-1H25: 89% of non-equity funding). Retail deposits represented a moderate 44% of customer deposits at end-1H25, down from a typical 50%–60% before the BoB acquisition as the deposits in Iraq are mostly wholesale. The translates into moderate deposit concentration, with the 20 largest depositors accounting for 22% of the total at end-1H25. JKB's CASAs have improved to 48% of customer deposits, which is higher than the typical 35% before the BoB acquisition, as deposits in Iraq are mostly CASAs. Like peers, JKB was affected domestically by the deposit migration from CASAs to term deposits in 2022–2023, which has put pressure on its funding costs.

The bank's gross loans/customer deposits ratio is very low (end-1H25: 58%) due to a lack of lending in Iraq. JKB's liquidity is good. The high-quality liquid assets (used for the liquidity coverage ratio calculation) represented a high 40% of total assets at end-1H25, covering 55% of customer deposits, which is higher than at peers. This good liquidity helps mitigate maturity mismatches. Liquidity across the group is not fungible, particularly Iraq, but JKB does not rely on Iraq to source deposits and fund its domestic activity.

Additional Notes on Forecasts and Charts

The forecasts in this report reflect Fitch's forward view on the bank's financial metrics per Fitch's *Bank Rating Criteria*. They are based on a combination of Fitch's macro-economic forecasts, outlook at the sector level and company-specific considerations. As a result, Fitch's forecasts may materially differ from the guidance provided by the rated entity to the market.

To the extent Fitch is aware of material non-public information with respect to future events such as planned recapitalisations or merger and acquisition activity, Fitch will not reflect these non-public future events in its published forecasts. However, where relevant, such information is considered by Fitch as part of the rating process.

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 Jordan Ahli Bank Plc (VR: b+), Bank of Jordan Plc (bb-), Jordan Islamic Bank (bb-), and Bank Al Etihad (bb-). Unless otherwise stated, financial year (FY) end is 31 December for all banks in this report.

Financials

Financial Statements

	31 Dec 22 12 months (JODm)	31 Dec 23 12 months (JODm)	31 Dec 24 12 months (JODm)	30 Jun 25 1st half (JODm)	31 Dec 25F 12 months (JODm)	31 Dec 26F 12 months (JODm)
Summary income statement						
Net interest and dividend income	103	136	140	84	176	194
Net fees and commissions	10	90	161	43	89	102
Other operating income	24	43	90	49	101	108
Total operating income	137	268	391	177	366	404
Operating costs	70	102	110	63	126	145
Pre-impairment operating profit	68	166	282	114	240	259
Loan and other impairment charges	41	65	50	15	26	22
Operating profit	27	101	231	98	214	237
Other non-operating items (net)	1	20	0	0	0	0
Tax	9	32	37	13	32	36
Net income	19	90	194	86	182	201
Other comprehensive income	0	5	-5	2	0	0
Fitch comprehensive income	19	95	189	87	182	201
Summary balance sheet						
Assets						
Gross loans	2,105	2,237	2,259	2,244	2,282	2,396
– Of which stage 3	138	169	187	171	171	170
Loan loss allowances	182	230	258	243	249	243
Net loans	1,923	2,007	2,002	2,001	2,033	2,153
Interbank	123	540	355	357	395	416
Derivatives	0	0	0	0	0	0
Other securities and earning assets	734	1,264	1,566	1,782	1,815	2015
Total earning assets	2,780	3,811	3,923	4,141	4,243	4,584
Cash and due from banks	481	1,072	1,334	810	n.a.	n.a.
Other assets[a]	286	361	373	393	[a]1,536	[a]1,690
Total assets	3,547	5,244	5,630	5,344	5,779	6,274
Liabilities						
Customer deposits	2,537	3,847	4,128	3,860	3,922	3,961
Interbank and other short-term funding	107	70	45	58	232	487
Other long-term funding	308	399	382	352	400	450
Trading liabilities and derivatives	0	0	0	0	0	0
Total funding and derivatives	2,951	4,315	4,555	4,270	4,554	4,898
Other liabilities	118	202	190	183	230	260
Preference shares and hybrid capital	-	89	89	89	89	89
Total equity	478	639	797	802	906	1,027
Total liabilities and equity	3,547	5,244	5,630	5,344	5,779	6,274

[a] Including cash and due from banks and other non-earning assets.
Source: Fitch Ratings, Fitch Solutions, JKB

Key Ratios

(%; annualised as appropriate)	31 Dec 22	31 Dec 23	31 Dec 24	30 Jun 25	31 Dec 25F	31 Dec 26F
Profitability						
Operating profit/risk-weighted assets	1.1	3.2	7.2	6.2	6.3	6.5
Operating profit/average total assets	0.8	2.2	4.2	3.6	3.8	3.9
Net interest income/average earning assets	3.9	4.0	3.6	4.2	4.3	4.4
Non-interest expense/gross revenue	50.8	38.1	28.0	35.7	34.5	35.9
Impairment charges/pre-impairment operating profit	60.4	38.9	17.9	13.6	10.6	8.6
Net income/average equity	4.0	15.4	27.0	21.3	21.4	20.8
Asset quality						
Stage 2 loans ratio						
Stage 3 loans ratio	6.5	7.6	8.3	7.6	7.5	7.1
Growth in gross loans	14.2	6.3	1.0	-0.7	1.0	5.0
Loan loss allowances/Stage 3 loans	132.5	135.9	137.6	142.0	145.3	142.7
Loan loss allowances/gross loans	8.7	10.3	11.4	10.8	10.9	10.1
Loan impairment charges/average gross loans	1.4	1.5	1.9	1.3	1.1	1.0
Capitalisation						
Common equity Tier 1 capital ratio	15.9	14.7	17.3	18.6	19.5	21.5
Tangible common equity/tangible assets	12.1	11.0	13.0	13.9	14.6	15.3
Basel leverage ratio	10.2	9.8	10.8	11.9	n.a.	n.a.
Net Stage 3 loans/common equity Tier 1 capital	-11.3	-13.2	-12.7	-12.1	-11.7	-9.3
Risk weighted assets/total assets	70.2	59.7	56.9	60.0	58.8	58.0
Funding and liquidity						
Gross loans/customer deposits	83.0	58.1	54.7	58.1	58.1	60.5
Customer deposits/total non-equity funding	86.0	87.4	88.9	88.6	84.5	80.5
Liquidity coverage ratio	230.7	340.4	323.7	307.4	n.a.	n.a.
Net stable funding ratio	285.8	272.9	172.5	158.1	n.a.	n.a.

Source: Fitch Ratings, Fitch Solutions, JKB

Support Assessment

Commercial Banks: Government Support	
Typical D-SIB GSR for sovereign's rating level (assuming high propensity)	bb- or b+
Actual jurisdiction D-SIB GSR	b
Government Support Rating	b
Government ability to support D-SIBs	
Sovereign Rating	BB-/ Stable
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	Negative
Liability structure	Neutral
Ownership	Negative

The colours indicate the weighting of each KRD in the assessment.
Higher influence Moderate influence Lower influence

Fitch believes the Jordanian authorities have a strong willingness to provide support to domestic banks, including JKB, to maintain market confidence and stability, due to high contagion risk among domestic banks and their high importance to the economy and the country's development plans. However, the D-SIB GSR of 'b' is below Fitch's typical D-SIB GSR for 'BB-' rated sovereigns with a high propensity to provide support (0–1 notches below the sovereign rating), due to the sovereign's weak financial flexibility. Fitch therefore assigns JKB a GSR of 'b', at the same level as the country's D-SIB GSR.

Fitch does not factor into the ratings any support from JKB's ultimate parent Kuwait Projects Company Holding K.S.C.P. (KIPCO; BB-/Negative; affirmed and put on Negative Outlook in December 2024 and downgraded from 'BB' in December 2023) as support cannot be relied on because of JKB's high relative size, which could constrain KIPCO's ability to support – at end-1H25, JKB's consolidated assets represented 18% of KIPCO's consolidated assets.

Environmental, Social and Governance Considerations

FitchRatings **Jordan Kuwait Bank**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Jordan Kuwait Bank has 5 ESG potential rating drivers

- Jordan Kuwait Bank has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	5	issues	3
not a rating driver	4	issues	2
	5	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
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 (incl. Management & governance); Risk Profile; Asset Quality	1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color 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 ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.h scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile	5
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 (incl. Management & governance); Risk Profile	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	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 (incl. Management & governance); Financial Profile	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)	5
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 (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2
				1

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

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 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 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 Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' 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.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.