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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 (B-/Stable) and strong revenue generated in Iraq, which, while supporting profitability, also adds volatility. High asset concentrations also 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: High government debt, large external financing needs and geopolitical risks constrain GDP growth. The Iran war has increased energy import costs, and affected tourism, investments, capex and exports in Jordan. Fitch Ratings expects real GDP growth of 2.3% in 2026, supported by macroeconomic stability, a resilient banking sector and backing from international partners. Bank credit growth is likely to remain moderate (2026F: 3%-4%) due to limited financing opportunities and stiff bank competition.

Moderate Domestic Franchise: JKB had domestic market shares of 4.5% of banking sector assets and loans at end-1H26. The bank has no direct exposure to the Palestinian territories. Expansion to Iraq supports business and revenue generation, but exposes the bank to volatility risk. JKB's targeted acquisition of FIMBank p.l.c. (FIM; B+/Stable/b+) would diversify its business profile and expose it to a stronger operating environment.

High Exposure to Iraq: JKB is highly exposed to the Iraqi sovereign through holdings of debt securities and balances with the Central Bank of Iraq (CBI; end-1H26: 21% of assets or 1.7x common equity Tier 1 (CET1) capital). The bank's operating income generated from Iraq has shown volatility (1H26: 30%; 2025: 51%; 2024: 62%; 2023: 25%), largely driven by foreign-currency (FC) trading for clients and fees and commissions on international transfers and payments cards, all of which have been affected by regulatory changes and caps since 2025.

Pressure on Asset Quality: The bank's Stage 3 loans ratio remains high at 8.3% at end-1H26 (end-2025: 9%; average of Fitch-rated Jordanian banks (peer average): 6.3% at end-1H26), supported by settlements, but also write-offs, as underlined by a high Stage 3 loans generation ratio (1H26: 0.3%; 2025: 2.9%). The high Stage 2 loans ratio (end-1H26: 10.8%) is in line with the peer average (10.5%).

Total loss allowance coverage of Stage 3 loans is high (131%). High exposure to the Iraqi sovereign and high single-obligor concentration add pressure. Fitch expects the Stage 3 loans ratio to remain high at 8.1% by end-2026 and to reduce to 7.3% by end-2027, supported by write-offs, lower interest rates and tighter underwriting standards.

Declining Profitability: JKB's net income was down by 33% year on year in 1H26 and by 22% in 2025 due to the CBI's restrictions on cards and transfers, capping fees and the size of transactions. This has affected non-interest income and operating efficiency. Operating profit reached an annualised 4.3% of risk-weighted assets (RWAs) in 1H26 (2025: 5%; 2024: 7.2%) but remains above the peer average (3%). Fitch expects JKB's profitability to normalise starting in 2026, with operating profit at 3.3%-3.5% of RWAs in 2026-2027.

Only Adequate Capitalisation: The CET1 capital ratio rose to 19.9% at end-1H26 (end-2025: 18%) due to internal capital generation and slow loan originations. High loss allowance coverage of Stage 3 loans and healthy pre-impairment operating profit (5.2%) provide a cushion against deteriorating credit conditions. JKB's high exposure to the Iraqi sovereign and high loan concentration weigh on capital. We expect its capital ratios to be stable, with a CET1 capital ratio of 19.2% at end-2026 and 19.7% at end-2027, supported by internal capital generation.

Stable Funding and Liquidity: JKB's larger retail deposits (end-1H26: 49% of customer deposits; end-2024: 40%) have contributed to lower deposit concentration and a more stable deposit base. 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-1H26, covering 61% of customer deposits, supported by liquidity in Iraq. This healthy liquidity helps to mitigate maturity mismatches.

Rating Sensitivities

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

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

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A deterioration in the bank's loan quality, combined with weaker operating profit 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 stronger domestic business profile translating to a better market position and earnings generation in Jordan, supporting the CET1 capital ratio, while reducing relatively risk exposures to Iraq, could lead to an upgrade of JKB's VR.

Other Debt and Issuer Ratings

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

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

Significant Changes from Last Review

FIM Acquisition to Add Diversification

FIM is a small trade finance bank headquartered in Malta. It is indirectly majority-owned by the diversified investment holding company Kuwait Projects Company Holding K.S.C.P. (KIPCO; BB-/Stable; 88.9% ultimate stake at end-2025). JKB is also part of the KIPCO group. FIM has a niche but established franchise in Malta, the UK, the UAE and India, but its competitive position remains limited relative to larger international banks. It is the only EU-licensed bank in the KIPCO group. In October 2025, JKB's board of directors approved the acquisition of 88.9% of FIM (end-2025: total assets of FIM: JOD966.3 million; JKB: JOD5,460.6 million), representing KIPCO shares. The acquisition is expected to be partially financed by a JOD60 million rights issue.

Fitch expects JKB's acquisition of FIM to support its business, risk and financial profiles. FIM's operating environment score is 'bb+' (Malta: 'bbb'; Jordan: 'bb-'), which means JKB would be exposed to a stronger operating environment. The acquisition impact on JKB's ratings is unclear, as this will be conditioned by JKB's strategic decisions for FIM. These decisions will become clearer at acquisition, with integration expected by end-1H27.

CBJ Precautionary Measures Support Resilience of Banking Sector and Economy

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

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

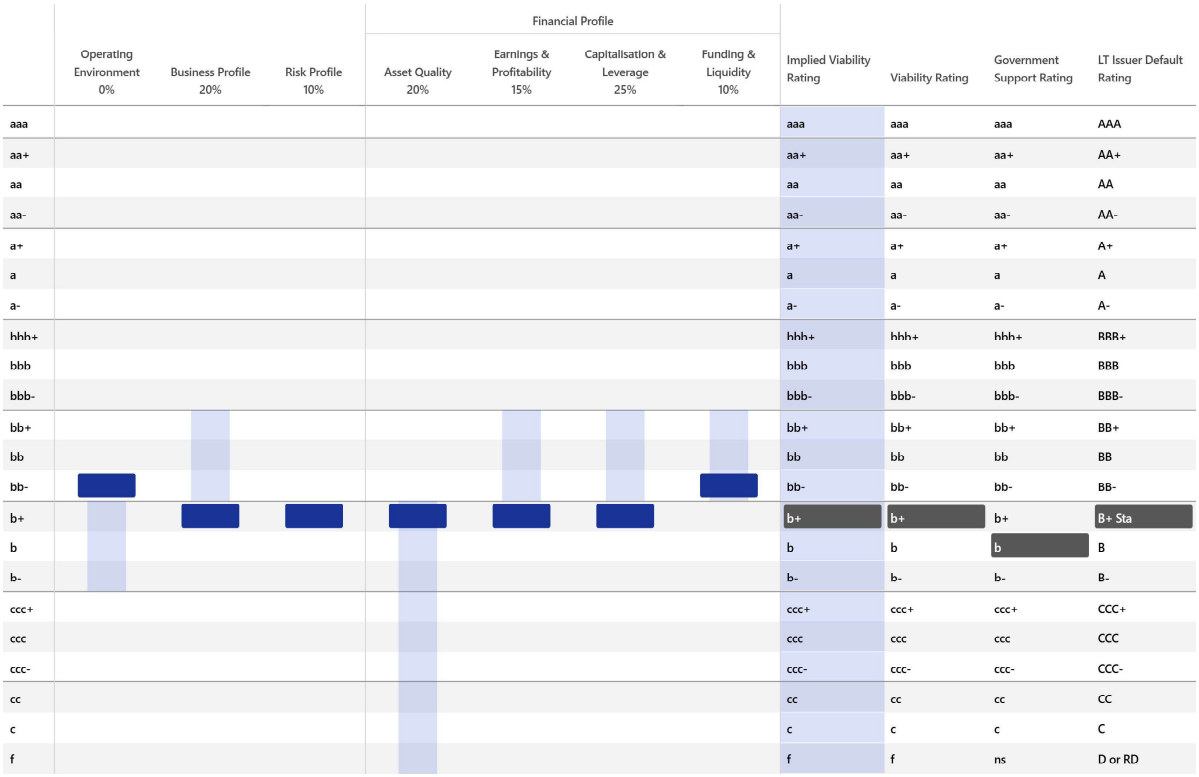
Key Interest Rates Follow US Federal Reserve

The CBJ follows the US Federal Reserve's rate changes, with the Jordanian dinar pegged to the US dollar. This helps the CBJ to reduce inflationary pressure from energy and food price hikes. Central bank rate changes on 21 September were therefore in line with those of the Fed, with 25bp increases of the CBJ main rate (to 6%), rediscount rate (to 7%), overnight repurchase agreement rate (to 6.75%) and overnight deposit window rate (to 5.75%). Fitch does not expect these increases to support banks' profitability because of stiff domestic competition for loans and deposits. Additionally, Jordanian banks decided to keep interest rates unchanged on existing retail loans to support obligors' financial standing and repayment capacity amid a challenging operating environment, while funding costs could rise. The increase in interest rates could, however, affect corporates' repayment capability and add mild pressure on banks' loan quality.

The previous central bank interest rate changes were between September and December 2025, with a cumulative 75bp reduction. The CBJ subsequently kept its key interest rates unchanged until September, despite precautionary measures and liquidity injections. This is due to the central bank's monetary policy using quantity-based rather than price-based tools.

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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.

Factor Outlook

Stable Evolving Positive Negative

VR - Adjustments to Key Rating Drivers

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

The business profile score of '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).

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Company Summary and Key Qualitative Factors

Operating Environment

Stable Sovereign Rating; High Government Debt and Geopolitical Risks

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

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

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

Resilient Banking Sector Despite Loan Quality and Profitability Pressure

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. Regional tensions add pressure, despite recent precautionary CBJ measures. Fitch expects mild pressure on loan quality to continue in 2026-2027 due to the challenging economic environment and still-high interest rates, although rate reductions in 2025 supported borrowers' repayment capability. The CBJ's recommendations to accelerate loan write-offs, good risk management, adequate reserve coverage and collateral mitigate risks. Single-obligor concentration, mostly to government-related entities and utility companies, will continue to expose banks to event risk. Jordanian banks' total exposure to the sovereign, including the CBJ, is high (end-1H26: 38% of sector assets, or 3.6x equity).

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

Fitch expects banks' capital ratios to remain adequate and stable in 2026, with a CET1 capital ratio of 14.5%-15% on moderate loan growth and adequate internal capital generation. 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 is likely to remain low. Fitch expects funding and liquidity to remain sound and stable across Jordanian banks in 2026, underpinned by their stable and diversified retail deposit bases and good liquidity positions. Dollarisation is moderate (end-1H26: 21% of assets, 12% of loans and 21% of customer deposits). Market risk is well contained.

Moderate Exposures to Palestinian Territories Pose Risks

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

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

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Business Profile

JKB is 51% owned by Al Rawabi United Holding Company, a 100%-owned subsidiary of KIPCO, a large and diversified holding company (end-1H26: USD46.8 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-1H26: 26% of gross loans; peer average: 34%) and SME (8%) 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 K.P.S.C. (A/Stable/bb; also part of the KIPCO group) to increase its revenue and diversification. JKB's balance sheet has shifted towards non-loan assets (end-1H26: 62%; end-2022: 46%) as assets in Iraq are mostly placements at the CBI and government securities. BoB provides transactional services (international transfers, cards and FC trade), which has supported JKB's profitability but created earnings volatility (1H26 non-interest income: 27% of operating income; 2025: 48%; 2024: 65%; 2023: 50%; 2022: 26%). This is because of regulatory interventions since end-2024, whereby the CBI has capped fees and commissions on international transfers and capped volume usage on cards. Also, the number of Iraqi banks allowed to trade in US dollars, conditioned by having a US correspondent bank – mostly foreign-owned banks – has increased in the past two years, spreading business volumes across more banks. This has resulted in JKB starting a transformation phase, redirecting BoB to traditional banking with a focus on financing large corporates and government projects, and to benefit from cross-border transactions, with retail lending to civil servants. This will, however, remain fairly small, conditioned by tight underwriting standards, but would reduce operational risks from non-interest-based business.

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. The bank does not have any meaningful exposures to the Palestinian territories.

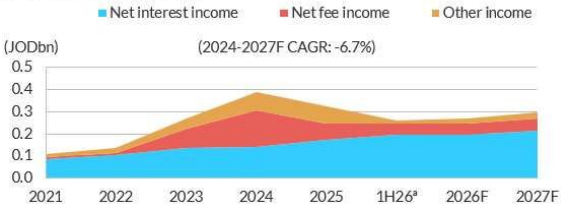
The lack of business opportunities in Jordan and Iraq pushed JKB to acquire FIM from KIPCO and to access the EU market. Fitch expects JKB to align FIM's strategy to its vision, converting the bank into a conventional bank, with on- and off-balance-sheet financing. Fitch believes this would diversify and support JKB's business, risk and financial profiles. However, execution will remain sensitive to geopolitical risks and capacity to integrate FIM, which will take time.

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. High single-obligor concentration adds pressure, with the 20 largest single-group obligors representing 34% of gross loans, or 1.4x CET1 capital, at end-1H26.

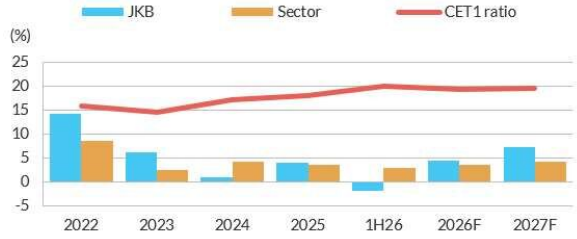
The bank's high exposure to the Jordanian sovereign (end-1H26: 27% of assets, or 2.1x CET1 capital), resulting from a lack of business opportunities, supports its asset quality and regulatory capital through lower risk-weightings. This is due to a lack of business opportunities. Challenging operating conditions limited loan growth to 1% in 2024, 4% in 2025 and -1.8% in 1H26, with small new net loan originations. Large short-term lending tickets to government-related entities also create some volatility in growth metrics.

Wholesale lending is adequately diversified by economic sectors. Lending to the trade, manufacturing and services sectors (end-1H26: together 47% of net loans) exposes the bank to domestic and regional economic downturns. Lending to the commercial real estate and construction (5%) and tourism and hospitality (2%) sectors is small; the bank has a negligible share lending. Lending to financial institutions is moderate (9%), 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.

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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%-80% of JKB's operating income in Jordan. The longstanding peg of the dinar to 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 high interest rates and the challenging operating environment. The Stage 3 loans ratio has remained high (end-1H26: 8.3%; end-2025: 9%; end-1H26 peer average: 6.3%) despite write-offs and foreclosures, with a high Stage 3 loans generation ratio (change in Stage 3 loans plus written-off loans/average gross loans; 1H26: 0.3%; 2025: 2.9%; 2024: 2.4%; 2023: 2.4%).

The Iraqi loan book, which is a small but growing proportion of the group's loan book (end-1H26: 6%; end-2024: 3%), has pressured asset quality. However, JKB cleaned up this book, mostly through write-offs. Stage 3 loans in Iraq represented only 8% of JKB's total Stage 3 loans at end-1H26 (end-2025: 21%; end-2024: 25%). The Iraqi loan book's Stage 3 loans ratio was 11.5% at end-1H26 (end-2025: 36%; end-2024: 78.8%) on high loan growth, notwithstanding the book's small size and write-offs. Excluding Iraq, JKB's Stage 3 loans ratio would have been mildly lower at 8.1% at end-1H26.

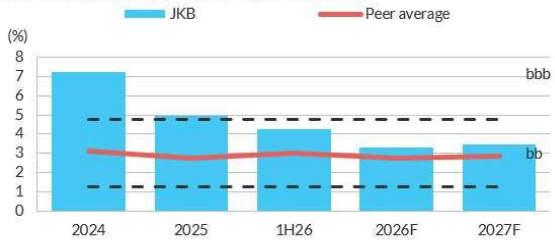
The bank's Stage 2 loans ratio is also high (end-1H26: 10.8%) but in line with the peer average. Foreclosed properties add pressure to loan quality (the Stage 3 loans ratio including foreclosed assets was 12.8% at end-1H26; +450bp); these are progressively resolving but need time. Fitch expects Stage 3 loans ratios of 8.1% at end-2026 and 7.3% at end-2027, due to write-offs, lower interest rates and loan growth. The bank is adequately collateralised. Total loss allowances coverage of Stage 3 loans (end-1H26: 131%) is higher than peers', and Fitch expects JKB to maintain similarly high coverage in 2026-2027. Fitch's assessment of asset quality considers the bank's 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 earnings and profitability were affected by regulatory changes in Iraq and the increase in the number of foreign-owned banks trading in US dollars. JKB's net income fell by 33% year on year in 1H26 and by 22% in 2025. This highlights volatility in non-interest income and the share of Iraqi operating income in that of the group (1H26: 35%; 2024-2025: 50%-60%). Operating profit reached an annualised 4.3% of RWAs in 1H26 (2025: 5%; 2024: 7.2%), but remains above the peer average (3%).

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The operating income decline weakened operating efficiency. The bank's cost/income ratio was 54% in 1H26, in line with the peer average (53%), rising from 28% in 2024 and 39% in 2025. JKB's profitability in 1H26 benefitted from some large loan loss recoveries, resulting from collection efforts.

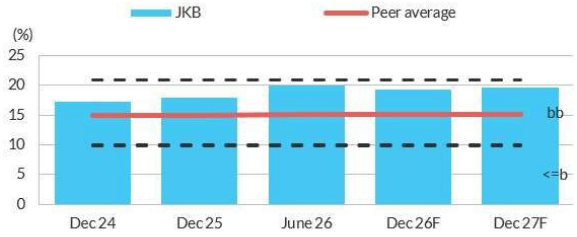
Fitch expects JKB's profitability to normalise, with operating profit at 3.3%-3.5% of RWAs in 2026-2027, supported by good net interest margins, business volume growth, and stable operating efficiency and impairment charges. JKB will continue to generate a good pre-impairment operating profit at about 5.5% of average gross loans in 2026-2027, protecting capital from unexpected losses. However, profitability will remain subject to volatility in Iraq, as income from Iraq will continue to represent 25%-35% of group income.

Capitalisation and Leverage

JKB's CET1 capital ratio increased (end-1H26: 19.9%; end-2025: 18%) due to internal capital generation and fewer loan generations. This ratio is above the peer average (15.1%) 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 (15%). High loss allowance coverage of Stage 3 loans and good pre-impairment operating profit together provide an adequate cushion against deteriorating credit conditions. The bank's capital base was 83% CET1 capital at end-1H26, with JOD89 million additional Tier 1 capital issued in 2023 to finance the BoB acquisition.

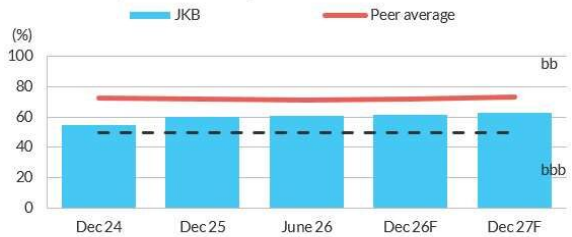
JKB's high exposure to the Iraqi sovereign and high loan concentration weigh on capital. The bank can issue capital if needed; however, given the level of regulatory capital ratios and the bank's flexible dividend payout policy, Fitch does not expect any capital raising, and JKB will continue to generate capital internally. Fitch expects a CET1 capital ratio of 19.2% at end-2026 and 19.7% at end-2027, supported by internal capital generation. Fitch understands that the FIM acquisition, if approved by regulatory bodies, will be partially financed by a rights issue.

CET1 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-1H26: 88% of non-equity funding). Retail deposits represented a moderate 49% of customer deposits at end-1H26 (peer average: 59%). This is down from 50%-60% before the BoB acquisition, as deposits in Iraq are mostly wholesale. However, JKB improved its collection of retail deposits, which translated into moderate deposit concentration, with the 20 largest depositors accounting for 14% of the total at end-1H26 (end-2025: 21%; end-2024: 27%). JKB's CASAs were 46% of customer deposits, in line with the peer average, supported by deposits in Iraq which are mostly CASAs.

The bank's gross loans/customer deposits ratio is very low (end-1H26: 61%) due to a lack of lending in Iraq. JKB's liquidity is good. High-quality liquid assets (used for the liquidity coverage ratio calculation) represented a high 40% of total assets at end-1H26, covering 61% of customer deposits, which is higher than at peers. This good liquidity mitigates maturity mismatches. Liquidity across the group is not fungible, particularly in Iraq, but JKB does not rely on Iraq to source deposits or to fund its domestic activity.

Additional Notes on Charts

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

Financials

Financial Statements

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	31 Dec 23 12 months (JODm)	31 Dec 24 12 months (JODm)	31 Dec 25 12 months (JODm)	30 Jun 26 1st half (JODm)	31 Dec 26F 12 months (JODm)	31 Dec 27F 12 months (JODm)
Summary income statement						
Net interest and dividend income	138	141	174	97	197	216
Net fees and commissions	90	164	73	26	48	55
Other operating income	40	85	79	6	25	25
Total operating income	268	391	326	130	270	296
Operating costs	102	109	125	70	139	149
Pre-impairment operating profit	166	281	200	60	130	147
Loan and other impairment charges	64	50	27	-11	13	15
Operating profit	101	231	173	71	117	132
Other non-operating items (net)	20	0	0	0	0	0
Tax	32	37	22	14	18	20
Net income	90	194	151	58	99	112
Other comprehensive income	5	-5	1	4	6	4
Fitch comprehensive income	95	189	152	62	105	116
Summary balance sheet						
Assets						
Gross loans	2,237	2,259	2,349	2,306	2,455	2,632
– Of which Stage 3	169	187	212	191	199	193
Loan loss allowances	230	258	257	249	263	262
Net loans	2,007	2,002	2,092	2,056	2,192	2,370
Interbank	540	355	299	179	n.a.	n.a.
Derivatives	0	0	0	0	n.a.	n.a.
Other securities and earning assets	1,264	1,566	1,790	1,938	2,193[a]	2,258[a]
Total earning assets	3,811	3,923	4,181	4,173	4,385	4,628
Cash and due from banks	1,072	1,334	868	753	n.a.	n.a.
Other assets	361	373	413	433	1,153[b]	1,187[b]
Total assets	5,244	5,630	5,461	5,359	5,538	5,815
Liabilities						
Customer deposits	3,847	4,128	3,931	3,790	4,009	4,210
Interbank and other short-term funding	70	45	72	82	n.a.	n.a.
Other long-term funding	399	382	342	347	n.a.	n.a.
Trading liabilities and derivatives	0	0	0	0	n.a.	n.a.
Total funding and derivatives	4,315	4,555	4,345	4,219	n.a.	n.a.
Other liabilities	202	190	164	194	519[c]	531[c]
Preference shares and hybrid capital	89	89	89	89	89	89
Total equity	639	797	863	857	921	985
Total liabilities and equity	5,244	5,630	5,461	5,359	5,538	5,815

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[a] Other securities and earning assets at 31 Dec 26F and 31 Dec 27F include interbank, derivatives, securities and other earning assets.
[b] Other assets at 31 Dec 26F and 31 Dec 27F include cash and due from banks and other non-interest earning assets.
[c] Other liabilities at 31 Dec 26F and 31 Dec 27F include non-customer deposit funding and other liabilities.
Source: Fitch Ratings, Fitch Solutions, JKB

Key Ratios

(%; annualised as appropriate)	31 Dec 23	31 Dec 24	31 Dec 25	30 Jun 26	31 Dec 26F	31 Dec 27F
Profitability						
Operating profit/risk-weighted assets	3.2	7.2	5.0	4.3	3.3	3.5
Operating profit/average total assets	2.2	4.2	3.2	2.7	2.1	2.3
Net interest income/average earning assets	4.2	3.7	4.2	4.6	4.6	4.8
Non-interest expense/gross revenue	38.2	28.0	38.5	53.9	51.7	50.4
Impairment charges/pre-impairment operating profit	38.9	17.9	13.5	-19.1	10.1	10.0
Net income/average equity	15.4	27.0	18.3	13.4	11.1	11.8
Asset quality						
Stage 2 loans ratio	13.4	13.5	9.1	10.8	9.8	9.0
Stage 3 loans ratio	7.6	8.3	9.0	8.3	8.1	7.3
Growth in gross loans	6.3	1.0	4.0	-1.8	4.5	7.2
Loan loss allowances/Stage 3 loans	135.9	137.6	121.3	130.6	132.2	135.8
Loan loss allowances/gross loans	10.3	11.4	11.0	10.8	11.0	10.7
Loan impairment charges/average gross loans	1.5	1.9	1.3	0.0	1.2	0.4
Capitalisation						
Common equity Tier 1 capital ratio	14.7	17.3	18.0	19.9	19.2	19.7
Tangible common equity/tangible assets	11.0	13.1	14.8	15.0	15.6	15.9
Basel leverage ratio	9.8	10.8	12.1	12.8	n.a.	n.a.
Net Stage 3 loans/common equity Tier 1 capital	-13.2	-12.7	-7.2	-8.7	-9.3	-9.2
Risk weighted assets/total assets	59.7	56.9	63.8	62.8	64.2	65.4
Funding and liquidity						
Gross loans/customer deposits	58.1	54.7	59.8	60.8	61.2	62.5
Customer deposits/total non-equity funding	87.3	88.9	88.7	88.0	89.9	90.2
Liquidity coverage ratio	340.4	232.0	273.4	256.2	n.a.	n.a.
Net stable funding ratio	272.9	172.5	138.2	150.6	n.a.	n.a.

Source: Fitch Ratings, Fitch Solutions, JKB

Support Assessment

Government Support

Sovereign		Hashemite Kingdom of Jordan
Sovereign Long-Term Issuer Default Rating	•	BB-/Stable
Total adjustment (notches)		-2

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Typical D-SIB Government Support for sovereign's rating level		bb- or b+
Actual jurisdiction D-SIB Government Support		b
Government Support Rating		b
Government ability to support D-SIBs		
Size of banking system	●	Negative
Structure of banking system	●	Negative
Sovereign financial flexibility (for rating level)	●	Negative
Government propensity to support D-SIBs		
Resolution legislation	●	Neutral
Support stance	●	Neutral
Government propensity to support bank		
Systemic importance	●	Negative
Liability structure	●	Neutral
Ownership	●	Negative

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

Source: Fitch Ratings

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-SIBs' Government Support Rating (GSR) of 'b' is below Fitch's typical D-SIB GSR of 'bb-' or 'b+' for 'BB-' rated sovereigns with a high propensity to provide support, due to the Jordanian sovereign's weak financial flexibility. Fitch, therefore, assigns JKB a GSR of 'b', at the same level as the Jordanian D-SIB GSR.

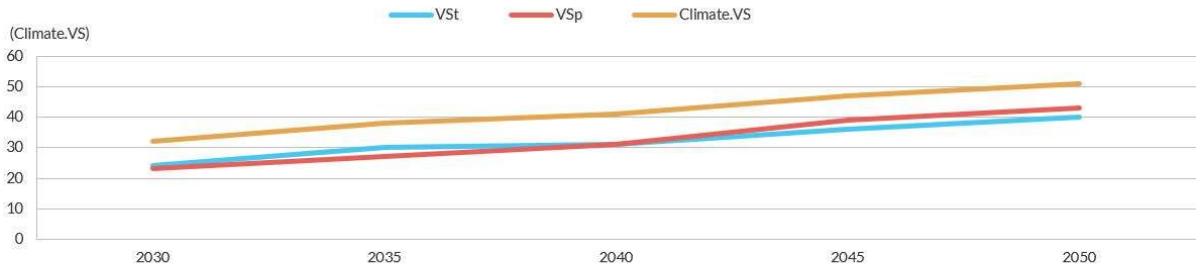
Fitch does not factor any support from JKB's ultimate parent KIPCO into the ratings. This is because support cannot be relied on due to JKB's high relative size (end-1H26: JKB's total assets represented 16.1% of KIPCO's consolidated assets), which could constrain KIPCO's ability to support.

Climate Vulnerability Considerations

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

The Climate.VS for JKB for 2035 is 38, which indicates that climate risk factors are not expected to materially affect the credit profile, but some adaptation may be needed. This reflects a transition risk (VSt) component signal of 30 and a physical risk (VSp) component signal of 27. Any potential effect on the rating may differ from the illustrative rating impact in the Climate.VS framework.

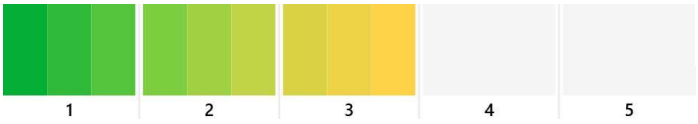
Climate Vulnerability Signals for Jordan Kuwait Bank



Source: Fitch Ratings

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Environmental, Social and Governance Considerations



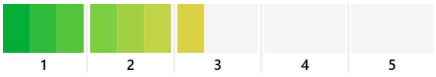
Environmental Relevance Scores

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



Social Relevance Scores

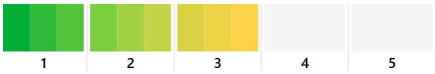
General issues	Score	Sector-specific issues	Reference
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile; Risk Profile
Customer Welfare - Fair Messaging,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



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Governance Relevance Scores

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



ESG Scoring

ESG relevance scores range from '1' to '5' based on a 15-level colour gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
The Environmental (E), Social (S) and Governance (G) tables break out the general and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signalling the credit relevance of the sector-specific issues to an issuer's overall credit rating. The Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.
The panels underneath the relevance scores tables are visualisations of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The Score columns summarise rating relevance and impact to credit from ESG issues. The column on the far left identifies any ESG relevance sub-factor issues that are drivers or potential drivers of an issuer's credit rating (corresponding with scores of '3', '4' or '5'). All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The general and sector-specific issues draw on the classification standards published by the UN Principles for Responsible Investing, the Sustainability Accounting Standards Board and the World Bank.

Credit-Relevant ESG Scale

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

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 https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Ratings

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

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Sovereign Risk (Hashemite Kingdom of Jordan)	
Long-Term Foreign-Currency IDR	BB-
Long-Term Local-Currency IDR	BB-
Country Ceiling	BB

Outlooks	
Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

ESG and Climate

Highest ESG Relevance Scores	
Environmental	2
Social	3
Governance	3

Climate Vulnerability
2035 Climate Vulnerability Signal: 38
Transition (VSt): 30
Physical (VSp): 27

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Applicable Criteria

Bank Rating Criteria (May 2026)

Related Research

Fitch Affirms Jordan Kuwait Bank at 'B+'; Outlook Stable (September 2026)
Hashemite Kingdom of Jordan (June 2026)
Fitch Affirms Jordan at 'BB-'; Outlook Stable (May 2026)
EMEA Islamic Banks Outlook 2026 (December 2025)
Middle East Banks Outlook 2026 (December 2025)

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