MOODY'S
RATINGS

Rating Action: Moody's Ratings affirms The Housing Bank for Trade and Finance's Ba3 long-term deposit ratings; outlook remains stable

20 May 2026

Limassol, May 20, 2026 -- Moody's Ratings (Moody's) has today affirmed all ratings and assessments of The Housing Bank for Trade and Finance (HBTF) and maintained the stable outlook on the long-term deposit ratings. Specifically, we have affirmed HBTF's Ba3/NP long- and short-term deposit ratings, Ba2/NP long- and short-term Counterparty Risk Ratings (CRR), Ba2(cr)/NP(cr) long- and short-term Counterparty Risk (CR) Assessments and ba3 Baseline Credit Assessment (BCA) and Adjusted BCA.

RATINGS RATIONALE

The affirmation of HBTF's ratings balances the bank's strong capital and liquidity metrics, solid profitability, and low-cost, retail-focused deposit franchise, against elevated asset-quality and geopolitical risks.

HBTF's Ba3 long-term deposit ratings are derived from the bank's ba3 BCA and are aligned with Jordan's Ba3 sovereign rating. The high concentration of HBTF's activities in Jordan, together with HBTF's sizeable direct holdings of Jordanian government securities - around 1.9x tangible common equity as of December 2025 - constrains the bank's BCA at the sovereign rating level. The assigned ba3 BCA is thus positioned one notch below the bank's ba2 scorecard-indicated outcome.

HBTF's ba3 BCA reflects the bank's strong retail deposit-funded franchise, with an extensive branch network and a leading mortgage-lending franchise. The BCA also reflects its strong capitalisation with a tangible common equity (TCE) to risk-weighted assets ratio of over 21% as of March 2026 and solid core banking liquidity at 28% of tangible banking assets at year-end 2025. The bank's credit profile is further supported by a robust, low-cost retail deposit-funded franchise and solid profitability with a net income to tangible assets ratio between 1.7%-1.8% during 2025 and the first quarter of 2026.

At the same time, the BCA captures elevated asset-quality risks, with a high level of problem loans, while geopolitical risks in the region remain high. HBTF's non-performing loans (NPLs) were 5.9% of gross loans as of March 2026, while non-performing assets, including foreclosed assets, were 9% of gross loans and foreclosed assets as of March 2026. High foreclosed assets reflect the bank's ongoing resolution of legacy NPLs through debt to asset swaps and the challenges in quickly disposing property under current conditions. These risks are partly mitigated by a high loan-loss reserve coverage of around 121% of NPLs as of March 2026, supported by robust provisioning across loan stages.

This rating action reflects our baseline expectation of a contained impact on energy markets despite ongoing oil supply disruption and limited damage to production or infrastructure. However, Jordan remains exposed to risks stemming from the ramifications of the Middle East conflict as well as US policy shifts, which could weigh on external dynamics and government finances, despite its demonstrated resilience.

STABLE OUTLOOK

The stable outlook on HBTF's long-term deposit ratings is driven by the stable outlook on Jordan. The outlook further reflects our expectation that the bank will maintain strong capitalisation and liquidity buffers, along with solid loan-loss provisioning coverage, supporting its resilience against elevated asset-quality risks and heightened regional geopolitical risks.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Any upward rating pressure on HBTF's long-term deposit ratings would first require an upgrade of Jordan's sovereign rating, given the sovereign constraint.

HBTF's long-term deposit ratings would likely be downgraded in the event of a deterioration in Jordan's sovereign creditworthiness, given the sovereign constraint. Credit negative developments will include an escalation in the regional conflict, or a material increase in the bank's risk appetite and credit growth that will likely weaken asset quality and capitalization.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks published in November 2025 and available at https://ratings.moodys.com/rmc-documents/454566. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

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