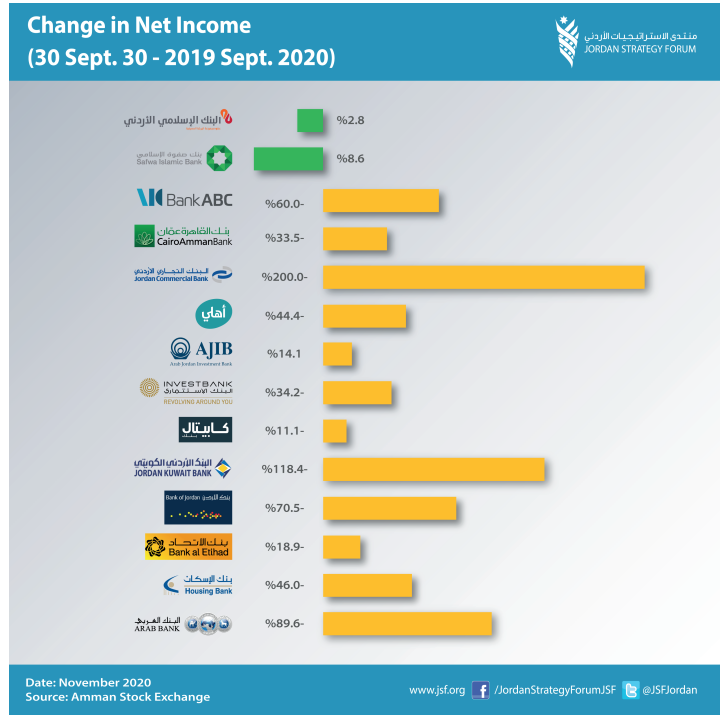
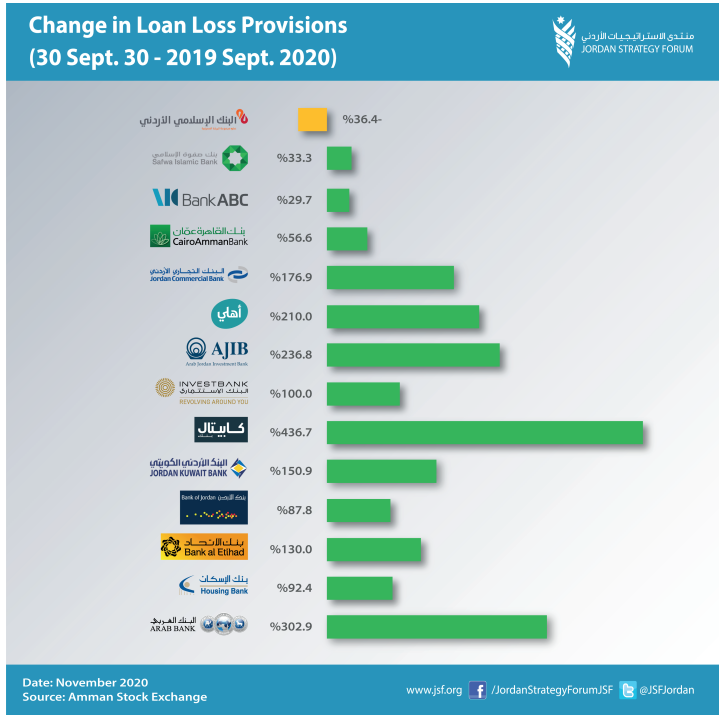


## Listed Jordanian Banks: Net Profits & Loan Loss Provisions: The CORONA Impact

All over the world, countries have taken various lock-down measures to contain the spread of COVID19-. It has become clear that these measures have affected economic activity in general and some sectors in particular. Whilst it is extremely difficult to predict, the resultant job losses and bankruptcies are likely to put immense financial (and other) strains on people and governments all over the world.

COVID19- forced governments to implement a myriad of monetary policy and fiscal measures to contain not only the human, but also the economic implications of the virus. As far as the monetary measures are concerned, the Central bank of Jordan (CBJ) has reduced most policy rates by 50 basis points on March 3, and a further 100 basis points on March 6. In addition, the CBJ allowed banks to postpone loan repayments by clients in the impacted sectors. Together with the economic implications of COVID19- on business activities, these measures will press the performance of the Jordanian banking sector.

On average, and relative to the first 9 months of 2019, the net profit, during the first 9 months of 2020, of almost all listed banks in Jordan have fallen. Indeed, the net profit of Jordan Commercial Bank, for example has fallen by a whopping %200.



## IN A NUTSHELL

During these uncertain times, listed banks in Jordan, like banks all over the world, have increased their credit provisions to cover any anticipated losses due to COVID19-. A loan loss provision is an expense item (income statement) that is set aside as an allowance to cover different kinds of loan losses. The main reason behind the decrease in the net profit of listed banks in Jordan is the huge increase in their loan loss provisions. This is encouraging. Listed Jordanian banks will hopefully maintain their resilience and health, during and after COVID19-.