البنك الأردني الكويتي
JORDAN KUWAIT BANK

الادارة العامـــة

Ref.: F200/341/2019
Date: 31/07/2019

To: Jordan Securities Commission
Amman Stock Exchange

Subject: Semi - Annual – Report as of 30/06/2019

Attached the Semi - Annual Report of Jordan Kuwait Bank, as of 30/06/2019.

Best regards,

Abdel Karim Kabariti
Chairman

الرقم: ف ٢٠٠/٣٤١/٢٠١٩
التاريخ: ٢٠١٩/٠٧/٣١

السادة هيئة الأوراق المالية المحترمين
السادة بورصة عمان المحترمين

الموضوع: التقرير النصف السنوي كما هو في ٢٠١٩/٠٦/٣٠

مرفق التقرير النصف السنوي للبنك الأردني الكويتي كما هو بتاريخ ٢٠١٩/٠٦/٣٠.

وتفضلوا بقبول فائق الإحترام ،

عبد الكريم الكباريتي
رئيس مجلس الإدارة

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٠١ آب ٢٠١٩
الرقم المتسلسل:
رقم الملف:
الجهة المختصة:

صندوق بريد ٩٧٧٦ عمان ١١١٩١ الاردن
هاتف (٩٦٢ ٦) ٥٦٢٩٤٠٠
فاكس (٩٦٢ ٦) ٥٦٩٥٦٠٤
JKBAJOAM سويفت
E-mail.info@jkbank.com.jo
http: // www.jkb.com

JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN – HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD END 30 JUNE 2019
(UNAUDITED)

JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AMMAN- HASHEMITE KINGDOM OF JORDAN
30 JUNE 2019

Report on Review of Condensed Consolidated Interim Financial Statements
To The Chairman and Board of Directors of Jordan Kuwait Bank
(Public Shareholding Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Jordan Kuwait Bank (Public Shareholding Company) (the "Company") and its subsidiaries (together the "Group") as of 30 June 2019 and the related condensed consolidated interim statements of income and comprehensive income, for the three months and six months periods then ended, and the condensed consolidated interim statements of changes in equity and cash flows for the six months period then ended. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 (Interim Financial Reporting). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 (Interim financial reporting).

PricewaterhouseCoopers "Jordan" L.L.C.

Hazem Sababa
License No (802)

Certified Public Accountants pwc Amman - Jordan

Amman, Jordan
31 July 2019

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JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	JUNE 30, 2019 (REVIEWED AND UNAUDITED)	DECEMBER 31, 2018 (AUDITED)
		JD	JD
ASSETS			
Cash and balances at central banks	4	351,803,300	210,936,892
Balances at banks and financial institutions	5	191,080,162	215,594,692
Deposits at banks and financial institutions	6	223,923	8,750,300
Direct credit facilities-net	7	1,518,203,296	1,632,672,467
Financial assets at fair value through comprehensive income	8	101,215,098	127,683,431
Financial assets at amortized cost	9	278,455,432	293,048,859
Property and equipment - net	10	25,164,271	26,106,712
Intangible assets - net	10	2,152,838	3,020,319
Right to use leased assets	11	14,325,512	-
Deferred tax assets		29,415,110	29,918,911
Other assets	12	163,878,012	170,218,835
Assets held for sales- net	34	4,201,055	3,493,721
TOTAL ASSETS		2,680,118,009	2,721,445,139
LIABILITIES AND OWNERS' EQUITY			
LIABILITIES			
Banks and financial institutions deposits		149,592,690	223,387,840
Customers deposits	13	1,794,664,231	1,785,172,783
Cash margins		93,497,696	94,713,087
Borrowed funds	16	100,237,384	83,458,298
Other provisions	14	12,388,858	11,540,044
Liabilities against use of leased assets	11	13,619,132	-
Provision for income tax	15	8,979,684	12,053,013
Deferred tax liabilities		2,402,800	4,231,861
Other liabilities	17	57,947,446	60,644,778
Liabilities directly related to assets held for sale	34	1,188,095	681,626
TOTAL LIABILITIES		2,234,518,016	2,275,883,330
OWNERS' EQUITY			
Equity – Bank Shareholders			
Authorized and paid-in capital	20	100,000,000	100,000,000
Statutory reserve	21	91,350,185	91,350,185
Voluntary reserve	21	171,636,452	171,636,452
Financial assets valuation reserve - net	18	1,948,344	4,160,518
Equity directly related to assets held for sale	٣٤	(17,829)	(17,829)
Retained earnings	19	64,318,370	78,432,483
Income for the period		16,364,470	-
NET OWNERS' EQUITY		445,599,993	445,561,809
TOTAL LIABILITIES AND OWNERS' EQUITY		2,680,118,009	2,721,445,139

The accompanying notes from 1 to 34 constitute an integral part of these condensed consolidated interim financial statements and should be read in conjunction with them and with the accompanying review report.

JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
FOR THE PERIOD ENDED 30 JUNE 2019

	NOTE	FOR THE THREE MONTHS ENDED JUNE 30		FOR THE SIX MONTHS ENDED JUNE 30	
		2019	2018	2019	2018
		JD (REVIEWED UNAUDITED)	JD (REVIEWED UNAUDITED)	JD (REVIEWED UNAUDITED)	JD (REVIEWED UNAUDITED)
Interest income	22	37,640,659	35,236,820	75,208,228	71,329,891
Less: Interest expense	23	(15,366,398)	13,239,994	30,113,444	26,423,362
Net Interest Income		22,274,261	21,996,826	45,094,784	44,906,529
Net commission income		2,196,744	2,587,476	4,821,743	5,234,600
Net Interest and Commission Income		24,471,005	24,584,302	49,916,527	50,141,129
Foreign currency income		848,193	1,078,140	1,471,069	2,527,594
Gain from financial assets at fair value through profit or loss		-	-	316,295	-
Cash dividends from financial assets at fair value through comprehensive income	8	681,001	260,270	1,731,001	1,300,475
Other income	24	4,252,228	3,729,319	8,403,025	7,357,490
Gross Income		30,252,427	29,652,031	61,837,917	61,326,688
Employees expenses		7,595,574	6,829,751	14,009,306	13,265,773
Depreciation and amortization		2,234,750	1,379,816	4,460,275	3,123,004
Provision for expected credit losses on direct credit facilities		2,889,601	1,185,955	5,468,942	1,274,553
Provision (Reversal from) expected credit losses on non-direct credit facilities		1,140,017	(7,082,542)	1,000,182	(7,082,542)
(Reversal from) expected credit losses on investments		(79,184)	(53,764)	(199,422)	4,265
Provision for expected credit losses on deposits at banks and financial institutions		(9,032)	(42,867)	(4,427)	(33,968)
Other provisions		365,918	692,512	1,460,340	1,564,663
Other expenses	25	5,162,040	14,897,985	10,432,825	22,433,454
Total Expenses		19,299,684	17,806,846	36,628,021	34,549,202
Income for the period before income tax expense		10,952,743	11,845,185	25,209,896	26,777,486
Less: Income tax expense	15	(3,917,340)	(2,988,555)	(8,587,324)	(7,673,385)
Income for the Period from continuing operations		7,035,403	8,856,630	16,622,572	19,104,101
Net loss from discontinued operations	34	(13,159)	(579,454)	(258,102)	(617,214)
Income for the period		6,822,244	8,277,176	16,364,470	18,486,887
Pertains to:					
Earnings per share for the period Attributable to the bank's shareholders - basic and diluted	26	0.068	0.083	0.164	0.185
Earnings per share from continuous operations for the period Attributable to the bank's shareholders - basic and diluted	26	0.070	0.089	0.166	0.191
Earnings per share loss from non-continuous operations for the period Attributable- basic and diluted	26	(0.002)	(0.006)	(0.003)	(0.006)

The accompanying notes from 1 to 34 constitute an integral part of these condensed consolidated interim financial statements and should be read with in conjunction them and with the accompanying review report.

Jordan Kuwait Bank
(A Public Limited Shareholding Company)
Condensed Consolidated Interim Statement Of Comprehensive Income
For the Period Ended 30 June 2019

	Note	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2019	2018	2019	2018
		JD	JD	JD	JD
		(Reviewed unaudited)	(Reviewed unaudited)	(Reviewed unaudited)	(Reviewed unaudited)
Income for the Period		6,822,244	8,277,176	16,364,470	18,486,887
Other Comprehensive Income Items:		-	-	-	-
Items not subsequently transferable to condensed interim consolidated statement of income:		-	-	-	-
Net change in financial assets at fair value valuation reserve - net of tax		1,055,142	(2,622,477)	3,673,713	(2,467,818)
Total Comprehensive Income for the Period		7,877,386	5,654,699	20,038,183	16,019,069

The accompanying notes from 1 to 34 constitute an integral part of these condensed consolidated interim financial statements and should be read in conjunction with them and with the accompanying review report

JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019

		Equity – Bank's Shareholders									
			Reserves								
	Note	Authorized and Paid-in Capital	Statutory	Voluntary	Pro-cyclicality	General Capital Banking Risks	Financial Assets – Valuation Reserve After Tax	Equity directly related to assets held for sale	Retained Earnings	Income for the Period	Total
		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the six months ended June 30, 2019 (Unaudited)											
Balance - Beginning of the Period		100,000,000	91,350,185	171,636,452	-	-	4,160,518	(17,829)	78,432,483	-	445,561,809
Income for the Period		-	-	-	-	-	-	-	-	16,364,470	16,364,470
Gains from sale of financial assets at fair value through other comprehensive income		-	-	-	-	-	(5,885,887)	-	5,885,887	-	-
Net change in financial assets at fair value through comprehensive income- net after tax		-	-	-	-	-	3,673,714	-	-	-	3,673,714
Total Comprehensive Income for the Period		-	-	-	-	-	(2,212,173)	-	5,885,887	16,364,470	20,038,184
Dividends	20	-	-	-	-	-	-	-	(20,000,000)	-	(20,000,000)
Balance - End of the Period		100,000,000	91,350,185	171,636,452	-	-	1,948,345	(17,829)	64,318,370	16,364,470	445,599,993

The accompanying notes from 1 to 34 constitute an integral part of these condensed consolidated interim financial statements and should be read in conjunction with them and with the accompanying review report.

JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019

		Equity – Bank's Shareholders									
			Reserves								
	Note	Authorized and Paid-in Capital	Statutory	Voluntary	Pro-cyclicality	General Capital Banking Risks	Financial Assets – Valuation Reserve After Tax	Equity directly related to assets held for sale	Retained Earnings	Income for the Period	Total
		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the six months ended June 30, 2018 (Unaudited)											
Balance - Beginning of the Period		100,000,000	86,034,401	160,466,574	227,597	14,288,875	8,135,930	(17,829)	99,275,774	-	468,411,322
Impact of adopting IFRS (9) – net after tax		-	-	-	-	-	-	-	(41,210,085)	-	(41,210,085)
Amended Balance- at the beginning of the period		100,000,000	86,034,401	160,466,574	227,597	14,288,875	8,135,930	(17,829)	58,065,689	-	427,201,237
Transfer from general bank risk reserve*		-	-	-	-	(14,288,875)	-	-	14,288,875	-	-
Income for the Period		-	-	-	-	-	-	-	-	18,486,887	18,486,887
Gains from sale of financial assets at fair value through other comprehensive income		-	-	-	-	-	(192,477)	-	192,477	-	-
Net change in financial assets at fair value through comprehensive income- net after tax		-	-	-	-	-	(2,467,818)	-	-	-	(2,467,818)
Total Comprehensive Income for the Period		-	-	-	-	(14,288,875)	(2,660,295)	-	14,481,352	18,486,887	16,019,069
Transferred from reserves related to non-continuous activities		-	(269,155)	-	(227,597)		-	-	-	-	(496,752)
Dividends	20	-	-	-	-	-	-	-	(20,000,000)	-	(20,000,000)
Balance - End of the Period		100,000,000	85,765,246	160,466,574	-	-	5,475,635	(17,829)	52,547,041	18,486,887	422,723,554

- Included in retained earnings, an amount of JD 29,415,110 as of June 30, 2019 (JD 29,918,911 as of December 31, 2018) restricted by the Central Bank of Jordan instructions, against deferred tax assets.

- Included in the retained earnings an amount of JD 3,536,059 as of June 30, 2019, against JD 3,537,266 as of December 31, 2018, which represents the effect of the early adoption of IFRS (9). Such amount is restricted and cannot be utilized unless realized through actual sale as instructed by Jordan Securities Commission. Which represents the revaluation differences of financial assets at fair value through statement of income, net of those realized through sales.

- Use of fair value reserve- net is restricted and requires prior approval from the Central Bank of Jordan.

The accompanying notes from 1 to 34 constitute an integral part of these condensed consolidated interim financial statements and should be read with them and with the accompanying review report.

JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2019

	Note	For the Six Months Ended 30 June 2019 JD (Reviewed Unaudited)	2018 JD (Reviewed Unaudited)
Cash Flows From Operating Activities:			
Income for the period before income tax		25,209,896	26,160,272
Adjustments:			
Depreciation and amortization		4,460,275	3,123,004
Provision for impairment on direct credit facilities	7	-	-
Provision for expected credit losses on direct credit facilities		5,468,942	1,274,553
Provision for (Reversal from) expected credit losses on non-direct credit facilities		1,000,182	(7,082,542)
(Reversal from) Provision for impairment on investments		(199,422)	4,265
Reversal from expected credit losses on deposits at banks and financial institutions		(4,427)	(33,968)
Net interest income		6,345,295	12,531,231
Provision for staff indemnity		1,080,340	1,384,663
Provision for lawsuits against the bank and contingent claims		380,000	180,000
(Reversal from) Provision for seized assets		(1,873,351)	1,242,546
effect of exchange rate fluctuations on cash and cash equivalents		3,641	6,526
Total		41,871,371	38,790,550
Changes In Assets And Liabilities:			
Increase in deposits at banks and financial institutions		5,334,676	6,136,146
Increase (Decrease) in direct credit facilities		109,000,229	(22,195,540)
(Increase) In other assets		(12,506,337)	(29,279,194)
Increase (decrease) in banks and financial institutions deposits due after three months		4,444,158	(34,774,816)
Increase (Decrease) In customers deposits		9,491,448	(30,326,540)
(Decrease) In cash margins		(1,215,391)	39,400,114
Increase (Decrease) In other provisions		(611,526)	(1,051,493)
Increase in other liabilities		9,665,294	24,288,765
Net Change In Assets And Liabilities		123,602,551	(47,802,558)
Net Cash Flows generated from (Used In) Operating Activities Before Income Tax		165,473,922	(9,012,008)
Income tax paid	15	(11,156,852)	(11,519,934)
Net Cash Flows Geneated from (Used In) Operating Activities		154,317,070	(20,531,942)
Cash Flows From Investing Activities:			
Decrease in financial assets at amortized cost		14,593,427	58,027,905
Increase (Decrease) In financial assets at fair value through comprehensive income		16,740,633	(22,299,098)
(Increase) In assets held for sale- net		(707,334)	(101,451,447)
Increase in liabilities directly related to assets held for sale		13,619,132	65,601,335
(Decrease) Increase in intangible assets		(2,650,353)	489,792
Right to use leased assets		(14,325,512)	-
Liabilities against use of leased assets		13,619,132	-
Net Cash Flows Generated From Investing Activities		40,889,125	368,487
Cash Flows From Financing Activities:			
Increase in borrowed funds		16,779,086	3,439,671
Dividends paid to shareholders		(19,163,136)	(17,824,661)
Net Cash Flows (Used In) Financing Activities		(2,384,050)	(14,384,990)
Effect of exchange rate fluctuations on cash and cash equivalents		(3,641)	(6,526)
Net Increase (Decrease) In Cash And Cash Equivalents		192,818,504	(34,554,970)
Cash and cash equivalent - beginning of the year		207,432,021	272,915,714
Cash And Cash Equivalent - End Of The Period	27	400,250,525	238,360,744

The accompanying notes from 1 to 35 constitute an integral part of these condensed consolidated interim financial statements and should be read with them and with the accompanying review report

(1) GENERAL INFORMATION

Jordan Kuwait Bank was established as a Jordanian public limited shareholding company under number (108) on October 25, 1976 in accordance with the Jordanian Companies Law No. (13) for the year 1964 with a current capital of JD 100,000,000 distributed to 100,000,000 shares with a par value of JD 1 per share. The Bank's Head Office address is as follows: Omaya Bin Abdshams Street, Abdali – Amman. Tel. +962 (6) 5629400, P.O. Box 9776, Amman – 11191 Jordan.

The Bank is engaged in all banking and financial related operations through its branches totalling 65 branches inside Jordan, five foreign branches, and three subsidiaries for financial brokerage, leasing and financial consulting.

Jordan Kuwait Bank is listed as a public limited shareholding company on the Amman Stock Exchange.

Jordan Kuwait Bank is owned by 50.927 % of Al Rawabi International Real Estate Services Company and the consolidated financial statements of the Bank are added in the consolidated financial statements of Kuwait Projects Company Holding (KIPCO).

The consolidated interim financial statements have been approved by the Bank's Board of Directors on 17 July 2019, and is subject to the approval of the Central Bank of Jordan.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following are the significant accounting policies used by the Bank in the preparation of these interim condensed consolidated financial statements.

2.1 Basis of preparation

The accompanying interim condensed consolidated financial statements of the Bank as at 30 June 2019 have been prepared in accordance with International Financial Reporting Standards Number 34 (Interim Financial Reporting Standards) and Central Bank of Jordan.

The interim condensed consolidated financial statements are prepared in accordance with the historical cost principle, except for financial assets and financial liabilities stated at fair value through profit or loss, financial assets stated at fair value through other comprehensive income and financial derivatives stated at fair value at the date of the consolidated financial statements. Moreover, hedged financial assets and financial liabilities are also stated at fair value.

The reporting currency of the interim condensed consolidated financial statements is the Jordanian Dinar, which is the functional currency of the Bank.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the consolidated financial statements of the Bank for the year ended 31 December 2018. Furthermore, the results of operations for the six months ended 30 June 2019 do not necessarily reflect the expected results for the year ending 31 December 2019, except for not appropriating the profit of the six months ended on 30 June 2019 which is usually performed at year end.

The objectives and policies of the Bank's financial risk management are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2018.

2.2 Basis of Financial Statements Consolidation

The consolidated financial statements include the financial statements of the Bank and controlled subsidiaries. Control exists when the Bank has the ability to control the financial and operating policies of the subsidiaries in order to obtain benefits from their activities. All transactions, balances, revenue and expenses between the Bank and its subsidiaries are eliminated.

The financial statements of the subsidiaries relating to the same fiscal year of the Bank are prepared using the same accounting policies adopted by the Bank. In case the accounting policies applied by the subsidiaries are different from those adopted by the Bank, necessary adjustments to the financial statements of the subsidiaries has to be made in order to match those applied by the Bank.

Non-controlling interests represent the portion of the subsidiaries' equity not owned by the Bank.

The Bank owns the following subsidiaries as of 30 June 2019 and 31 December 2018:

Company's Name	Paid-up Capital	Ownership of the Bank	Nature of Operation	Location	Date of Acquisition
	JD	%			
Ejarah for Finance Leasing Company	20,000,000	100	Finance Leasing	Amman	2011
Specialized Managerial Company for Investment and Financial Consultation	530,000	100	Issuance of Securities and other Financial Services	Amman	2016

The results of operations of the subsidiaries are consolidated in the consolidated statement of income from the date of acquisition, which represents the date when control over the subsidiaries is passed on to the Bank. Moreover, the results of operations of the disposed of subsidiaries are consolidated in the consolidated statement of income until the disposal date, which represents the date when the Bank loses control over the subsidiaries

2.3 Changes in accounting policies and disclosures

The accounting policies applied in preparing these interim condensed consolidated financial statements agree with those used in preparing the consolidated financial statements for the Bank for year ending 31 December 2018, except applying new standards and amendments on current standards as mentioned below.

(a) New and amended standards adopted by the Bank, for the first time applied in the beginning of January 2019:

- **IFRS 9, 'Financial instrument'** - The amendment permits more assets to be measured at amortised cost than under the previous version of IFRS 9, in particular some prepayable financial assets. The amendment also confirms that modifications in financial liabilities will result in the immediate recognition of a gain or loss.

- **IFRIC 23 Uncertainty over Income Tax Treatments** – The interpretation address the determination of taxable profit (tax loss) tax bases, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers

• Whether tax treatments should be considered collectively
• Assumptions for taxation authorities
• The determination of taxable profit (tax loss), tax bases, unused tax losses, and tax rates
• The effect of changes in facts and circumstances

- **IFRS 16 "Leases"**

Nature of change: IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

Impact: The Standard will primarily affect the accounting of the Bank's operating leases.

Mandatory application date: Mandatory for financial years commencing on or after 1 January 2019. The Bank applied the simplified approach. As a result, comparatives for the year 2018 financial information does not reflect the requirements of IFRS 16.

All contracts processed within this standard represent the locations of the Bank's branches and subsidiaries as well as automated teller machines.

Assets recognized in the statement of financial position are amortized using the straight-line method over the expected life of the right of use for each asset.

The leases were previously treated as operating leases in accordance with IFRS 17 and recognized as an expense in the statement of income for the period

As at 1 January 2019, the Bank and the subsidiaries had non-cancellable operating lease contracts amounting to JD (22,448,318).

The Bank has recorded the right of use leased assets with the amount of JD 15,426,796 and has recorded an obligation against the rent contracts with the same amount as of the application date.

The effect on the statement of income for the period is to reduce the rent expense by JD 868,180 and increase the depreciation expense by JD (1,135,754)

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Bank has adopted IFRS 16 prospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

(3) ACCOUNTING ESTIMATES

Preparation of the accompanying consolidated financial statements and the application of accounting policies require from the Bank's management to estimate and assess some items affecting financial assets and liabilities and to disclose contingent liabilities. These estimates and assumptions also affect income, expenses, provisions, and the financial assets valuation reserve. In particular, they require the Bank's management to estimate and assess the amounts and timing of future cash flows. The aforementioned estimates are based on several assumptions and factors with varying degrees of consideration and uncertainty. Furthermore, the actual results may differ from the estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

Management believes that the estimates used in the consolidated financial statements are reasonable. The details are as follows:

- A provision is set for lawsuits raised against the Bank and subsidiaries. This provision is subject to an adequate legal study prepared by the Bank and subsidiaries' legal advisors. Moreover, the study highlights potential risks that may be encountered in the future. Such legal assessments are reviewed frequently.

- A provision for loans is taken according to bases and estimates approved by management in conformity with the Central Bank of Jordan instructions and IFRS 9.

- Impairment loss for the properties seized by the Bank is taken after a sufficient and recent evaluation of the acquired properties has been conducted by approved surveyors, and impairment loss is reviewed periodically.

- Management periodically reassesses the economic useful lives of tangible and intangible assets for calculating annual depreciation and amortization based on the general status of these assets and the assessment of their useful economic lives expected in the future. Impairment loss is taken to the consolidated statement of income.

- Management frequently reviews the financial assets stated at cost to estimate any decline in their value. Impairment loss is taken to the consolidated statement of income.

- Fair value hierarchy: The Bank is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in International Financial Reporting Standards. Differentiating between Level (2) and Level (3) fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgment and careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. When evaluating the fair value of the financial asset or liability, the Bank uses market information (if available) and in the absence of the first level inputs, the Bank deals with the independent and qualified parties to prepare evaluation studies. Appropriate methods of assessment and inputs used to prepare the evaluation are reviewed by management.

(4) CASH AND BALANCES AT CENTRAL BANKS

Mandatory cash reserve amounted to JD 88,800,222 as of June 30, 2019 (JD 93,128,823 as of December 31, 2018).

Except for the statutory cash reserve, there are no restricted balances as of June 30, 2019 and December 31, 2018.

There are no Certificates of Deposits as of June 30, 2019 and December 31, 2018.

Central Bank's balances movement (Unaudited) (Exposure at default)

	Stage 1 Individually	Stage 2 Individually	Stage 3 Individually	Total
Total balance as at beginning of the period	162,728,126	-	-	162,728,126
New balances during the period	134,763,654	-	-	134,763,654
Paid balances (Repaid/ Derecognized)	(1,359,837)	-	-	(1,359,837)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes from amendments	-	-	-	-
Written off balances	-	-	-	-
Changes due to changes in exchange rates	-	-	-	-
Total balance as at period end	296,131,943	-	-	296,131,943

Provision for impairment loss movement:

	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
Total balance as at beginning of the period	-	-	-	-
Loss on impairment over balances added during the period	-	-	-	-
Reversed from impairment loss over settled balances (Repaid/ Derecognized)	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Impact on provision – as at period end – due to reclassification between the 3 stages during the period	-	-	-	-
Changes from amendments	-	-	-	-
Written off balances	-	-	-	-
Changes due to changes in exchange rates	-	-	-	-
Total balance as at period end	-	-	-	-

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

Non-interest bearing balances at banks and financial institutions amounted to JD 75,734,537 as June 30, 2019 (JD 75,825,974 as of December 31, 2018).

Restricted balances amounted to JD 2,484,405 as of June 30, 2019 (JD 711,723 December 31, 2018).

The provision for impairment on balances with banks and financial institutions are in accordance with International Financial Reporting Standard No. (9) amounted to JD 28,049 as of June 30, 2019 (JD 7,849 December 31, 2018).

Balances at banks and financial institutions movement (Unaudited):

	Stage 1 Individually	Stage 2 Individually	Stage 3 Individually	Total
Total balance as at beginning of the period / year	215,602,539	-	-	215,602,539
New balances during the period	40,592,995	-	-	40,592,995
Paid balances (Repaid/ Derecognized)	(65,087,323)	-	-	(65,087,323)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes from amendments	-	-	-	-
Written off balances	-	-	-	-
Changes due to changes in exchange rates	-	-	-	-
Total balance as at period end / year	191,108,211	-	-	191,108,211

Provision for expected credit loss movement for balances at banks and financial institutions:

	Stage 1 Individually	Stage 2 Individually	Stage 3 Individually	Total
Total balance as at period beginning	7,849	-	-	7,849
Loss on impairment over balances added during the period	20,258	-	-	20,258
Reversed from impairment loss over settled balances (Repaid/ Derecognized)	(58)	-	-	(58)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Impact on provision – as at period end – due to reclassification between the 3 stages during the period	-	-	-	-
Changes from amendments	-	-	-	-
Written off balances	-	-	-	-
Changes due to changes in exchange rates	-	-	-	-
Total balance as at period end	28,049	-	-	28,049

(6) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

There are no deposits mature within three to six months as of June 30, 2019 and (JD 8,750,300 December 31, 2018).

Deposits that mature within nine months and less than one year amounted to JD 17,725 as of June 30, 2019 and (JD 0 December 31, 2018).

The restricted deposits amounted to 17,725 JD as at 30 June 2019 and 31 December 2018.

Provisions for direct expected credit loss in respect of balances with banks and financial institutions in accordance with International Financial Reporting Standard (IFRS) 9, 700 JD as of June 30, 2019 (JD 25,425 as of December 31, 2018).

Deposits at banks and financial institutions movement (Unaudited):

	Stage 1 Individually	Stage 2 Individually	Stage 3 Individually	Total
Total balance as at period beginning	8,775,725	-	-	8,775,725
New balances during the period	206,898	-	-	206,898
Paid balances (Repaid/ Derecognized)	(8,758,000)	-	-	(8,758,000)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes from amendments	-	-	-	-
Written off balances and deposits	-	-	-	-
Changes due to changes in exchange rates	-	-	-	-
Total balance as at period end	224,623	-	-	224,623

Provision for expected credit loss movement for deposits at banks and financial institutions (Unaudited):

	Stage 1 Individually	Stage 2 Individually	Stage 3 Individually	Total
Total balance as at period beginning	25,425	-	-	25,425
Loss on impairment over balances added during the period	665	-	-	665
Reversed from impairment loss over settled balances (Repaid/ Derecognized)	(25,390)	-	-	(25,390)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Impact on provision – as at period end – due to reclassification between the 3 stages during the period	-	-	-	-
Changes from amendments	-	-	-	-
Written off balances	-	-	-	-
Changes due to changes in exchange rates	-	-	-	-
Total balance as at period end	700	-	-	700

(7) DIRECT CREDIT FACILITIES - NET

	June 30, 2019 Unaudited JD	December 31, 2018 Audited JD
Individuals (retail):		
Overdraft accounts	116,206	174,248
Loans and promissory notes*	127,046,667	123,634,895
Credit cards	12,392,731	11,971,783
Real estate loans	237,327,091	243,384,566
Companies:		
Large		
Overdraft accounts	149,272,138	177,463,472
Loans and promissory notes*	850,481,445	920,815,187
Small and Medium		
Overdraft accounts	23,236,352	22,110,986
Loans and promissory notes*	79,629,503	72,966,444
Government and public sector	136,090,475	146,795,699
Total	1,615,592,608	1,719,317,280
Less: Provision of impairment loss in direct credit facilities	80,466,271	74,997,329
Interest in suspense	16,923,041	11,647,484
Net Direct Credit Facilities	1,518,203,296	1,632,672,467

*Net after deducting interest and commission received in advance of JD 125,032 as of June 30, 2019 (JD 171,787 as of December 31, 2018).

Credit facilities within stage 3 amounted to JD 159,213,733 which is equivalent to (9.9%) of total direct credit facilities as of June 30, 2019 (against non-performing facilities that amounted to JD 159,947,162 which is equivalent to (9.3%) of total direct credit facilities as of December 31, 2018).

Credit facilities within stage 3 net of interest and commissions in suspense amounted to JD 142,459,739 which is equivalent to (8.9%) of total direct credit facilities balance after deducting suspended interest as of June 30, 2019 (against JD 133,651,665 which is equivalent to (7.8%) of total direct credit facilities balance after deducting suspended interest as of December 31, 2018).

Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to JD 83,652,665 which is equivalent to (5.2%) of total direct credit facilities as of June 30, 2019 (against JD 96,250,442 which is equivalent to (5.6%) of total direct credit facilities as of December 31, 2018).

Movement on facilities - Consolidated at period end (Unaudited) (Exposure of default):

	Stage 1		Stage 2		Stage 3	Total
	Individually	Total	Individually	Total		
Total balance as at period beginning	1,427,710,700	-	131,659,421	-	159,947,162	1,719,317,283
New facilities during the year	100,634,500	-	4,208,519	-	6,333,145	111,176,165
Paid balances (Repaid/ Derecognized)	(197,084,069)	-	(11,724,158)	-	(6,092,611)	(214,900,839)
Transferred to stage 1	39,525,892	-	(35,536,112)	-	(3,989,780)	-
Transferred to stage 2	(34,538,582)	-	41,531,876	-	(6,993,294)	-
Transferred to stage 3	(5,330,845)	-	(4,678,266)	-	10,009,111	-
Changes from amendments	-	-	-	-	-	-
Written off balances	-	-	-	-	-	-
Changes due to changes in exchange rates	-	-	-	-	-	-
Total balance as at period end	1,330,917,597	-	125,461,279	-	159,213,733	1,615,592,609

The following is the movement on the provision of impairment loss - Consolidated as at period end (Unaudited):

	Corporate	Medium and small businesses	Individuals	Real Estate Loans	Government and Public sector	Total
	JD	JD	JD	JD	JD	JD
Balance – beginning of the period	45,615,899	4,991,359	9,779,708	14,177,840	432,523	74,997,329
Impairment loss on the new facilities during the year	3,169,980	2,847,706	3,336,101	3,604,531	56,756	13,015,074
Reversed from impairment loss over settled balances (Repaid/ Derecognized)	(2,421,966)	(1,881,799)	(2,011,792)	(1,230,564)	(12)	(7,546,132)
Transferred to stage 1	(149,112)	400,638	789,503	590,271	-	1,631,301
Transferred to stage 2	477,233	150,431	(39,956)	(237,480)	-	350,228
Transferred to stage 3	(328,121)	(551,070)	(749,547)	(352,791)	-	(1,981,528)
Impact on provision – as at period end – due to reclassification between the 3 stages during the period	-	-	-	-	-	-
Changes from amendments	-	-	-	-	-	-
Written off balances	-	-	-	-	-	-
Changes due to changes in exchange rates	-	-	-	-	-	-
Balance – End of the Period	46,363,914	5,957,266	11,104,017	16,551,807	489,267	80,466,271
Re-allocation:						
Provisions on an individual basis	46,363,914	5,957,266	11,104,017	16,551,807	489,267	80,466,271
Provisions on a collective basis	-	-	-	-	-	-
Total	46,363,914	5,957,266	11,104,017	16,551,807	489,267	80,466,271

Provision of Impairment Loss in Direct Credit Facilities

The following is the movement on the provision of impairment loss in direct credit facilities during the period / year:

	Individuals	Real Estate Loans	Companies		Government and Public sector	Total
			Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
For the six months Ended June 30, 2019 (Unaudited)						
Balance – beginning of the period	9,779,708	14,177,840	45,615,899	4,991,359	432,523	74,997,329
Add: deducted from income during the period	3,336,101	3,604,531	3,169,980	2,847,706	56,756	13,015,074
Less: Surplus in provision of credit facilities	(2,011,792)	(1,230,564)	(2,421,966)	(1,881,799)	(12)	(7,546,132)
Balance – End of the Period	11,104,017	16,551,807	46,363,914	5,957,266	489,267	80,466,271
Total provisions- stage 1	5,118,032	1,463,269	3,873,124	414,396	489,267	11,358,088
Total provisions- stage 2	706,292	803,632	3,145,584	83,043	-	4,738,551
Total provisions- stage 3	5,279,692	14,284,906	39,345,206	5,459,827	-	64,369,632
	11,104,017	16,551,807	46,363,914	5,957,266	489,267	80,466,271

	Individuals	Real Estate Loans	Companies		Government and Public sector	Total
			Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
For period Ended December 31, 2018						
Balance – beginning of the period	6,277,001	3,901,119	37,772,012	1,371,199	-	49,321,331
Effect of application of IFRS 9 - Net after tax	4,497,126	10,294,972	27,576,533	3,844,280	240,822	46,453,733
Balance adjusted at the beginning of the year	10,774,127	14,196,091	65,348,545	5,215,479	240,822	95,775,064
Deducted from income during the period	4,329,073	4,169,990	8,448,104	3,655,114	201,172	20,803,454
Surplus in provision of credit facilities	(4,971,850)	(4,162,157)	(5,805,217)	(3,585,563)	(9,471)	(18,534,258)
Used from provision during the year (written-off) *	(351,642)	(26,084)	(5,323)	(293,671)	-	(676,721)
Non performing credit off- consolidated statement of financial positions **	-	-	(22,370,210)	-	-	(22,370,210)
Balance – End of the Period	9,779,708	14,177,840	45,615,899	4,991,359	432,523	74,997,329
Total of watch list provisions	4,587,782	1,286,251	2,823,877	303,990	432,523	9,434,423
Total provisions for the second stage	705,848	869,429	2,894,948	358,260	-	4,828,485
Total non-performing provisions	4,486,078	12,022,160	39,897,074	4,329,109	-	60,734,420
	9,779,708	14,177,840	45,615,899	4,991,359	432,523	74,997,329

*According to the Board of Directors decision, direct credit facilities were written off during the year of 2018 amounted to JD 676,721.

** According to the Board of Directors decision in 2018, non-performing facilities in the amount of JD 22,370,210 were transferred to off the financial statement.

-The disclosure above is related to provisions against debts calculated on the basis of the individual customer.

-The provisions no longer needed due to settlements or repayments of debts transferred against other debts amounted to JD 7,546,132 as of June 30, 2019 (agains JD 18,534,258 as of December 31, 2018).

Interest in Suspense

The movement on interest in suspense during the period / year is as follows:

	Individuals	Real Estate Loans	Companies		Government and Public sector	Total
			Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
For the six months Ended June 30, 2019						
Balance – beginning of the period	1,330,377	3,133,199	6,444,893	739,015	-	11,647,484
Add: Interest suspended during the period	310,308	2,246,572	3,068,193	289,508	22	5,914,603
Less: Interest reversed to income	(299,955)	(253,984)	(30,272)	(54,834)	-	(639,046)
Balance - End of the Period	1,340,730	5,125,787	9,482,814	973,688	22	16,923,041

	Individuals	Real Estate Loans	Companies		Government and Public sector	Total
			Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
For the period Ended December 31, 2018						
Balance – beginning of the period	590,986	1,846,443	9,583,631	380,479	-	12,401,539
Add: Interest suspended during the period	1,370,887	1,499,597	5,130,348	806,962	-	8,807,794
Less: Interest reversed to income	(551,467)	(181,146)	(17,925)	(394,899)	-	(1,145,437)
Interest in suspense written-off	(80,029)	(31,695)	-	(53,527)	-	(165,251)
Non performing credit off-consolidated statement of financial positions	-	-	(8,251,161)	-	-	(8,251,161)
Balance - End of the Period	1,330,377	3,133,199	6,444,893	739,015	-	11,647,484

The bank adopts a policy for suspending interest off the consolidated statement of financial position for credit facilities that are outstanding before the court of law. Suspended interest on non-performing credit facilities off the consolidated statement of financial position, amounted to JD 1,139,016 for the six months ended June 30, 2019 (against JD 3,576,675 for the year ended December 31, 2018).

Direct credit facilities (Net of impairment provision) are distributed according to economic sector as follows:

	Inside the Kingdom	Outside the kingdom	Sum	
			June 30, 2019	December 31, 2018
	JD	JD	JD (Unaudited)	JD (Audited)
Financial	13,435,936	27,235,379	40,671,315	55,140,046
Industrial and mining	322,184,854	19,908,514	342,093,369	382,276,907
Trade	175,675,292	57,085,437	232,760,729	279,872,537
Real estates	176,688,680	1,104,140	177,792,820	189,609,815
Services	286,120,350	56,923,706	343,044,056	333,367,493
Agriculture	32,771,515	-	32,771,515	29,455,811
Shares	7,110,832	711,758	7,822,590	7,986,992
Individuals	203,047,957	2,597,761	205,645,718	208,599,689
Government and Public sectors	135,601,185	-	135,601,185	146,363,176
Total	1,352,636,601	165,566,695	1,518,203,296	1,632,672,466

(8) FINANCIAL ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME

The details of this item are as follows:

	June 30, 2019	December 31, 2018
	Unaudited	Audited
	JD	JD
Quoted shares in active markets	16,622,416	24,270,722
Unquoted shares in active markets*	23,417,180	23,192,572
Quoted bonds in active markets	46,908,388	66,144,429
Unquoted bonds in active markets	15,900,000	15,900,000
Total	102,847,984	129,507,722
Less: Provision for impairment of financial assets at fair value through comprehensive income	(1,632,886)	(1,824,291)
Total	101,215,098	127,683,431
Bonds Analysis:		
Fixed rate	44,193,138	61,962,188
Floating rate	16,982,363	18,257,949
Total	61,175,501	80,220,137

The bank has declared cash dividends on investments amounted JD 1,731,001 for the six months ended as of June 30, 2019, (and JD 1,300,475 as of June 30, 2018).

Gains obtained from selling financial assets at fair value amounted JD 6,202,182 as of June 30, 2019 of which JD 316,295 were recognized in the consolidated income statement for the current period. The remaining relates to the sale of equity instruments that has been recorded directly as retained earnings.

(9) FINANCIAL ASSETS AT AMORTIZED COST

The details of this item are as follows:

	June 30, 2019	December 31, 2018
	Unaudited	Audited
	JD	JD
Quoted Financial Assets:		
Companies' bonds and debentures	-	-
Total Quoted Financial Assets	-	-
Unquoted Financial Assets:		
Bonds and treasury bills	278,455,432	291,638,876
Companies' bonds and debentures	-	1,418,000
Total Unquoted Financial Assets	278,455,432	293,056,876
Less: provision for impairment of financial assets at fair value	-	(8,016)
Total	278,455,432	293,048,859
Bonds and Bills Analysis:		
Fixed rate	278,455,432	293,048,859
Floating rate	-	-
Total	278,455,432	293,048,859

Movement on investment collectively as at period end (Unaudited) (Exposure at default):

Item:	Stage 1 Individually	Stage 2 Individually	Stage 3 Individually	Total
Fair value as at the beginning of the period / year	354,461,418	9,598,088	11,041,800	375,101,306
New Investments during the period	38,663,999	137,369	-	38,801,368
Accrued Investments (Repaid/ Derecognized)	(72,624,668)	(14,181)	-	(72,638,849)
Changes in fair value	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes from amendments	-	-	-	-
Written off balances	-	-	-	-
Changes due to changes in exchange rates	-	-	-	-
Total balance as at period end	320,500,749	9,721,276	11,041,800	341,263,825

Provision for impairment loss collectively on investment movement as at period end (Unaudited):

	Stage 1 Individually	Stage 2 Individually	Stage 3 Individually	Total
Total balance as at period beginning	290,577	296,345	1,245,384	1,832,307
Loss on impairment over balances added during the period	-	-	-	-
Reversed from impairment loss over settled balances (Repaid/ Derecognized)	(83,686)	(112,047)	(3,687)	(199,420)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Impact on provision – as at period end – due to reclassification between the 3 stages during the period	-	-	-	-
Changes from amendments	-	-	-	-
Written off balances	-	-	-	-
Changes due to changes in exchange rates	-	-	-	-
Total balance as at period end	206,891	184,298	1,241,697	1,632,887

(10) PROPERTY, PLANT AND INTANGIBLE ASSETS

Net of disposals to property, plant and intangible assets for the six months ended June 30, 2019 amounted to JD 2,650,353 (against additions JD 489,792 for the six months ended 30 June 2018).

(11) LEASED ASSETS AND LIABILITIES

The Bank has adopted IFRS 16 Leases effective 1 January 2019. The adoption resulted in the recognition of right to use leased assets amounting to JD 13,988,943 against liabilities of JOD 14,325,512 as at 30 June 2019. Assets and liabilities represent the present value of future expected payments on a contract-by-contract basis using a discount rate equal to the mortgage rate of the best customers.

All contracts processed under IFRS 16 represent the leasing of positions and branches of the Bank. The Bank has chosen to use the exemption provided by the standard for non-assertion of the right to use assets leased under contracts with a duration of less than one year and their amounts are immaterial.

The assets recognized in the financial position are amortized using the straight-line method over the expected period of the right to use and each asset, where the total amortisation for the period is JD 1,135,754.

The liability is amortized by reducing payments to the lessor after deducting the interest from the present value of JD 601,752.

(12) OTHER ASSETS

The details of this item are as follows:

	June 30, 2019	December 31, 2018
	Unaudited	Audited
	JD	JD
Accrued interest and revenue	20,720,511	15,705,154
Prepaid expenses	3,451,438	2,293,133
Assets seized by the Bank against due debts - net *	134,961,900	142,291,276
Debtors **	2,138,671	310,078
Clearing checks	950,488	773,738
Others **	1,655,004	8,845,456
Total	163,878,012	170,218,835

*The Central Bank of Jordan's instructions require the disposal of seized assets within a period not exceeding two years from the start date of seizure and to the central bank, in exceptional cases, extending this period for a maximum another sequential two years.

**Debtors and other assets include balances relating to the subsidiary companies of JD 87,684 as of June 30, 2019 (JD 89,257 as of December 31, 2018).

The movement on assets seized by the Bank against due debts was as follows (unaudited):

	For the Six Months Ended June 30, 2019			For year ended December 31, 2018
	Seized Property	Other Seized Assets**	Total	Total
	JD	JD	JD	JD
Balance - beginning of the period / year - net	141,458,722	832,554	142,291,276	151,099,594
Additions	2,111,779	-	2,111,779	4,221,330
Disposals	(10,481,951)	(832,554)	(11,314,505)	(4,142,094)
Provision as per CBJ instructions *	1,873,351	-	1,873,351	217,627
Additional provision on Seized property	-	-	-	(9,119,838)
Loss on Impairment	-	-	-	14,657
Balance - End of the Period / Year	134,961,900	-	134,961,900	142,291,276

* This item represent provision of properties seized by the bank based on the instruction of the central bank of Jordan regarding the issue for which the bank started to calculate a gradual provision for the seized assets against debts which has been owned for a period of 4 years.

** Disposals represent the sale of seized stocks owned at local banks with a profit of JD 52,050.

(13) CUSTOMER DEPOSITS

The details of this item are as follows:

	June 30, 2019				
		Companies			
	Individuals	Large	Small and Medium	Government and Public Sector	Total
Current accounts and demand deposits	255,622,345	108,635,665	215,989,918	29,055,335	609,303,263
Saving deposits	154,087,688	102,517	4,089,086	1,552,648	159,831,939
Time deposits subject to notice	680,529,708	194,257,504	81,532,014	69,162,015	1,025,481,241
Deposits Certificates	47,789	-	-	-	47,789
	1,090,287,529	302,995,686	301,611,018	99,769,998	1,794,664,231

	December 31, 2018				
		Companies			
	Individuals	Large	Small and Medium	Government and Public Sector	Total
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Current accounts and demand deposits	275,236,108	103,503,712	199,069,029	36,995,451	614,804,299
Saving deposits	153,312,982	115,403	3,851,299	778,819	158,058,504
Time deposits subject to notice	636,649,178	210,915,280	80,441,281	84,237,158	1,012,242,897
Deposits Certificates	67,082	-	-	-	67,082
	1,065,265,351	314,534,395	283,361,609	122,011,428	1,785,172,783

Government and Public sector deposits amounted to JD 99,769,998 which is equivalent to 5.6% of total deposits as of 30 June 2019 (against JD 122,011,428 which is equivalent to 6.8% of total deposits as of 31 December 2018.)

Non-interest bearing deposits amounted to JD 609,303,263 which is equivalent to 34% of total deposits as of 30 June 2019 (against JD 614,804,299 which is equivalent to 34.4% as of 31 December 2018)

Restricted deposits amounted to JD 28,601,935 which is equivalent to 1.6% of total deposits as of 30 June 2019 (against JD 24,239,868 which is equivalent to 1.4% as of 31 December 2018.

Dormant deposits amounted to JD 41,267,748 as of 30 June 2019 (against JD 42,457,026 as of 31 December 2018.)

(14) OTHER PROVISIONS

The details of this item are as follows:

	June 30, 2019	December 31, 2018
	JD	JD
Provision For Staff Indemnity	10,615,556	10,067,360
Provision For Lawsuits Against The Bank	1,773,302	1,472,684
	12,388,858	11,540,044

(15) INCOME TAX

A. PROVISION FOR INCOME TAX

The movement on provision for income tax was as follows:

	For the Six Months Ended June 30, 2019	For the Year Ended December 31, 2018
	Unaudited	Audited
	JD	JD
Beginning balance for the period / year	12,053,013	12,210,713
Income tax accrued for the period/ year	9,091,125	15,498,943
Income tax paid for the period / year	(12,164,454)	(15,656,643)
Ending balance for the period / year	8,979,684	12,053,013

B. INCOME TAX EXPENSE

Provision for income tax in the interim consolidated statement of income is comprised of the following:

	For the Six Months Ended June 30	
	2019	2018
	Unaudited	Unaudited
	JD	JD
Accrued income tax for the period's profits	9,091,125	5,135,843
Effect of Deferred tax assets for the period	(503,801)	2,537,542
Effect of Deferred tax liabilities for the period	-	-
Total	8,587,324	7,673,385

C. RECONCILIATION BETWEEN ACCOUNTING INCOME AND TAXABLE INCOME

The summary of the reconciliation between accounting income and taxable income is as follows:

	For the Six Months Ended June 30	
	2019	2018
	JD	JD
Accounting profit	25,209,896	26,160,272
Expenses not deductible for tax purposes	15,833,500	13,348,683
Non-taxable profit	(14,727,378)	(7,232,342)
Taxable Income	26,316,018	32,276,613
Effective Income Tax Rates:		
Jordan branches	38%	35%
Cyprus branches	12.5%	12.5%
Subsidiary companies	28%	24%

D. TAX STATUS:

The tax status for the bank and its subsidiaries is as follows:

Branches / Companies	Income Tax Return up to End of the Year	Final Settlement up to End of the Year	Payment to Income and Sales Tax Department	Years Under Dispute
Jordan Branches	2017	2016	Accrued tax has been paid	None
Cyprus Branch	2018	2018	Accrued tax has been paid	None
Ejarah for Finance Leasing	2018	2015	Accrued tax has been paid	None
Specialized Managerial Company for Investments and Financial Services	None	None	None	None

In the opinion of the Management and the Tax Consultant of the bank and subsidiaries, the provision for income tax is sufficient as at the condensed interim consolidated financial statements.

(16) BORROWED FUNDS

These funds were obtained by agreements with the Central Bank of Jordan and The Jordan Mortgage Refinance Company for a period less than 22 years, in the purpose of using it in financing small and medium size companies. It also includes advanced payments obtained from the Central Bank of Jordan for the period of 2 years for the purpose of using them to finance small and medium sized companies, in addition to loans obtained from local banks for the bank's subsidiaries and is as follows:

June 30, 2019 (Unaudited)	Ceilings	Balance	Number of installments and remaining installments	Frequency of installment	Loan interest rates	Collateral
	JD	JD				
Loan from Central Bank of Jordan	4,000,000	3,400,000	Paid over 9 years	Semi Annual	4.48%	-
Loan from Central Bank of Jordan	3,000,000	2,160,000	paid over 5 years	Semi Annual	2.50%	-
Loan from Central Bank of Jordan	4,663,500	4,663,500	paid over 12 years	Semi Annual	4.53%	-
Loan from Central Bank of Jordan	1,611,086	3,209,734	paid over 20 years	Semi Annual	3.00%	-
Loan from Central Bank of Jordan	500,000	303,752	paid over 17 years	Semi Annual	2.53%	
Central Bank of Jordan borrowed funds	9,943,057	6,850,509	paid over 10 years	Monthly	1.00%	Upon demand Deposits
Central Bank of Jordan borrowed funds	1,050,000	941,571	paid over 10 year	Monthly	1.75%	Upon demand Deposits
Central Bank of Jordan borrowed funds	2,925,524	2,214,942	paid over 5 year	Monthly	1.00%	Upon demand Deposits
Central Bank of Jordan borrowed funds	5,085,200	3,212,691	Paid over 5 year	Monthly	1.75%	Upon demand Deposits
Central Bank of Jordan borrowed funds	800,000	321,505	Paid over 5 year	Quarterly	1.75%	Upon demand Deposits
Central Bank of Jordan borrowed funds	3,547,921	597,421	Paid over 1 year	Monthly	1.00%	Upon demand Deposits
Central Bank of Jordan borrowed funds	268,500	134,250	Paid over 1 year	Monthly	1.75%	Upon demand Deposits
Loan from the Jordan Mortgage Refinance Co	20,000,000	20,000,000	Paid under one instalment during 2020		5.55%	-
Loan from the Jordan Mortgage Refinance Co	10,000,000	10,000,000	Paid under one instalment during 2020		6.05%	-
Loan from the Jordan Mortgage Refinance Co	10,000,000	10,000,000	Paid under one instalment during 2024		6.45%	
Local bank *	5,000,000	4,681,502	-		6.75%	-
Local bank *	5,000,000	4,067,006	Paid over 36 instalments from date of utilization		6.5%	-
Local bank *	15,000,000	8,479,001	Paid over 36 instalments from date of utilization		7.0%	-
Loan from the Jordan Mortgage Refinance Co*	5,000,000	5,000,000	Paid under one instalment on February 4, 2020		6.20%	-
Loan from the Jordan Mortgage Refinance Co*	10,000,000	10,000,000	Paid under one instalment on July 4, 2021		6.55%	-
Total	117,394,788	100,237,384				

December 31, 2018

	Ceilings	Amount	Number of installments and remaining installments	Frequency of installment	Loan Interest rates	Collateral
	JD	JD				
Loan from Central Bank of Jordan	4,000,000	3,600,000	Repaid over 10 years	Semi annual	4.02%	-
Loan from Central Bank of Jordan	3,000,000	2,370,000	Repaid over 6 years	Semi annual	2.50%	-
Loan from Central Bank of Jordan	4,663,500	4,663,500	Repaid over 13 years	Semi annual	4.07%	-
Loan from Central Bank of Jordan	1,611,086	1,611,086	Repaid over 22 years	Semi annual	3.00%	-
Loan from Central Bank of Jordan	500,000	303,752	Repaid over 19 years	Semi annual	2.53%	-
Central Bank of Jordan borrowed funds	7,196,165	5,248,848	Repaid over 10 years	Monthly	1.00%	Upon demand
Central Bank of Jordan borrowed funds	1,050,000	999,946	Repaid over 10 years	Monthly	1.75%	Upon demand
Central Bank of Jordan borrowed funds	1,734,620	1,724,093	Repaid over 5 years	Monthly	1.00%	Upon demand
Central Bank of Jordan borrowed funds	4,982,708	3,263,464	Repaid over 5 years	Monthly	1.75%	Upon demand
Central Bank of Jordan borrowed funds	589,700	383,547	Repaid over one year	Monthly	1.75%	Upon demand
Central Bank of Jordan borrowed funds	806,000	80,582	Repaid over one year	Monthly	2.25%	Upon demand
Central Bank of Jordan borrowed funds	3,713,055	1,279,423	Repaid over one year	Monthly	1.00%	Upon demand
Central Bank of Jordan borrowed funds	500,000	35,718	Repaid over one year	Quarterly	2.25%	Upon demand
Local Bank (short-term)*	20,000,000	20,000,000	Paid under one installment during 2020		5.55%	-
Local Bank (short-term)*	10,000,000	10,000,000	Paid under one installment during 2020		6.05%	-
Local Bank	5,000,000	3,380,274	Not Applicable	5.55%	6.5%	-
Local Bank*	5,000,000	2,739,210	Paid in 36 installments from the utilization date		6.5%	-
Local Bank*	5,000,000	1,774,856	Paid in 36 installments from the utilization date		6.5%	-
Loan from the Jordan Mortgage Refinance Co*	5,000,000	5,000,000	Paid under one installment on 15 May 2019		5.55%	-
Loan from the Jordan Mortgage Refinance Co*	5,000,000	5,000,000	Paid under one installment on 15 February 2020		6.20%	-
Loan from the Jordan Mortgage Refinance Co*	10,000,000	10,000,000	Paid under one installment on 4 July 2021		6.55%	-
Total	99,346,834	83,458,298				

(17) OTHER LIABILITIES

The details of this item is as follows:

	June 30, 2019	December 31, 2018
	Unaudited	Audited
	JD	JD
Accrued interest payable	14,375,216	11,374,835
Inward transfers	1,390,900	871,635
Accounts payable *	25,089	268,544
Accrued expenses	1,488,553	1,218,987
Temporary deposits - customers	3,519,892	13,428,515
Temporary deposits **	10,881,974	3,679,796
Shareholders' deposits ***	5,286,177	4,835,893
Accepted and certified checks	5,881,842	7,094,249
Lock boxes deposits	501,243	501,043
Subscriptions deposits ***	80,870	131,782
Provision for expected credit loss in indirect facilities	6,112,923	5,112,741
Other Liabilities *	8,402,767	12,126,758
Total	57,947,446	60,644,778

*Accounts payable and other liabilities include balances for subsidiaries in the amount of JD 1,120,630 as of June 30, 2019 (against JD 790,585 as of December 31, 2018).

**This item represents temporary payments to public listed companies and others.

***This amount represents the proceeds of subscriptions to public shareholding companies under incorporation.

(18) FINANCIAL ASSETS REVALUATION RESERVE – NET AFTER TAX

The movement on this item through the period / year is as follows:

	For the Six Months Ended June 30, 2019	For the Year Ended December 31, 2018
	Unaudited	Audited
	JD	JD
Balance at the beginning of the period / year	4,160,518	8,135,930
Unrealized Gains (Losses)- net	1,844,656	(3,342,333)
Realized Losses on equity instruments at fair value through comprehensive income	(5,885,887)	(192,476)
Effect of deferred tax liabilities	1,829,061	(440,603)
Balance at the end of the period / year	1,948,348	4,160,518

(19) RETAINED EARNINGS

The movement on this item through the period / year is as follows:

	For the Six Months Ended June 30, 2019	For the Year Ended December 31, 2018
	Unaudited	Audited
	JD	JD
Balance at the beginning of the period / year	78,432,483	99,275,774
The impact of adopting IFRS (9)	-	(41,210,085)
Balance- at the beginning of the period	78,432,483	58,065,689
Profit for the year	-	42,143,508
Gains from financial assets through comprehensive income	5,885,887	192,476
Transferred to reserves	-	(16,258,065)
Transferred from general banking risks	-	14,288,875
Dividends Paid	(20,000,000)	(20,000,000)
Balance at the end of the period / year	64,318,370	78,432,483

Included in retained earnings is an amount of JD 29,415,110 as of 30 June 2019 restricted according to the Central Bank of Jordan's instructions against deferred tax assets against JD 29,918,911 as of 31 December 2018.

Retained earnings include an amount of JD 3,536,059 as of 30 June 2019 against JD 3,537,266 as of 31 December 2018, which represents the effect of early adoption of IFRS (9). These amounts are restricted amounts and cannot be utilized unless realized through sale as instructed by the Jordan securities commission.

(20) AUTHORIZED AND PAID-IN CAPITAL AND DIVIDENDS

At its ordinary meeting held on April 29, 2019, the General Assembly of the Bank approved the recommendation of the Board of Directors to distribute cash dividends for the year 2018 at 20% of the authorized and paid in capital of JD 100 million, equivalent to JD 20 million, through the retained earnings for the same percentage and the amount in the previous year.

(21) STATUTORY AND VOLUNTARY RESERVES

The Bank did not deduct statutory and voluntary reserves in accordance with the provisions of the Jordanian Companies Law since these financial statements are condensed and are deducted at the end of the year.

(22) INTEREST INCOME

The details of this item is as follows:

	For the Six Months Ended June 30	
	2019	2018
	Unaudited	Unaudited
	JD	JD
Direct Credit Facilities:		
Individual (Retail):		
Overdrafts	352,415	164,197
Loans and discounted bills	4,142,468	3,803,793
Credit cards	1,021,802	978,471
Real Estate loans	9,964,745	9,590,763
Companies:		
Corporate		
Overdrafts	5,873,849	5,531,879
Loans and discounted bills	31,422,812	27,736,544
Medium and Small Companies		
Overdrafts	1,135,238	1,037,670
Loans and discounted bills	3,211,258	3,066,919
Government and public sector	4,760,377	4,519,330
Balances at Central Bank	2,247,740	888,643
Balances and deposits at banks and financial institutions	3,273,878	4,032,995
Financial assets at amortized cost	6,398,486	7,950,711
Financial assets at fair value through comprehensive income	1,403,160	2,027,976
Total	75,208,228	71,329,891

(23) INTEREST EXPENSE

The details of this item is as follows:

	For the Six Months Ended June 30	
	2019	2018
	Unaudited	Unaudited
	JD	JD
Deposits at banks and financial institutions	2,845,436	3,968,647
Customers deposits;		
Current and demand deposits	332,080	373,351
Saving deposits	441,971	460,642
Time and notice accounts	21,367,012	17,791,605
Certificates of deposits	875	49,905
Cash margins	1,118,067	1,070,916
Borrowed funds	2,317,379	1,152,203
Liabilities against use of leased assets	601,752	-
Security Depository Center fees	1,088,872	1,556,093
Total	30,113,444	26,423,362

(24) OTHER INCOME

The details of this item is as follows:

	For the Six Months Ended June 30	
	2019	2018
	Unaudited	Unaudited
	JD	JD
Rental of lock box	88,743	86,513
Stamps income	30,444	31,708
Credit cards income	3,000,748	3,305,841
Recovery of debts previously written-off	82,910	558,890
Telecommunication income	171,767	181,600
Transfers income	701,598	773,550
Shares trading revenue- subsidiary company	54,666	362,391
Dividends on seized stocks	73,019	87,505
Gain on sale of seized assets	52,050	246,146
Reversal from provisions for impairment of assets held for sale	458,967	-
Reversal from provision for seized assets	1,873,351	-
Others	1,814,762	1,723,346
Total	8,403,025	7,357,490

(25) OTHER EXPENSES

The details of this item is as follows:

	For the Six Months Ended June 30	
	2019	2018
	Unaudited	Audited
	JD	JD
Rent	122,585	1,468,985
Stationary	385,000	409,180
Advertisement	596,753	663,608
Subscriptions	256,202	240,889
Telecommunication fees	689,792	641,058
Maintenance	1,836,441	1,729,986
Insurance expenses	593,354	503,684
Legal expenses	21,420	36,005
Water, heating and electricity expenses	273,722	754,233
Tax and stamp fees	482,026	532,361
Professional Fees	97,271	76,542
Card services expenses	2,128,415	1,976,038
Transportation expenses	61,718	80,732
Correspondents services fees	222,919	143,180
Security fees	165,382	138,085
Donations and social fees	382,890	606,734
Hospitality	40,489	40,036
Provision on assets seized by the bank against due debts	-	1,242,546
Loss on sale of seized assets	-	656,807
Management fees	452,342	452,342
Others	1,624,104	10,040,423
Total	10,432,825	22,433,454

(26) EARNINGS PER SHARE FOR THE PERIOD ATTRIBUTABLE TO BANK'S SHAREHOLDERS

The details of this item is as follows:

	For the Six Months Ended June 30	
	2019	2018
	Unaudited	Unaudited
	JD	JD
Income for the period	16,364,470	18,486,887
Income for the period from continues operation	16,622,572	19,104,101
Loss for the period from discontinued operations	(258,102)	(617,214)
	Share	Share
Weighted average number of shares	100,000,000	100,000,000
	JD/ Share	JD/ Share
Earnings per share for the period (basic and diluted)	0.164	0.185
Earnings per share for the period from continuing profits (basic and diluted)	0.166	0.191
Loss per share for the period from discontinued operation	(0.003)	(0.006)

(27) CAPITAL MANAGEMENT

a. Description of Capital

Capital is classified into several types: paid capital, economic capital, and regulatory capital. According to the Companies Law, regulatory capital is defined as the total items determined by the Central Bank of Jordan for regulatory purposes relating to capital adequacy as per the Central Bank of Jordan's instructions. The regulatory capital consists of two parts, the Tier I capital, consisting of paid in capital, declared reserves (including statutory reserve, voluntary, share premium and treasury share premium), retained earnings after excluding any amounts subject to any restrictions and rights of non controlling shareholders including the loss of the period, the cost of purchasing treasury shares, deferred provisions with the approval of the Central Bank and goodwill, (2) Tier 2 capital consists of foreign currency translation differences, general banking risk reserve, instruments of common denominator between capital and debt, support debt and 45% of the revaluation reserve of financial assets at fair value through comprehensive income if it is positive and deducted in full if it is negative.

Tier 3 capital is used in the Capital Adequacy Ratio calculation if the ratio drops below 12% to ensure that the market risks are met with the same quality of capital, by deducting investments in Banks and financial subsidiaries (if their financial statements are not consolidated), as well as the capital invested in Banks, insurance companies and other financial companies.

b. The requirements of the regulatory parties concerning capital and the manner in which they are met.

Instructions of the Central Bank require that paid-up capital be not less than JD 100 million and shareholders' equity-to-assets ratio be not less than 6%. Moreover, the Central Bank's instructions require that the ratio of regulatory capital to assets weighted by risks and market risks (capital adequacy ratio) be not less than 12%, which is considered by the Bank.

The Bank complies with Article (62) of the Banks Law, which requires the Bank to appropriate 10% of its annual net profits in the Kingdom and continue to do so until the reserve equals the Bank's paid-up capital. This meets the requirements of the statutory reserve prescribed by the Companies Law.

The Bank complies with Article (41) of the Banks Law, which requires adherence to the limits set by the Central Bank of Jordan relating to the following:

- The percentage of risks relating to its assets and assets weighted by risks, elements of capital, reserves, and contra accounts.
- Ratio of total loans to regulatory capital the Bank is allowed to grant to one person, his allies, or to related stakeholders.
- Ratio of total loans granted to the major ten customers of the Bank to total loans extended by the Bank.

c. Method of Achieving Capital Management Goals.

The Bank considers the compatibility of the size of its capital with the size, nature, and complexity of the risk the Bank is exposed to in a manner that does not contradict the prevailing regulations and instructions. This is reflected in its strategic plans and annual budgets. To be more conservative in hedging against surrounding conditions and economic cycles, the Board of Directors decided, within the Bank's strategy, that capital adequacy ratio be not less than 14%.

When entering into investments, the impact on capital adequacy ratio is considered. Moreover, capital and its adequacy are monitored periodically as capital adequacy ratio is monitored at the Group level and the individual Bank every quarter. Furthermore, capital adequacy is reviewed by internal audit.

No dividends are paid to shareholders out of the regulatory capital if such payment leads to in adherence to the minimum capital requirement. The Bank concentrates on the internal generation of capital, and can resort to public subscriptions to meet expansionary needs and future plans, or the requirements of the regulatory bodies according to specific studies.

d. Capital Adequacy

On November 31, 2016, the Central Bank of Jordan issued instructions relating to capital adequacy according to Basel III. Basel II has been cancelled according to the Central Bank's orders.

The Bank manages capital to ensure continuity of its operations and achieve the highest possible return on owners' equity, consisting of capital, as defined by Basel III Convention, as shown in the following table:

	June 30, 2019	December 31, 2018
	Unaudited	Audited
	JD	JD
Primary capital for ordinary shareholders (CET 1)	435,600	425,562
Regulatory adjustments (dedication from the common equity tier 1)	(39,367)	(47,331)
Tier 2	15,615	12,582
Regulatory adjustments (deductions from tier 2)	(3,199)	(7,402)
Regulatory capital	408,649	383,411
Risk-Weighted asset	2,186,090	2,246,270
Primary capital Adequacy Ratio (CET 1)	18.13%	16.84%
Tier 1 Capital ratio	18.13%	16.84%
Regulatory capital adequacy ratio	18.69%	17.07%

*Primary capital has been calculated net of investments in banks and the financial subsidiary company.

(28) CASH AND CASH EQUIVALENT

The details of this item is as follows:

	June 30	
	2019	2018
	Unaudited	Unaudited
	JD	JD
Balances at central banks due within three months	351,803,300	204,870,943
Add: Balances at banks and financial institutions due within three months	191,080,162	291,617,738
Less: Deposits at banks and financial institutions due within three months	140,148,532	257,418,937
Restricted balances	2,484,405	709,000
Total	400,250,525	238,360,744

(29) INFORMATION ON THE BANK'S ACTIVITIES

29 - 1 BANK ACTIVITIES INFORMATION

The Bank is organized, for managerial purposes, into four major sectors. These sectors are measured according to reports used by the Chief Executive Officer and key decision makers at the Bank.

- Individual accounts: This item includes following up on individual customer's deposits, and granting them credit facilities, credit cards, and other services.

- Corporate accounts: This item includes following up on deposits, credit facilities, and other banking services related to corporate customers.

- Treasury: This item includes providing dealing services and managing the Bank's funds.

- Others: This industry includes the activities which do not meet the definition of the Bank's business activities mentioned above.

- Financial brokerage services: This item includes practicing most of the brokerage and financial consultation services.

- Finance leasing services: This item includes leasing services and real estate development projects.

- Consulting and Issuance Services: This item includes providing financial consultation and issuance management services.

The following table represents information on the Bank's sectors according to activities:

	Individuals	Corporations	Treasury	Others	Total	
					For the Six Months Ended June 30,	
					2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	JD	JD	JD	JD	JD	JD
Gross income	5,689,094	41,930,651	11,439,332	2,778,840	61,837,917	61,326,688
Provision of impairment loss in direct credit facilities	3,698,276	1,770,666	-	-	5,468,942	(1,274,553)
Results of Business Sector	1,990,817	40,159,985	11,439,332	2,778,840	56,368,974	60,052,135
Less: Expenditures not distributed over sectors	-	-	-	31,159,079	31,159,079	33,274,649
Income before Income Tax	1,990,817	40,159,985	11,439,332	(28,380,239)	25,209,895	26,777,486
Less: Income tax expense for the period	-	-	-	8,587,324	8,587,324	7,673,385
Net loss from non-continues operations	-	-	(258,102)	-	(258,102)	(617,214)
Income for the Period	1,990,817	40,159,985	11,181,230	(36,967,563)	16,364,470	18,486,887
Other Information						
Capital Expenditures				(2,650,353)	(2,650,353)	489,792
Depreciation and Amortization				4,460,275	4,460,275	3,123,004

Other Information					Total	
					June 30, 2019	December 31, 2018
					JD	JD
					(Unaudited)	(Audited)
Total Sector's Assets	379,226,872	1,215,899,465	930,029,771	154,961,900	2,680,118,008	2,721,445,139
Total Sector's Liabilities	1,090,287,529	780,898,797	302,232,874	61,098,816	2,234,518,016	2,275,883,330

29 - 2 INFORMATION ON GEOGRAPHICAL ALLOCATION

The following table represents information on the Bank's sectors according to activities:

This sector represents the geographical distribution of the Bank's operations. The Bank performs its operations, which represent local operations, mainly in the Hashemite Kingdom of Jordan. Moreover, the Bank conducts international operations through its branch in Cyprus.

The following are the Bank's revenue, assets, and capital expenditures according to geographic allocation:

	Inside Kingdom		Outside Kingdom		Total	
	For the Period Ended June 30,		For the Period Ended June 30,		For the Period Ended June 30,	
	2019	2018	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	JD	JD	JD	JD	JD	JD
Gross income for the period	55,565,769	54,281,944	6,272,148	7,044,744	61,837,917	61,326,688
Capital Expenditures	(2,650,353)	489,792	-	-	(2,650,353)	489,792

	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	JD	JD	JD	JD	JD	JD
Total assets	2,287,753,773	2,217,414,530	392,364,235	504,030,609	2,680,118,008	2,721,445,139

Distribution of exposures according to the Geographical distribution (Exposure at default):

	Inside the kingdom	Other Middle Eastern countries	Europe	Asia	Africa	USA	Other countries	Total
Balances at Central banks	294,261,017	-	1,870,926	-	-	-	-	296,131,943
Balances at banks and financial institutions	40,764	81,473,145	53,571,463	864,498	104,293	29,318,700	25,707,307	191,080,171
Deposits at banks and financial institutions	206,258	12,230,000	46,848,073	17,665	-	-	-	223,923
Direct credit facilities – net	1,352,636,601	-	165,566,695	-	-	-	-	1,518,203,297
Bonds and treasury bills	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	33,560,441	12,210,463	-	15,404,597	-	-	-	61,175,501
Within financial assets at amortized costs	278,455,437	-	-	-	-	-	-	278,455,437
Derivatives of financial instruments	-	-	-	-	-	-	-	-
Financial assets mortgaged (debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	1,959,160,519	93,683,608	221,009,084	16,286,761	104,293	29,318,700	25,707,307	2,345,270,272
Financial collaterals	224,598,916	-	17,201,203	-	-	-	-	241,800,119
Letter of credit	67,898,284	-	11,905,857	-	-	-	-	79,804,141
Other Liabilities	333,830,869	-	10,391,824	-	-	-	-	348,618,664
Total	2,585,488,588	93,683,608	260,504,089	16,286,761	104,293	29,318,700	25,707,307	3,015,493,196

Distribution of exposures according to economic sectors (Exposure at default):

	Financial	Industrial	Trading	Real estate	Agriculture	Shares	Services	Individuals	Governmental and public sector	Other	Total
Balances at Central banks	-	-	-	-	-	-	-	-	296,131,943	-	296,131,943
Balances at banks and financial institutions	189,791,030	-	-	-	-	1,289,142	-	-	-	-	191,080,171
Deposits at banks and financial institutions	223,923	-	-	-	-	-	-	-	-	-	223,923
Direct credit facilities – net	40,671,315	342,093,369	232,760,729	177,792,820	32,771,515	7,822,590	343,044,056	205,645,718	135,601,186	-	1,518,203,297
Bonds and treasury Bills	-	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	24,798,852	-	9,800,103	-	-	-	2,329,504	-	24,247,042	-	61,175,501
Within financial assets at amortized costs	-	-	-	-	-	-	-	-	278,455,437	-	278,455,437
Derivatives of financial instruments	-	-	-	-	-	-	-	-	-	-	-
Financial assets mortgaged (debt instruments)	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-
Total	255,485,120	342,093,369	242,560,831	177,792,820	32,771,515	9,111,731	345,373,560	205,645,718	734,435,608	-	2,345,270,272
Financial collaterals	32,463,221	40,567,272	40,441,489	-	1,525,480	1,843,476	120,379,317	4,579,864	-	-	241,800,119
Letter of credit	4,266,019	43,715,931	20,371,118	-	785,535	-	10,267,531	398,007	-	-	79,804,141
Other Liabilities	11,299,353	78,479,465	129,945,752	-	5,245,470	1,069,060	89,788,017	32,791,547	-	-	348,618,664
	303,513,713	504,856,036	433,319,190	177,792,820	40,328,000	12,024,268	565,808,425	243,415,135	734,435,608	-	3,015,493,196

(30) TRANSACTIONS WITH RELATED PARTIES

The Bank entered into transactions with subsidiary companies, sister companies, major shareholders, Board of Directors, and executive management within the normal banking practice and according to the normal interest rates. All of the credit facilities granted to related parties are considered to be performing facilities, and no impairment provisions has been taken as at 30 June 2019

A. The following is a summary of the transactions with related parties during the period / year:

	Sister Companies	Subsidiaries	Board of Directors Members	Executive Managers	Others	Total	
						June 30, 2019	December 31, 2018
						(Unaudited)	(Audited)
	JD	JD	JD	JD	JD	JD	JD
Condensed Consolidated Interim Statement of Financial Position Items:							
Direct credit facilities *	-	1,501,191	14,223	2,068,376	-	3,583,790	4,063,118
Deposits at banks in financial institutions	124,106,691	-	-	-	4,167,179	128,273,870	92,227,771
Deposits	-	2,448	59,614,576	2,956,152	974,812	63,547,987	65,497,732
Deposits at banks and financial institutions	1,770,877	-	-	-	2,836,000	4,606,877	1,770,877
Cash margins	-	4,000	-	-	5,625	9,625	9,625
Financial assets at fair value through comprehensive income	20,318,675	-	-	-	12,947,737	33,266,412	49,172,103
Assets held for sale	-	4,201,055	-	-	-	4,201,055	3,506,406
Liabilities directly related to assets held for sale	-	1,188,095	-	-	-	1,188,095	681,576
Off- Consolidated Statement of Financial Position Items:							
Letters of guarantee	5,000	179,000	11,000	-	56,500	251,500	1,136,500
Letters of credit	123,366	544,891	-	-	4,254,000	4,922,257	4,922,257

	Affiliates	Subsidiaries	Board of Directors Members	Executive Managers	Others	Total For the Period Ended June 30,	
						2019	2018
	JD	JD	JD	JD		JD	JD
Condensed consolidated interim statement of Income items:							
Interest and commission income ***	215,535	4,830	11	5,423	1,654	227,453	405,867
Interest and commission expense ****	45	-	1,203,930	4,445	-	1,208,420	1,904,570
Management fees	452,342	-	-	-	-	452,342	452,342
Financial assets dividends	1,050,000	-	-	-	-	1,050,000	926,106

* Included in the direct credit facilities granted to the Board of Directors members of no amounts representing credit facilities granted to Ejarah Finance lease Company (subsidiary company) Board of Directors as of June 30, 2019 (JD 103 as of December 31, 2018).

* Included in the direct credit facilities granted to the executive management and Board of Directors of JD 212,507, representing credit facilities granted to the Board of Directors United Financial Investments Company (subsidiary company) as of June 30, 2019 (JD 21,751 as of December 31, 2018).

*** Interest income rate ranges from 2% to 10%.
**** Interest expense rate ranges from 1% to 5%.

The Bank has two members on the Board of Directors of the United Financial Investments Company, three members in Ejarah for Finance Leasing Company and two members in the board of directors of the Specialized Managerial Company for Investment and Financial Consultation

B. Salaries and Bonuses of the Executive Management

The Salaries of Executive management for the Bank and the subsidiary companies amounted to JD 1,836,555 for the six months ended June 30, 2019.

(31) COMMITMENTS AND CONTINGENT LIABILITIES

Credit commitments and contingencies:

	June 30 2019 JD (Unaudited)	December 31 2018 JD (Audited)
Letters of credit	80,140,681	91,458,705
Letters of acceptances	35,914,872	26,152,139
Letters of guarantee:		
Payments	100,956,096	122,131,189
Performance bonds	82,885,461	85,004,471
Others	60,321,105	26,041,992
Unutilized direct credit facilities ceilings	180,590,173	156,785,685
Unutilized Indirect credit facilities ceilings	135,525,978	139,577,457
Total	493,518,153	507,574,181

(32) LAWSUITS AGAINST THE BANK

The Bank is a defendant in lawsuits amounting to JD 9,566,470 as of June 30, 2019 (JD 10,402,410 December 31, 2018), and in the opinion of the Bank's management and its legal advisor, no liabilities shall arise against the Bank exceeding the existing provision of JD 1,773,302 as of June 30, 2019 (JD 1,472,684 as of December 31, 2018).

As of June 30, 2019 and December 31, 2018, there were no lawsuits against the subsidiary companies.

(33) FAIR VALUE HIERARCHY

A. THE FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES OF THE BANK SPECIFIED AT FAIR VALUE ON AN ONGOING BASIS:

Some financial assets and liabilities of the Bank are evaluated at fair value at the end of each fiscal period. The following table shows the information about financial assets and liabilities (evaluation methods and inputs used).

	Fair Value					
	June 30, 2019 (Unaudited) JD	December 31, 2018 (Audited) JD	The level of fair value	Evaluation method and input used	Important intangible inputs	Relation between fair value and the important intangible inputs
Financial Assets at Fair Value through Comprehensive Income						
Shares with available market price	16,622,416	24,270,722	Level 1	Quoted rates in financial markets	N/A	N/A
Shares with no available market price	23,417,180	23,192,572	Level 2	compare with market price for similar financial instrument	N/A	N/A
Bonds listed in active markets	46,908,388	66,144,429	Level 1	Quoted rates in financial markets	N/A	N/A
Bonds unlisted in active markets	15,900,000	15,900,000	Level 2	compare with market price for similar financial instrument	N/A	N/A
Total Financial Assets at Fair Value	102,847,984	129,507,722				

There were no transfers between level 1 and level 2 during the period ended June 30, 2019.

B. THE FAIR VALUE OF THE FINANCIAL ASSETS AND FINANCIAL LIABILITIES OF THE BANK (NON-SPECIFIC FAIR VALUE ON AN ONGOING BASIS):

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the condensed consolidated interim financial statements approximates their fair value because the Bank's management believes that the carrying value of the items is equivalent to their fair value. This is due to short-term accrual or interest rates re-measurement during the period

	June 30, 2019		December 31, 2018		The level of Fair Value
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
Financial Assets of Non-specified Fair Value					
Cash at Central Banks	351,803,300	351,868,133	162,728,126	162,741,804	Level 2
Balances at Banks and Financial Institutions	191,080,162	191,667,633	215,594,692	215,705,328	Level 2
Deposits at Banks and Financial Institutions	223,923	223,923	8,750,300	8,780,166	Level 2
Loans and discounted bills and other	1,518,203,296	1,532,211,659	1,632,672,467	1,642,480,993	Level 2
Financial Assets at Amortized Cost	278,455,432	276,733,176	293,048,859	297,727,364	Level 1 and 2
Total Financial Assets of Non-specified Fair Value	2,339,766,113	2,352,704,524	2,312,794,444	2,327,435,655	
Financial Liabilities of Non-specified Fair Value					
Banks and Financial Institutions Deposits	149,592,690	150,074,365	223,387,840	224,871,539	Level 2
Customers' Deposits	1,794,664,231	1,804,378,372	1,785,172,783	1,792,120,284	Level 2
Cash Margin	93,497,696	94,173,627	94,713,087	95,240,353	Level 2
Borrowed Funds	100,237,384	101,096,062	83,458,298	84,370,601	Level 2
Total Financial Liabilities of Non-specified Fair Value	2,137,992,001	21,497,22,426	2,186,732,008	2,196,602,777	

The fair value of the financial assets and liabilities for level 2 and level 3 was determined in accordance with agreed pricing models, which reflect the credit risk of the parties dealt with.

(34) ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A. Investments in United Financial Investments Company

According to the investments meeting committee dated 27 December 2017, management approved a plan to sell the majority of shares owned by the bank in the subsidiary United Financial Investments Company. The board of director approved the plan on 7 January 2018, in which the sale is expected to occur in the coming months.

	June 30	
	2019	2018
	(Unaudited)	(Unaudited)
	JD	JD
Gain (loss) for the period from discontinued operations		
Total income	181,169	338,011
Total Expenses	(695,153)	(411,994)
Loss for the period before tax	(513,984)	(73,983)
Deferred Tax / income tax expense	-	(2,746)
Net loss for the period	(513,984)	(76,729)
Parent share of Loss from subsidiaries	(258,102)	(38,530)

Assets Held for Sale	June 30, 2019		December 31, 2018	
	Company's financial Information	Parent Share (Bank)	Company's financial Information	Parent Share (Bank)
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	JD	JD	JD	JD
Cash in vault and at banks	2,371,616	1,190,930	1,856,447	932,233
Direct credit facilities-net	3,166,431	1,590,055	2,882,570	1,447,511
Financial assets at fair value through profit and loss	4,123,465	2,070,639	4,270,522	2,144,485
Financial assets at fair value through comprehensive income	-	-	41,672	20,926
Property and equipment - net	375,725	188,674	391,751	196,722
Intangible assets - net	-	-	152	76
Deferred tax assets	972,093	488,146	972,094	488,147
Other assets	72,793	36,554	172,395	86,570
Total Assets	11,082,123	5,564,998	10,587,603	5,316,670
Less: impairment on assets held for sale	-	(1,363,943)	-	(1,822,949)
Parent share of income from subsidiaries	11,082,123	4,201,055	10,587,603	3,493,721
Liabilities related to assets held for sale				
Income Tax provision	61,146	30,705	84,479	42,422
Other liabilities	2,304,824	1,157,390	1,272,910	639,204
Total Liabilities	2,365,970	1,188,095	1,357,389	681,626
Shareholders equity directly related to assets held for sale	(35,505)	(17,829)	(35,505)	(17,829)

Risk Management:

The responsibilities of the Risk Management Department of the Bank include all the Bank's departments and branches operating inside and outside the Kingdom as well as its subsidiaries through identifying, determining, measuring and managing risks under international best practices and within the limits of the functions and responsibilities of Risk Management.

The responsibilities of the Risk Management Department in the Bank include the following areas:

- **Credit risk**

  This represents the potential loss resulting from the customer's inability or unwillingness to meet its obligations on time. These risks are one of the most significant risks to Banks.

- **Market risk**
  This represents the losses that the Bank may be exposed to as a result of any financial positions within or outside the balance sheet due to any changes occurring in the market prices.

- **Liquidity risk**
  This represents the losses that the Bank may be exposed to due to lack of funds needed to finance the increase of its investments or to repay its obligations when they become due on time with appropriate cost. (This is part of asset and liability management (ALM). Reports, in this regard, are prepared by Risk Management).

- **Interest rate risk**
  This represents the exposure to adverse movements in interest rates that affects the profitability of the Bank due to the change in net interest income and in the economic value of the cash flows of assets and liabilities.

- **Operational risk**
  This represents the loss resulting from the failure or inadequacy of internal procedures, human element, systems, or external events. This definition includes legal risk but not the strategic and reputation risk.

- **Information Security & Business Continuity Risk**
  This represents the loss resulting from the use of information by unauthorised persons, or the disclosure, distribution, modification, destruction of deletion of such information. This definition applies to any type of information whether written on paper or in a file on Internet. This also includes business continuity and disaster recovery.

Detailed responsibilities and functions of risk management sections

1- Credit Risk:

- The Risk Management Department reviews the credit policy periodically and in coordination with the representatives of corporate and individual facilities. The policy is the indicator and the basic guide for the different duty stations in clarifying the degree of credit risk acceptable to these stations.
- Opinions on credit applications are expressed by the Risk Management within the credit terms specified by the Board of directors without financial responsibility.
- The internal credit rating system is reviewed and evaluated independently of the credit marketing departments through the Risk Management. The Bank has a system documented and approved by the Board. Any element that may contribute to the expectation of a client's default is taken into consideration, which helps in measuring and classifying customer risks. This should facilitate the decision-making process, pricing facilities and determining customer and product profitability, credit management and the review and analysis of credit portfolio. In addition, it helps to retain the necessary data that facilitate the application of foundation internal ratings-based approach (FIRB) to credit risk within the Basel requirements. An automated credit rating system is implemented to support this. The Scoring Card System is used in the same framework.
- The Risk Department recommends, independently of the credit marketing departments, to set specific controls and limits, documented with clear policies and procedures to ensure compliance therewith. Such limits are reviewed periodically and adjusted, if necessary. There are specific limits set out and approved by the Board of Directors in dealing with banks, countries and various economic sectors. One of its tasks includes defining limits for any possible concentration of credit guarantees or products.
- The Risk Management Department prepares an analysis of the credit portfolio whereby the Board of Directors is clearly provided with an indication of the quality and different ratings thereof. The Board is also provided with any concentrations as well as historical benchmarking comparisons along with the banking sector where possible. Thereafter, appropriate recommendations to mitigate existing risks are made.

2- Market Risk:

The Bank has specific policies and procedures approved by the Board of Directos for identifying, measuring, monitoring and controlling the market risk. These are periodically reviewed, and the implementation thereof is monitored. Such policies include:

- Investment policy: the representatives of Treasury and Risk Departments develop and review this policy and amend it annually, if required. They also present it to the Investment Committee and the Assets and Liabilities Committee.

- The Bank has a written market risk policy approved by the Board of Directors that describes how to identify, measure, control and mitigate market risks. The Bank also has written policies approved by the Board of Directors, which define the fundamentals of portfolio management and investment funds, including operational bases, desired investment instruments and effective controls, in addition to a policy clarifying the basis for dealing between the Bank and its customers in convertible foreign currencies and major precious metals on a margin basis. The Risk Management Department develops such policies in cooperation with the concerned departments. Periodic (daily and monthly) reports are submitted by Middle Office under market risk / risk management for adherence with the above policies.

- The Risk Management Department prepares Value at Risk ('VAR') and measures sensitivity analysis, interest rate risk, limits and other reports included in the relevant policies approved.

3- **Liquidity risk:**

- The Risk Management Department, in cooperation with the Treasury Department, develops a written policy for liquidity risk management which is approved by the Board of Directors of the Bank.

- The Risk Management Department monitors the Bank's commitment to liquidity ratios set by the Central Bank of Jordan and the supervisory authorities under which the Bank's branches operate. The Bank's liquidity is monitored on a daily basis by the Treasury Department.

- Liquidity is also monitored by the Asset and Liability Management Committee chaired by the Director General and comprises the Head of Risk Management. It is governed by the ALCO Policy through periodic reports prepared by the Risk Management Departments and the Treasury Department. They are presented and considered by the Committee members who make appropriate recommendations in this regard.

- The Risk Management Department, in coordination with the Treasury Department, prepares a written policy for a Liquidity Contingency Plan to address any liquidity problems at the Bank, at various levels and scenarios which is approved by the Board of Directors of the Bank.

4- **Operational risk:**

- The Risk Management Department prepares and reviews documented policies and procedures for identifying, evaluating, mitigating and controlling operational risks. This is done to ensure compliance with the Basel requirements and to enhance the efficiency and effectiveness of the Bank's control environment. The Bank uses an automated operational risk system covering the Self-Assessment areas and Events Collection system, and identifies and analyses Key Risk Indicators (KRI) to the Bank's operation centres.

- Combination between different risk management is done by the Risk Management Department when setting controls and procedures to ensure that all risks are hedged to achieve the concept of Enterprise Risk Management.

- The Bank has documented Standard Operating Procedures (SOP's) that are reviewed and amended periodically by the relevant departments and under the supervision of the Operations Development Department. Any procedures that are modified or developed, including any new products, are presented to departments of internal audit, compliance and risks to study possible risks and adequacy of existing controls.

5- **information Security & Business Continuity Management**

- The Risk Management Department develops a clear, documented, and approved Business Continuity Plan. The necessary tests are made regularly thereto, in accordance with the broad concept of Business Continuity Management supported by the DRS automated system for more efficient business continuity management, and in line with the instructions issued by the Central Bank of Jordan, and in accordance with international best practices in this regard.

- A team for Information Technology Security has been mobilised, reporting directly to Risk Management in order to support them. Such team is independent in its reporting from the Director of Information Systems Department. This is done in accordance with the international best practices including the ISO27001 and PCI requirements.

- Risk Management participates in the preparation of an appropriate risk assessment in the event of a new activity or product on the verge of being launched in a particular market.

6- **Interest rate risk**

The Risk Management Department prepares a documented interest rate risk policy that governs the identification, measurement and control of interest rate risk within the ALM's framework - ALCO, approved by the Board of Directors. The Risk Management Department prepares the necessary reports and submits to the ALCO Committee in the Bank.

7- **Compliance with Basel decisions**

The Department oversees the implementation of the requirements of the various Basel decisions, including the accounting of Basel III capital adequacy ratios including liquidity ratios, and effectively contributes to Capital Budgeting.

The Department prepares stress tests, evaluates internal capital and issues analytical reports on capital.

The Department also issues various financial analyses of banks with the preparation of new analyses specialised in specific aspects by taking advantage of the disclosures issued by banks.

Disclosures relating to the application of the financial reporting standard (9):

1. **The descriptive disclosures:**

Definition of the Bank's implementation of default and the mechanism of addressing it: The Bank defines the default and the mechanism of addressing it in accordance with the instructions of the Central Bank regarding the application of IFRS 9 No. 13/2018 issued on 6/6/2018. The Central Bank's instructions No. (47/2009) dated 10/12/2009 (item II / D) include a number of indicators on a default event which must also be complied with.

The main content of the definition of default is the items that indicate or result in non-compliance with contractual conditions such as:

- The existence of dues equal to or greater than (90) days.
- Increase in risk ratings above -7.
- Credit exposure / debt instruments that have evidence that they have become defaulted (irregular) or are expected to be defaulted soon.
- The debtor party is experiencing significant financial difficulties (very weak financial statements).
- The existence of clear indications that the debtor is near bankruptcy.

The mechanism of addressing default:

The Bank will follow-up with the customer before their default, trying not to reach the stage of classification of the facilities granted to them. In case of classification, the specific provision will be made against the facilities in accordance with the instructions

and standards. In addition, they will be followed-up by the Department of Follow-up & Collections before starting the legal procedures in case of failure to reach solutions or schedules according to the instructions of the Central Bank of Jordan and the supervisory authorities in the countries where the Bank operates.

2. A detailed explanation of the Bank's internal credit rating system and its working mechanism:

- **Internal credit rating system for corporate customers:**

The Bank has an automated internal credit rating system from Moody's supplier. The rating system includes all of the processes, controls, data collected, and the information system that support and asses the credit quality of the borrower. It is then translated to the degree of risk to customers and linked to the possibility that the customer will default. This contributes to calculating the expected credit loss.

Moody's system that contains following models to calculate customers credit rating:

- ✓ Large Enterprises Rating Model.
- ✓ SME Rating Model (with financial data).
- ✓ SME Rating Model (without financial data).
- ✓ Customer Rating Model for Project Financing.
- ✓ High net worth customers Rating Model.

- The grades in the system range from 1 (Exceptional: a very high quality and low risk company) to 10 (Poor: a non-working classified company) - 7 working grades and 3 non-working grades.
- There is a clear and specific Master scale. Each credit rating is calculated by Moody's, offset by the probability of default (PD).
- Financial and non-financial analysis of clients is made. Moody's Financial Analysis Structure consists of four main sections:

  1- Operations:

  2- Liquidity:

  3- Capital structure:

  4- Debt Service:

An override can be used to classify the customer through an approval of the Facility Management Committee for the proposed ratings.

- **Internal Credit Scoring System for individual customers:**

  Retail customers (individuals) are rated and given a rating grade based on their risk before their loans are approved. Such ratings are utilised to estimate the probability of default. This is done for housing loan products, auto finance and consumer loans.

3. **The mechanism adopted to calculate expected credit losses (ECL) on financial instruments for each item:**

The "loss test" model is used using the ECL model, which requires the use of estimates and judgments to estimate the economic factors that have an effect on the impairment in accordance with the new model. This model has been applied and the impairment loss has been calculated in accordance with the following rules:

- 12-month impairment losses: The expected impairment of default is calculated within 12 months following the date of the financial statements.

- Impairment losses for the useful life of the instrument: The expected impairment on the life of the financial instrument is calculated until the maturity date of the consolidated financial statements.
  The mechanism for calculating expected losses depends on the probability of default, which is calculated according to the credit risk, future economic factors and loss given default (LGD), which depends on the value of the existing collateral and the amount of the exposure at default (EAD).
  ECL are calculated for all financial assets of the Bank individually using the risk components of each instrument according to the following equation:

  ECL = PD * LGD * EAD.

In accordance with the requirements of IFRS 9, ECL measurement model is applied within the following framework (except as measured at fair value through statement of income):

- Loans and credit facilities (direct and indirect).
- Debt instruments carried at amortised cost.
- Debt instruments classified at fair value through other comprehensive income.
- Financial guarantees provided in accordance with the requirements of IFRS 9.
- Trade receivables.
- Credit exposures to banks and financial institutions [excluding current balances used to cover bank transactions such as remittances, guarantees and credits within a very short period of time (days)].

In respect of renewable facilities, ECL are calculated based on the behavioural maturity of three years.

Definition and mechanism for calculating and monitoring the probability of default (PD), exposure at default (EAD) and loss given default (LGD).

A- Probability of Default (PD):

This represents the risk arising from the borrower's inability or unwillingness to repay its debts in full or on time, which is normally anticipated by analysing the customer's ability to repay its debt in accordance with its financial statements. The probability of default of the customer generally relates to financial data such as insufficient cash flows to service debt, low operating income or margins, high leverage or low liquidity. Accounting is done as follows:

Corporate customers:

- PD is calculated by linking the credit ratings within the internal credit rating to the grade of default identified in the Master Scale and for each individual customer. The probability of default is converted from Through the Cycle (TTC) to Point in Time, after the credit rating has been calibrated and the probability of default to match the bank's default data.

- For defaulted loans (Stage 3), the probability of default is set at 100%.

- Accounts not rated internally are assumed to have a rating grade of 5 with the Bank and -5 with Ejara Company.

- The credit exposure related to the Jordanian Government has been processed with no credit losses.

Retail customers:

Their PD is calculated based on Behavioural Scoring and based on logistic regression for each customer.

For debt instruments and money market, Moody's external credit rating was adopted. If the debt instrument of an unrated company is treated as unrated companies. As for the unrated banks, the credit rating of the country to which the bank belongs is adopted and adjusted to suit the financial solidity of the Bank.

B- The Proportion of Losses Given Default:

This represents the ratio of assets that are expected to be lost if the customer defaults. This ratio is defined at the level of the facility rather than at the customer level. It is affected by various factors such as the availability of collateral, type of guarantee, priority of payment, the duration and quality of the loan. The accounting is done as follows:

Corporate customers and debt instruments:

- An LGD accounting system is used based on a number of determinants, including the customer's credit rating, economic sector, type and value of collateral and coverage ratio. These are calculated based on historical information.

- Haircut rates have been made for guarantees greater than those specified by the instructions of the Central Bank of Jordan.

- Setting floor limits for LGD ranging from 0% to 10%.

- Defaulted facilities (Stage 3) - The proportion of LGD has been identified for the unsecured portion with guarantees of 100%.

- The ratio of LGD to the Jordanian government was set at 0%.

Retail customers:

A model was developed for the accounting (Logistic regression model) using the variables used in the accounting of the Probability of Default model.

C- Exposure at Default (EAD):

The amount at risk is defined as the amount of the indebtedness in which the Bank is exposed to the probability of default in the case of a customer default as following:

- The current balance of direct facilities and a CCF proportion of 100% for indirect facilities.
- In the case of limits, the value of the amount exposed to the default shall be divided into two parts: the utilised obligations and the unutilised obligations where the balance or ceiling is calculated, whichever is higher.
- For retail, credit is used to determine the value of the default amount using the facilities prepayment ratio of customers.

4. Determinants of the significant change in the credit risk on which the Bank relied in calculating expected credit losses.

Rating	Criteria
Stage 1:	This includes credit exposures / debt instruments that have not received a significant increase in their credit risk since the initial recognition of the exposure / instrument or have a low credit risk at the date of preparation of the financial statements. Credit risk is considered to be low if the following conditions are met: Low default risk. The debtor has a high ability in the short term to meet its obligations. The Bank does not expect adverse changes in the economy in the long-term working environment adversely affecting the debtor's ability to meet its obligations (macroeconomic indicators and stress tests).
Stage 2:	Accounts with dues more than 30 days and less than 90 days. Accounts that were previously scheduled. Accounts that were structured twice in a year. Accounts rated by internal credit -7. In case of reducing the actual or expected internal credit rating of the borrower or the credit exposure / debt instrument according to the internal rating system applied by the Bank. Actual or expected significant decrease in the external credit rating of the credit exposure / debt instrument. Substantial negative changes in the performance and behaviour of the borrower such as late payment of instalments or unwillingness to respond to the Bank.
Stage 3:	This includes credit exposure / debt instruments that have evidence(s) that they have defaulted (irregular) or are expected to default soon. The debtor is experiencing significant financial difficulties (very weak financial data). Non-compliance with contractual conditions such as the existence of maturities equal to or greater than (90) days, and credit rating higher than -7. The existence of clear indications that the debtor is near bankruptcy. In addition to the above, the Central Bank Instructions No. (47/2009) dated 10/12/2009 (item II / D) includes a number of indicators demonstrating an event of default which must also be complied with.

- There are clear and specific criteria for ratings in the three stages (a, 2 and 3) and the transfer among them. According to the instructions of the Central Bank of Jordan, which state that in the event of an improvement in the quality of credit and the availability of sufficient and documented reasons making it possible to transfer credit exposures from Stage 3 to Stage 2 to or from Stage 2 to Stage 1, the transfer should only take place after the improvement of the credit position of the exposure and the obligation to pay at least three monthly instalments, two quarterly instalments or semi-annual instalment on time, in addition to improving the credit rating of the customer to be higher than -7 in order to be transferred to Stage 1.

- The downgrade of credit rating / debt instrument by two grades on the ten-point rating system since the date of initial recognition is evidence of a significant credit risk decline.

5. **Key economic indicators used by the Bank in calculating expected credit loss.**
   The Bank uses key economic indicators in calculating expected credit loss, as follows:

- Corporate: GDP growth indicators and the financial market index
- Retail: A larger number of variables has been used, the most important of which are consumer price index, GDP, interbank rate of interest, volume of consumption, expected inflation, unemployment rate, discount rate, deposit rate and other rates.

6. **Governance of applying the requirements of IFRS 9, including the responsibilities of the Board of Directors and Executive Management to ensure compliance with the requirements of IFRS 9.**

Bank's Board of Directors

- The Board of Directors is responsible for establishing the Bank's acceptable risk profile and effective management of risk management.
- The Board of Directors is responsible and authorised to approve the expected credit losses in the Bank's financial statements.
- The Board of Directors of the Bank shall provide appropriate governance structure and procedures to ensure the proper application of IFRS 9 by defining the roles of the committees, departments and working units of the Bank, ensuring the integrity of the work among them and providing the appropriate infrastructure.
- The Board of Directors shall ensure that the Bank's management develops the necessary systems to provide adequate and accurate information and data in order to provide the Bank with the accurate ability to calculate and with the participation of all relevant business units in the Bank and under the supervision of the Board of Directors and its related committees.
- The Board of Directors shall ensure that the Bank's management implements high quality and reliable quality systems in terms of inputs, operating processes and results.
- The Board of Directors shall ensure that the Bank's control units, specifically risk department, internal audit department work to verify the validity and integrity of the methodologies and systems used in the application of IFRS 9 and to provide the necessary support to these supervisory units.

Board of Directors' Audit Committee:

- The Committee monitors compliance with the expected credit loss accounting framework in accordance with IFRS 9 and ensures that all aspects of the internal audit are audited.
- The Committee recommends to the Board of Directors the adoption of expected credit loss figures as part of the quarterly financial statements.

Board Risk Committee:

- The Committee reviews and recommends the adoption of the credit risk assessment framework and assumptions.
- The Committee is responsible for the accounting of expected credit losses and is reviewed at the level of the Board of Directors with respect to the roles and models used for the accounting.

Management Committee for Allocations:

- It is responsible for any matter related to provisions, accounting processes and follow-up matters relating to accounting
- It is responsible for any exceptions to the results of the outputs of the systems, the specific procedures and the documented models of the accounting process.
- It reviews the process of staging rules and sets the necessary recommendations.
- It views the accounting of the expected credit losses and recommends the adoption.

Risk Management:

- The Risk Management Department undertakes the necessary work to verify the validity and integrity of the methodologies and systems used in the application of IFRS 9.
- It is responsible for the accounting of expected credit losses .
- It reviews the used models and assumptions used in the accounting and recommends any required modifications to the Independent model validation .
- It evaluate the credit rating systems, determinants and results.
- It analyses the various accounting results and reviews the accuracy and efficiency of the accounting process.
- It prepares detailed statements required by the Central Bank of Jordan
- It makes recommendations to the Appropriations Committee on any override operation .
- It develops indicators that are indicators of significant change in credit risk.
- It reviews the transition between different stages, compares them with staging rules and reviews these limits periodically.

Finance Department:

- It participates with the departments concerned with reviewing the business model, through which the objectives and bases of acquisition and classification of financial instruments are determined, in order to ensure integration with other business requirements.
- It prepares accounting restrictions and reverse the results of the accounting on the main banking system.
- It prepares necessary disclosures in cooperation with the concerned departments in the Bank.

Internal audit:

The Internal Audit Department undertakes the necessary work to verify the validity and integrity of the methodologies and systems used in the application of IFRS 9.

The table below clarifies the expected credit losses for the subsequent period of 30 June 2019:

	Stage 1 Individuals	Stage 1 Totals	Stage 2 Individuals	Stage 2 Totals	Stage 3	Total	December 31, 2018
Balances at central banks							
Deposits at banks and financial institutions	28,748	-	-	-	-	28,748	33,274
Direct credit facilities – net	11,358,088	-	4,738,551	-	64,369,632	80,466,271	74,997,329
Debt instruments within a portfolio of financial assets at amortized cost	-	-	-	-	-	-	8,016
Debt instruments within a portfolio of financial assets at fair value through other comprehensive income	206,891	-	184,298	-	1,241,697	1,632,887	1,824,291
Financial collaterals	1,038,555	-	14,740	-	1,309,247	2,362,542	2,544,024
Unused limits	2,637,823	-	389,666	-	305,468	3,332,957	2,182,878
Letter of credit	268,129	-	5,594	-	62,817	336,540	271,023
Other assets	74,868	-	4,535	-	-	79,402	114,816
Total	15,613,102	-	5,337,384	-	67,288,861	88,239,347	81,975,651

Distribution of exposures according to the economic sector depending on the stages of IFRS (9) (Exposure at default):

	Stage 1 Individuals	Stage 1 Totals	Stage 2 Individuals	Stage 2 Totals	Stage 3	Total	December 31, 2018
Financial	293,888,375	-	9,605,666	-	19,672	303,513,713	365,385,831
Industrial	450,284,864	-	50,788,092	-	3,783,081	504,856,036	543,016,641
Trade	381,742,124	-	34,918,644	-	16,658,422	433,319,190	452,865,426
Real estates	135,715,926	-	13,221,048	-	28,855,846	177,792,820	189,609,815
Agriculture	20,590,914	-	19,224,439	-	512,647	40,328,000	36,366,630
Shares	12,024,268	-	-	-	-	12,024,268	12,257,862
Individuals	206,053,993	-	4,744,468	-	32,616,674	243,415,135	247,164,486
Governmental and public sector	734,435,608	-	-	-	-	734,435,608	624,173,273
Services	556,475,163	-	3,677,082	-	5,656,180	565,808,426	564,213,514
	2,791,211,235	-	136,179,439	-	88,102,522	3,015,493,196	3,035,053,478

Distribution of exposures according to the Geographical distribution depending on the stages of IFRS (9) (Exposure at default)

	Stage 1 Individuals	Stage 1 Totals	Stage 2 Individuals	Stage 2 Totals	Stage 3	30 June 2019	31 December 2018
Inside the Kingdom	2,377,264,339	-	121,685,706	-	86,538,543	2,585,488,588	2,527,575,865
Other Middle Eastern countries	93,683,608	-	-	-	-	93,683,608	135,987,433
Europe	258,383,205	-	4,956,755	-	1,563,979	264,903,939	303,884,115
Asia	6,749,783	-	9,536,978	-	-	16,286,761	15,436,421
Africa	104,293	-	-	-	-	104,293	104,194
USA	29,318,700	-	-	-	-	29,318,700	34,976,715
Other countries	25,707,307	-	-	-	-	25,707,307	17,088,735
	2,791,211,235	-	136,179,439	-	88,102,522	3,015,493,196	3,035,053,478

Total credit exposures that has been reclassified 30 June 2019:

	Stage 2 Total exposure value	Stage 2 The exposures that have been reclassified	Stage 3 Total exposure value	Stage 3 The exposures that have been reclassified	Total exposures that have been reclassified	Rate of exposures that have been reclassified
Balances at Central banks	-	-	-	-	-	0.00%
Balances at banks and financial institutions	-	-	-	-	-	0.00%
Deposits at banks and financial institutions	-	-	-	-	-	0.00%
Direct credit facilities – net	125,461,279	36,467,679	159,213,733	9,620,338	46,088,017	34.25%
Bonds and Treasury Bills	-	-	-	-	-	0.00%
Within financial assets at fair value through statement of income	-	-	-	-	-	0.00%
Within financial assets at fair value through other comprehensive income						
Within financial assets at amortized costs	9,721,277	-	11,041,800	-	-	0.00%
Derivatives of financial instruments	-	-	-	-	-	0.00%
Financial assets mortgaged (debt instruments)	-	-	-	-	-	0.00%
Other assets	-	-	-	-	-	0.00%
	135,182,556	36,467,679	170,255,533	9,620,338	46,088,017	15.09%
Financial collaterals	1,723,899	6,016,584	1,414,187	481,487	6,498,071	207.07%
Letter of credit	218,844	-	63,033	-	-	0.00%
Other Liabilities	4,438,360	4,125,997	529,583	741,535	4,867,532	97.98%
	6,381,103	10,142,581	2,006,803	1,223,022	11,365,603	135. 5%
Total	141,563,659	46,610,260	172,262,336	10,843,360	57,453,620	18.31%

Credit losses expected for exposures that has been reclassified 30 June 2019:

	The exposures that have been reclassified			Expected credit loss on exposures that have been reclassified				
	Total exposures that were reclassified from stage 2	Total exposures that were reclassified from stage 3	Total exposures that have been reclassified	Stage 1 Individuals	Stage 1 Totals	Stage 3 Individuals	Stage 3 Totals	Total
Balances at Central banks	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-
Direct credit facilities – net	36,467,679	9,620,338	46,088,017	2,384,691	-	598,153	-	2,982,844
Bonds and Treasury Bills	-	-	-	-	-	-	-	-
Within financial assets at fair value through statement of income	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Within financial assets at amortized costs	-	-	-	-	-	-	-	-
Derivatives of financial instruments	-	-	-	-	-	-	-	-
Financial assets mortgaged (debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
	36,467,679	9,620,338	46,088,017	2,384,691	-	598,153	-	2,982,844
Financial collaterals	6,016,584	481,487	6,498,071	39,587	-	6,500	-	46,087
Letter of credit	-	-	-	-	-	-	-	-
Other Liabilities	4,125,997	741,535	4,867,532	101,820	-	45,359	-	147,180
	10,142,581	1,223,022	11,365,603	141,407	-	51,859	-	193,267
Total	46,610,260	10,843,360	57,453,620	2,526,098	-	650,012	-	3,176,110

Credit losses expected for exposures that has been reclassified as of 31 December 2018:

	The exposures that have been reclassified			Expected credit loss on exposures that have been reclassified				
	Total exposures that were reclassified from stage 2	Total exposures that were reclassified from stage 3	Total exposures that have been reclassified	Stage 1 Individuals	Stage 1 Totals	Stage 3 Individuals	Stage 3 Totals	Total
Balances at Central banks	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-
Direct credit facilities :	-	-	-	-	-	-	-	-
Individuals	2,788,254	513,834	3,302,088	639,015	-	67,157	-	706,172
Real estate Mortgage	7,408,501	285,108	7,693,610	466,121	-	16,182	-	482,303
Large companies	51,448,757	721	51,449,478	4,823,908	-	14	-	4,823,922
SME's	5,083,817	861,451	5,945,268	1,022,543	-	14,041	-	1,036,584
Bonds and Treasury Bills	-	-	-	-	-	-	-	-
Within financial assets at fair value through statement of income	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Within financial assets at amortized costs	-	-	-	-	-	-	-	-
Derivatives of financial instruments	-	-	-	-	-	-	-	-
Financial assets mortgaged (debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
	66,729,330	1,661,114	68,390,444	6,951,587	-	97,394	-	7,048,981
Financial collaterals	3,468,771	46,845	3,515,616	98,143	-	543	-	98,687
Letter of credit	4,015,316	-	4,015,316	30,929	-	-	-	30,928
Other Liabilities	-	-	-	-	-	-	-	-
	7,484,087	46,845	7,530,932	129,072	-	543	-	129,615
Total	74,213,417	1,707,959	75,921,376	7,080,659	-	97,937	-	7,178,596

Credit exposures In accordance with the provisions of Classification No. (2009/47) and in a manner consistent with IFRS 9 as of 30 June 2019:

Item	In Accordance to classification regulation (47/2009)				In Accordance to IFRS (9)								
					Stage 1			Stage 2			Stage 3		
	Gross	Interest In suspense	Principal	Provision	Gross	ECL	Interest In suspense	Gross	ECL	Interest In suspense	Gross	ECL	Interest In suspense
Performing loans	1,349,408,360	-	1,349,408,360	-	1,330,917,597	11,358,088	5,253	-	-	-	-	-	-
Watch-list	112,276,761	606,897	111,669,864	1,843,888	-	-	-	125,461,279	4,738,551	46,835	-	-	-
Non-performing loans:	153,907,488	16,316,144	137,591,344	61,978,326	-	-	-	-	-	-	159,213,733	64,369,632	16,870,953
Substandard	20,325,086	1,336,349	18,988,737	3,861,616	-	-	-	-	-	-	-	-	-
Doubtful	10,590,131	516,608	10,073,523	3,486,390	-	-	-	-	-	-	-	-	-
Loss	122,992,271	14,463,187	108,529,084	54,630,320	-	-	-	-	-	-	-	-	-
Total	1,615,592,609	16,923,041	1,598,669,568	63,822,214	1,330,917,597	11,358,088	5,253	125,461,279	4,738,551	46,835	159,213,733	64,369,632	16,870,953

Credit exposures in accordance with the provisions of Classification No. (47/2009) and in conformity with IFRS 9 as of 31 December 2018:

Item	In Accordance to classification regulation (47/2009)				In Accordance to IFRS (9)								
					Stage 1			Stage 2			Stage 3		
	Gross	Interest In suspense	Principal	Provision	Gross	ECL	Interest In suspense	Gross	ECL	Interest In suspense	Gross	ECL	Interest In suspense
Performing loans	1,485,267,246	-	1,485,267,249	-	1,427,710,697	9,434,423	37,217	-	-	-	-	-	-
Watch-list	89,036,045	285,161	88,750,884	1,479,066	-	-	-	131,659,421	4,828,485	11,465	-	-	-
Non-performing loans:	145,013,989	11,362,323	133,651,665	50,551,437	-	-	-	-	-	-	159,947,162	60,734,421	11,598,802
Substandard	9,008,505	130,433	8,878,072	1,843,870	-	-	-	-	-	-	-	-	-
Doubtful	22,833,266	1,129,333	21,703,933	5,011,186	-	-	-	-	-	-	-	-	-
Loss	113,172,218	10,102,557	103,069,660	43,696,381	-	-	-	-	-	-	-	-	-
Total	1,719,317,280	11,647,484	1,707,669,798	52,030,503	1,427,710,697	9,434,423	37,217	131,659,421	4,828,485	11,465	159,947,162	60,734,421	11,598,802

Movement on indirect credit facilities in total as at period end (unaudited) (Exposure at default):

	Stage 1		Stage 2			
	Total	Individual	Total	Individual	Stage 3	Total
Total balance as at beginning of the period	-	341,271,360	-	7,507,926	2,009,210	350,788,496
New balances during the period	-	58,939,853	-	76,091	65,567	59,081,510
Matured balances (Matured/ Derecognized)	-	(48,195,929)	-	(1,318,587)	(137,276)	(49,651,791)
Transferred to stage 1	-	6,184,677	-	(6,156,417)	(28,260)	-
Transferred to stage 2	-	(1,439,925)	-	1,905,293	(465,368)	-
Transferred to stage 3	-	(20,350)	-	(13,000)	33,350	-
Changes from amendments	-	-	-	-	-	-
Written off balances	-	-	-	-	-	-
Changes due to changes in exchange rates	-	-	-	-	-	-
Total balance as at period end	-	356,739,686	-	2,001,306	1,477,223	360,218,215

Provision for impairment loss movement on indirect credit facilities in total as at period end:

	Stage 1		Stage 2			
	Individually	Total	Individually	Total	Stage 3	Total
Total balance as at beginning of the period	1,148,360	-	31,731	-	1,749,771	2,929,862
Loss on impairment over balances added during the period	639,403	-	9,652	-	84,368	733,423
Loss on impairment over accrued balances	(411,337)	-	(391,250)	-	(82,213)	(884,800)
Transferred to stage 1	32,630	-	(23,203)	-	(9,328)	-
Transferred to stage 2	(27,459)	-	398,078	-	(370,619)	-
Transferred to stage 3	(46)	-	(40)	-	85	-
Impact on provision – as at period end – due to reclassification between the 3 stages during the period	5,125	-	374,737	-	(379,862)	-
Changes from amendments	-	-	-	-	-	-
Written off balances	-	-	-	-	-	-
Changes due to changes in exchange rates	-	-	-	-	-	-
Total balance as at period end	1,381,551	-	24,869	-	1,372,063	2,778,484

Movement on unutilized direct credit facilities ceilings as at period ended 30 June 2019:

	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
Total balance as at period beginning	151,694,843	3,825,214	1,265,628	156,785,685
New facilities during the year	61,143,098	268,988	97,040	61,509,127
Paid balances (Repaid/ Derecognized)	(35,765,583)	(1,427,137)	(511,918)	(37,704,638)
Transferred to stage 1	3,177,393	(2,621,304)	(566,089)	-
Transferred to stage 2	(1,205,078)	1,356,284	(151,205)	-
Transferred to stage 3	(267,722)	(118,403)	386,124	-
Changes from amendments	-	-	-	-
Written off balances	-	-	-	-
Total balance as at period end	178,776,951	1,283,642	529,580	180,590,173

Movement on the provision for the expected credit losses for unutilized ceilings of direct facilities during the period ended 30 June 2019:

	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
Total balance as at period beginning	1,287,806	101,563	351,953	1,741,322
Expected credit losses on the new facilities during the year	766,532	193,995	217,390	1,177,917
Reversals from expected credit losses on facilities paid during the year	(256,430)	(37,255)	(137,651)	(431,336)
Transferred to stage 1	171,266	(75,652)	(95,614)	-
Transferred to stage 2	(12,518)	54,247	(41,729)	-
Transferred to stage 3	(7,022)	(4,097)	11,119	-
Changes from amendments	-	-	-	-
Provision for written off balances	-	-	-	-
Total balance as at period end	1,949,634	232,801	305,468	2,487,903

Movement on unutilized indirect credit facilities ceilings as at period ended 30 June 2019 (Unaudited):

	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
Total balance as at period beginning	135,990,669	3,534,442	52,346	139,577,457
New facilities during the year	14,722,841	234,715	-	14,957,556
Paid balances (Repaid/ Derecognized)	(18,769,264)	(239,771)	-	(19,009,035)
Transferred to stage 1	1,586,324	(1,586,324)	-	-
Transferred to stage 2	(1,100,747)	1,153,093	(52,346)	-
Transferred to stage 3	-	-	-	-
Changes from amendments	-	-	-	-
Written off balances	-	-	-	-
Total balance as at period end	132,429,822	3,096,155	-	135,525,977

Movement on the provision for the expected credit losses for unutilized ceilings of direct facilities during the period ended 30 June 2019:

	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
Total balance as at period beginning	387,215	17,259	37,082	441,556
Expected credit losses on the new facilities during the year	371,471	137,778	-	509,249
Reversals from expected credit losses on facilities paid during the year	(68,939)	(36,812)	-	(105,751)
Transferred to stage 1	6,757	(6,757)	-	-
Transferred to stage 2	(8,315)	45,398	(37,082)	-
Transferred to stage 3	-	-	-	-
Changes from amendments	-	-	-	-
Provision for written off balances	-	-	-	-
Total balance as at period end	688,188	156,865	-	845,054