بنك القاهرة عمّان
CairoAmmanBank

للاوضاع
مدير بورصة عمان
السيدة
المناطة ديوان
الميد إبراهيم

To: Jordan Securities Commission Amman Stock Exchange Date:- 28/05/2020 Subject: Audited Financial Statements for the fiscal year ended 31/12/2019	السادة هيئة الاوراق المالية السادة بورصة عمان التاريخ:- 2020/05/28 الموضوع : البيانات المالية السنوية المدققة للسنة المنتهية في 2019/12/31
Attached the Financial Statements of (Cairo Amman Bank) in English for the fiscal year ended 31/12/2019	مرفق طيه نسخة من البيانات المالية لشركة (بنك القاهرة عمان) باللغة الانجليزية عن السنة المالية المنتهية في 2019/12/31 .
Kindly accept our highly appreciation and respect Cairo Amman Bank CFO	وتفضلوا بقبول فائق الاحترام،،، بنك القاهرة عمان المدير التنفيذي الادارة المالية وشؤون المساهمين

هيئة الأوراق المالية
الدائرة الادارية / الديوان
٣١ أيار ٢٠٢٠
الرقم المتسلسل 2021
الجهة المختصة الافصاح

بنــك القاهرة عمّان
CairoAmmanBank

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

CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEAR ENDED DECEMBER 31, 2019
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
DECEMBER 31, 2019

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Independent Auditor’s Report

AM/009489

To the Shareholders of
Cairo Amman Bank
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cairo Amman Bank (the “Bank”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as of December 31, 2019, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in owners’ equity and consolidated statement of cash flows for the year then ended, and notes to financial statements, including the summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Cairo Amman Bank as of December 31, 2019, and its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the Central Bank of Jordan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards, are further described in the Auditor’s Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the Bank’s consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the "Auditor's Responsibilities Paragraph" relating to the audit of the consolidated financial statements section of our report, in addition to all other related matters. Accordingly, our audit includes performing the procedures designed to respond to our assessment of the risks regarding the material errors in the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Description of the manner of examine of each item below is provided within the audit procedures:

Key Audit Matters	How our audit addressed the key audit matter
1. Allowance for Credit Losses on Credit Facilities As described in Notes 12 and 22 to the consolidated financial statements, the Bank had direct credit facilities of JD 1,677 million as at 31 December 2019 representing 54% of total assets, in addition to indirect credit facilities amounted to JD 267 million as off- Statement of Financial position items, with relation to expected credit losses amounted to JD 70 million. The recognition of allowance for credit losses on credit facilities ("Credit facilities") is the higher of Expected Credit Loss ("ECL") under International Financial Reporting Standard 9: Financial Instruments ("IFRS 9"), determined in accordance with Central Bank of Jordan (the "CBJ") guidelines, and the provision required by the CBJ regulations on valuation of credit facilities and calculation of their provision ("the CBJ regulations"). Recognition of ECL under IFRS 9, adopted to CBJ guidelines, is a complex accounting policy, which requires considerable judgement in its implementation. ECL is dependent on management's judgement in assessing significant increase in credit risk (SICR), credit-impairment status (default) and classification of credit facilities into various stages, development of models for assessing the probability of default of customers and estimating cash flows from recovery procedures.	We established an audit approach which includes both testing the design and operating effectiveness of internal controls over the determination of expected credit losses and risk-based substantive audit procedures. Our procedures over internal controls focused on the governance over the process controls around the ECL methodology, completeness and accuracy of credit facilities data used in the expected loss models, management review of outcomes, management validation and approval processes, the assignment of borrowers' risk classification, consistency of application of accounting policies and the process for calculating allowances. The primary substantive procedures which we performed to address this key audit matter included, but were not limited to, the following: • For a risk-based sample of individual loans, we performed a detailed credit review, assessed the appropriateness of information for evaluating the credit-worthiness and staging classification of individual borrowers and challenged the assumptions underlying the expected credit loss allowance calculations, such as estimated future cash flows, collateral valuations and estimates of recovery as well as considered the consistency of the Bank's application of its impairment policy. Further, we evaluated controls over approval, accuracy and completeness of impairment allowances and governance controls, including assessing key management and committee meetings that form part of the approval process for credit impairment allowances;

Key Audit Matters	How our audit addressed the key audit matter
Recognition of specific provisions on impaired facilities under the CBJ instructions is based on the rules prescribed by the CBJ on the minimum provisions to be recognised together with any additional provisions to be recognised based on management's estimate of expected cash flows related to those credit facilities. In calculating expected credit losses, the Bank considered credit quality indicators for each loan and portfolios, stratifies credit facilities by risk grades and estimates losses for each facility based upon their nature and risk profile. Auditing these complex judgements and assumptions involves especially challenging auditor judgement due to the nature and extent of audit evidence and effort required to address these matters. For further information on this key audit matter refer to Note 41 to the consolidated financial statements.	• For credit facilities not tested individually, we evaluated controls over the modelling process, including model monitoring, validation and approval. We tested controls over model outputs and the mathematical accuracy and computation of the expected credit losses by re-performing or independently calculating elements of the expected credit losses based on relevant source documents with the involvement of our modelling specialists. We challenged key assumptions, inspected the calculation methodology and traced a sample back to source data. We evaluated key assumptions such as thresholds used to determine SICR and including the related weighting; • We evaluated post model adjustments and management overlays in the context of key model and data limitations identified by the Bank in order to assess the reasonableness of these adjustments, focusing on PD and LGD used for corporate loans, and challenged their rationale; • We assessed the reasonableness of forward looking information incorporated into the impairment calculations by involving our specialists to challenge the multiple economic scenarios chosen and weighting applied to capture non-linear losses; and • We tested, utilizing our internal IT specialists, the IT application used in the credit impairment process and verified the integrity of data used as input to the models including the transfer of data between source systems and the impairment models. We evaluated system-based and manual controls over the recognition and measurement of impairment allowances.

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	Key Audit Matters	How our audit addressed the key audit matter
2.	U.S Lawsuit and Legal Claim The recognition and measurement of provisions relating to the U.S lawsuit and the measurement and disclosure of legal cases in respect of legal claims requires significant judgement to be applied by the directors and as a result is considered to be a key audit matter. Refer to note xx for details about lawsuits and note 47 for details about further details.	We obtained an understanding of the procedure adopted by management to determine the measurement and disclosure of these matters. We reviewed the design and implementation of controls in this area. We discussed and obtained an opinion from the bank's external legal consultant about the existence and valuation relating to lawsuits and legal claims and the related possible liability to the bank as a result of these matters. We assessed the qualifications, reputation, competence and skills of management's external legal consultant. We assessed the disclosures relating to this area in the consolidated financial statements to determine if they are in compliance with IFRSs.
3.	IT systems and controls over financial reporting We identified IT systems and controls over the Bank's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Bank and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of change to an application or underlying data.	Our audit approach relies on automated controls and therefore the following procedures were designed to test access and control over IT systems: - We obtained an understanding of the applications relevant to financial reporting and the infrastructure supporting these applications. - We tested IT general controls relevant to automated controls and computer-generated information covering access security, program changes, data center and network operations. - We examined computer generated information used in financial reports from relevant applications and key controls over their report logics. - We performed testing on the key automated controls on significant IT systems relevant to business processes.

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Other Matter

The accompanying consolidated financial statement are a translation of the original consolidation financial statement which are in Arabic language, to which reference should be made. The annuals reports are expected to be made available to us after the date of this audit report. Our opinion on the consolidated financial statement does not cover the other information, and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the Central Bank of Jordan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards procedures.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Bank maintains proper books of accounts which are in agreement with the consolidated financial statements and we recommend that the General Assembly of the Shareholders to approve these consolidated financial statements.

Deloitte & Touche

Deloitte & Touche (M.E.) – Jordan

Amman – Jordan
February 24, 2020

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010101

CAIRO AMMAN BANK

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN – THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		December 31,	
	Notes	2019	2018
Assets		JD	JD
Cash and balances at Central Banks	5	332,657,295	333,370,286
Balances at banks and financial institutions	6	158,785,257	117,852,700
Deposits at banks and financial institutions	7	88,040,014	89,579,213
Financial assets at fair value through profit or loss	8	9,405,269	11,503,790
Financial assets at fair value through other comprehensive income	9	55,412,453	52,322,447
Financial assets at amortized cost-net	10	675,853,262	539,067,213
Financial assets pledged as collateral	11	73,714,000	24,562,000
Direct credit facilities-net	12	1,599,075,578	1,649,570,401
Property and equipment-net	13	42,521,471	43,232,345
Intangible assets - net	14	6,085,563	8,120,517
Right of use assets	3/B	27,979,663	-
Deferred tax assets	21	9,325,649	8,699,628
Other assets	15	54,945,161	57,533,265
Total Assets		3,133,800,635	2,935,413,805
Liabilities And Owners' Equity			
Liabilities:			
Banks and financial institutions’ deposits	16	296,058,936	378,802,862
Customers' deposits	17	2,050,955,995	1,913,902,093
Margin accounts	18	58,704,352	49,580,969
Borrowed funds	19/A	226,319,099	162,109,306
Subordinated Loans	19/B	18,540,350	-
Sundry provisions	20	15,069,457	15,403,533
Income tax provision	21	16,954,411	15,202,732
Lease Liabilities	3/B	25,927,574	-
Deferred tax liabilities	21	804,942	883,100
Other liabilities	22	65,236,153	53,189,141
Total Liabilities		2,774,571,269	2,589,073,736
Owners' Equity			
BANK’S SHAREHOLDERS’ EQUITY			
Authorized and paid-up capital	23	190,000,000	180,000,000
Statutory reserve	24	79,007,427	74,578,456
General banking risk reserve	24	3,854,197	3,230,765
Cyclical fluctuations reserve	24	10,894,653	10,891,362
Fair value reserve-net	26	(7,848,900)	(9,789,482)
Retained earnings	27	73,967,732	77,486,036
Total Bank’s Shareholders’ Equity		349,875,109	336,397,137
Non-controlling interest		9,354,257	9,942,932
Total Owners' Equity		359,229,366	346,340,069
Total Liabilities and Owners' Equity		3,133,800,635	2,935,413,805

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING INDEPENDENT AUDITOR’S REPORT.

CAIRO AMMAN BANK

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN – THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF INCOME

	Notes	For the Year Ended December 31, 2019	2018
		JD	JD
Interest income	28	182,448,243	164,963,345
Less: Interest expense	29	(80,335,190)	(66,660,284)
Net interest income		**102,113,053**	**98,303,061**
Net commission income	30	19,152,765	19,338,923
Net interest and commission income		**121,265,818**	**117,641,984**
Gain from foreign currencies	31	4,688,219	4,760,073
Gain (Loss) from financial assets at fair value through profit or loss	32	62,649	(343,437)
Dividends from financial assets at fair value through other comprehensive income	9&33	2,902,829	3,903,996
Other income	34	7,222,204	5,478,143
Gross profit		**136,141,719**	**131,440,759**
Employees' expenses	35	41,971,934	41,125,875
Depreciation and amortization	13 & 14	9,407,546	9,560,877
Other expenses	36	32,203,118	28,877,123
Provision for expected credit loss	37	7,789,572	8,979,483
Sundry provisions	20	561,192	912,927
Total expenses		**91,933,362**	**89,456,285**
Profit before tax		44,208,357	41,984,474
Income tax expense	21	(16,701,547)	(12,277,739)
Profit for the year		**27,506,810**	**29,706,735**
Allocated to:			
Bank's shareholders		28,095,485	30,126,670
Non-controlling interests		(588,675)	(419,935)
Profit for the year		**27,506,810**	**29,706,735**
		JD/ Fils	JD/ Fils
Basic and diluted earnings per share (Bank's shareholders)	38	0.148	0.159

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

CAIRO AMMAN BANK

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN – THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Profit for the year	27,506,810	29,706,735
Add: Other comprehensive income items after tax which will not be reclassified subsequently to the consolidated statement of income:		
Net change in fair value reserve	1,662,487	(777,618)
Total Comprehensive income for the year	29,169,297	28,929,117
Total Comprehensive income for the year attributable to:		
Bank's shareholders	29,757,972	29,349,052
Non-controlling interests	(588,675)	(419,935)
Total Comprehensive income for the year	29,169,297	28,929,117

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

CAIRO AMMAN BANK

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN – THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

	Authorized and Paid up Capital	Statutory Reserve	General Banking Risk Reserve *	Cyclical Fluctuations Reserve	Fair Value Reserve - Net	Retained Earnings	Total Bank Shareholders' Equity	Non-controlling Interests	Total Owners' Equity
For the Year Ended December 31, 2019	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at January 1, 2019	180,000,000	74,578,456	3,230,765	10,891,362	(9,789,482)	77,486,036	336,397,137	9,942,932	346,340,069
Total comprehensive income for the year	-	-	-	-	1,662,487	28,095,485	29,757,972	(588,675)	29,169,297
Transferred from reserves	-	4,428,971	623,432	3,291	-	(5,055,694)	-	-	-
Capital increase	10,000,000	-	-	-	-	(10,000,000)	-	-	-
Capital increase related expenses	-	-	-	-	-	(80,000)	(80,000)	-	(80,000)
Gain from sale of financial assets at fair value through other comprehensive inc	-	-	-	-	278,095	(278,095)	-	-	-
Cash Dividends distributed **	-	-	-	-	-	(16,200,000)	(16,200,000)	-	(16,200,000)
Balance at December 31, 2019	190,000,000	79,007,427	3,854,197	10,894,653	(7,848,900)	73,967,732	349,875,109	9,354,257	359,229,366
For the Year Ended December 31, 2018									
Balance at January 1, 2018	180,000,000	69,955,203	16,597,081	7,756,997	(9,005,364)	71,279,760	336,583,677	10,469,283	347,052,960
Effect of implementing IFRS (9) Reclassification	-	-	-	-	-	174,331	174,331	-	174,331
Effect of implementing IFRS (9)	-	-	(12,554,111)	-	-	4,446,778	(8,107,333)	(106,416)	(8,213,749)
Adjusted balance at January 1, 2018	180,000,000	69,955,203	4,042,970	7,756,997	(9,005,364)	75,900,869	328,650,675	10,362,867	339,013,542
Total comprehensive income for the year	-	-	-	-	(777,618)	30,126,670	29,349,052	(419,935)	28,929,117
Transferred from reserves	-	4,623,253	(812,205)	3,134,365	-	(6,945,413)	-	-	-
Capital increase related expenses	-	-	-	-	-	(2,590)	(2,590)	-	(2,590)
Gain from sale of financial assets at fair value through other comprehensive incom	-	-	-	-	(6,500)	6,500	-	-	-
Cash Dividends distributed **	-	-	-	-	-	(21,600,000)	(21,600,000)	-	(21,600,000)
Balance at December 31, 2018	180,000,000	74,578,456	3,230,765	10,891,362	(9,789,482)	77,486,036	336,397,137	9,942,932	346,340,069

* The general banking risk reserve and the negative balance of the fair value reserve are restricted from use without a prior approval from the Central Bank of Jordan.

** In accordance with the Ordinary General Assembly meeting held on April 22, 2019, 9% of the bank's capital has been decided to be distributed in cash to shareholders which is equivalent to JD 16,200,000 (12% of the bank's capital in cash to shareholders equivalent to JD 21,600,000 in accordance with the Ordinary General Assembly meeting held on 24 April 2018).

- As of December 31, 2019, the restricted retained earnings balance resulting from the early implementation of IFRS 9 amounted to JD 13,965,508.
- The retained earnings balance includes deferred tax assets amounting to JD 9,325,649 and is restricted from use in accordance with the instructions of the Central Bank of Jordan.
- The Bank cannot use a restricted amount of JD 7,848,900 which represents the negative fair value for the financial assets through other comprehensive income in accordance with the instructions of the Central Bank of Jordan and the Jordanian Securities Commission.
- The Bank cannot use a restricted amount of JD (1,155,916) which represents the remaining balance of the general banking risk reserve included in retained earnings in accordance with the instructions of the Central Bank of Jordan.
- Distributable profits amounted to JD 41,671,759 as of December 31, 2019.

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	For the Year Ended December 31, 2019	2018
		JD	JD
Cash Flows from Operating Activities			
Profit before tax for the year		44,208,357	41,984,474
Adjustments for:			
Depreciation and amortization	13 & 14	9,407,546	9,560,877
Provision for expected credit losses	37	7,789,572	8,979,483
Sundry provisions	20	561,192	912,927
Unrealized losses from financial assets at fair value through profit or loss	32	864,242	568,317
Loss from sale of property and equipment	34	219,137	10,422
(Gain) from sale of repossessed assets	34	(344,818)	(5,520)
Effect of exchange rate changes on cash and cash equivalents		(4,511,123)	(4,563,226)
Cash flow from operating activities before changes in assets and sundry provision		**58,194,105**	**57,447,754**
(Increase) Restricted balances with Central Banks		-	(1,276,200)
Decrease in deposits at banks and financial institutions		1,540,386	4,675,427
Decrease (Increase) in financial assets at fair value through profit or loss		1,234,279	(8,315,425)
Decrease (Increase) in direct credit facilities		42,788,135	(132,982,140)
Decrease (Increase) in other assets		2,932,922	(10,324,942)
Increase in banks and financial institution deposits (maturing after more than three months)		5,000,000	9,592,529
Increase in customer deposits		137,053,902	164,037,247
Increase (Decrease) in Margin Accounts		9,123,383	(1,686,748)
Increase in other liabilities		9,750,175	6,613,958
Net cash flows from operating activities before income tax		**267,617,287**	**87,781,460**
Income tax paid	21	(15,198,995)	(14,440,422)
Income tax provision paid	20	(895,268)	(2,677,800)
Net cash flows from (used in) operating activities		**251,523,024**	**70,663,238**
Cash Flows from Investing Activities			
(Purchase) of financial assets at fair value through other comprehensive income		(2,084,600)	(1,190,082)
Sale of financial assets at fair value through other comprehensive income		202,029	15,000
(Purchase) of other financial assets at amortized cost		(243,742,226)	(370,954,346)
Maturity and sale of other financial assets at amortized cost		57,991,368	136,330,854
(Purchase) of property and equipment	13	(5,938,551)	(8,092,936)
Sale of property and equipment - net		59,218	64,240
(Purchase) of intangible assets	14	(1,001,522)	(1,556,320)
Net cash flows (used in) investing activities		**(194,514,284)**	**(245,383,590)**
Cash Flows from Financing Activities			
Increase in borrowed funds		91,312,963	55,476,736
Borrowed funds settled		(27,103,170)	(8,273,878)
Increase in subordinated loans	19 / B	18,540,350	-
Dividends distributed to shareholders		(16,200,000)	(21,600,000)
Capital increase related expenses		(80,000)	(2,590)
Net cash flows from financing activities		**66,470,143**	**25,600,268**
Effect of exchange rate changes on cash and cash equivalents		4,511,123	4,563,226
Net Increase (Decrease) in cash and cash equivalents		123,478,883	(149,120,084)
Cash and cash equivalents, beginning of the year		159,813,956	304,370,814
Cash and cash equivalents, end of the year	39	**287,803,962**	**159,813,956**
Non-monetary items			
Right of use Assets		27,979,663	-
Lease Liabilities		(25,927,574)	-

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

1. General

- Cairo Amman Bank was established as a public shareholding limited company registered and incorporated in Jordan in 1960 in accordance with the Jordanian Companies Laws and Regulations No. (12) For the year 1964. Its registered head office is in Amman, the Hashemite Kingdom of Jordan. ..

- The Bank provides its banking and financial services through its head office located in Amman and 95 branches located in Jordan, and 21 branches in Palestine and 1 in Bahrain, and its subsidiaries.

- The Bank's shares are listed on the Amman Stock Exchange.

- The consolidated financial statements were authorized for issue by the bank's Board of Directors in their meeting held on February 10, 2020, and are subject to the approval of the General Assembly of the shareholders and the Central Bank of Jordan.

2. Significant Accounting Policies

Basis of Preparation of Consolidated Financial Statement

- The consolidated financial statements for the Bank and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standard Board, and their related interpretations issued by the International Financial Reporting Interpretations Committee of the International Accounting Standards Board, the effective local laws, the effective instructions of countries the bank operates in, and which were adopted by the Central Bank of Jordan.

The major differences between the IFRS as they should be applied and what has been adopted at the Central Bank of Jordan are:

a. The expected credit loss provisions are configured in accordance with the IFRS (9) and in accordance with the instructions of the Central Bank of Jordan, whichever is stronger, the fundamental differences are:

- The debt instruments issued by the Jordanian government or their guarantee, in addition to any other credit offers with the Jordanian government or guarantee, are excluded so that credit exposures are processed on the Jordanian government and guaranteed without credit losses.

- When calculating expected credit losses against credit exposures, the calculation results are compared in accordance with the IFRS Standard (9) with the instructions of the Central Bank of Jordan No. (47/2009) of 10 December 2009 for each stage at a time and the most severe results are taken.

b. Interest, returns and commissions are suspended on non-performing credit facilities and financing granted to customers in accordance with the instructions of the Central Bank of Jordan.

c. Assets that have been acquired by the Bank in fulfilment of a debt in the consolidated financial position list are reflected in other assets by the value of the bank's ownership or fair value, whichever is lower, and revalued in the history of consolidated financial statements individually, and any depreciation of the consolidated financial statements is recorded as a loss in the consolidated income list and the increase is not recorded as revenue where the subsequent increase in the consolidated income list is taken to the extent that the amount of decline recorded earlier is taken to the extent that the value of the decline recorded above is not exceeded. As of the beginning of 2015, a gradual allocation was made for debt-owned real estate, which has been acquired for more than 4 years, based on the Circular of the Central Bank of Jordan No. 10/1/4076 dated March 27, 2014 and No. 10/1/2510 on February 14, 2017. The Central Bank of Jordan issued a circular no. 10/1/13967 on October 25, 2018, in which it approved the extension of Circular No. 10/1/16607 on December 17, 2017, in which it confirmed the postponement of the allocation until the end of 2019. Under the Central Bank's circular no. 10/1/16239 on November 21, 2019, the deduction of the required allocations against property owned by (5%) will be completed. Of the total book values of these properties (regardless of the duration of the violation) as of 2021, the required 50% is reached. Of those properties by the end of 2029

d. Impairment provision on financial assets at fair value through other comprehensive Income.

A provision was recorked for the group's investment in one of the banks traded in a financial market based on the instructions of the Central Bank based on conditions that were applied at that point of time.

The provision has not been released after the end of these circumstances in application of the principle of caution and caution by the Central Bank of Jordan, noting that there are no signs of a decline in investment by the approval of the bank's management.

- Additional allocations are calculated in the consolidated financial statements in exchange for some of the bank's external investments in some neighboring countries.

- Consolidated financial statements were prepared in accordance with the historical cost principle, excluding financial assets and financial liabilities at fair value through the statement of income and financial assets at fair value through comprehensive income and derivatives that appear at fair value on a date consolidated financial statements. It also shows at fair value the financial assets and liabilities that have been hedged to the risks of change in their fair value.

- The Jordanian dinar is the currency of the consolidated financial statements, which represents the functional currency of the bank.

- The accounting policies used in the preparation of consolidated financial statements are similar to the accounting policies followed in the preparation of consolidated financial statements for the year ended December 31, 2018, except for the effect of the Note (3).

Basis of Consolidation of Financial Statements

- The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries where the Bank holds control over the subsidiaries. The control exists when the Bank controls the subsidiaries significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiaries. All balances, transactions, income and expenses between the Bank and subsidiaries are eliminated.

- The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies. If different accounting policies were applied by the subsidiaries, adjustments shall be made on their financial statements in order to comply with those of the Bank.

- The Bank reassesses the extent of its control over the company in which it invests if the facts and circumstances indicate changes in the elements of control mentioned above.

- When a bank has less voting rights than the majority rights of the company in which it invests, the bank has the control over the company in which it invests when it has sufficient voting rights that give it the practical ability to direct activities related to the company invested in it unilaterally. The Bank considers all relevant facts and circumstances when assessing whether its voting rights are sufficient to give it authority over the investing company, including:

  • The size of the bank's voting rights against the size of the other voting rights holders and their distribution among them.

  • Potential voting rights owned by the bank.

  • Rights arising from any other contractual arrangements.

  • Any other facts or circumstances indicate that the company is currently or is unable to direct the relevant activities when the decision is necessary. Including voting patterns at previous shareholder meetings.

- The financial statements of the subsidiaries of the same financial period are prepared using the same accounting policies as the Bank, if the subsidiaries have accounting policies different from those of the Bank and the necessary adjustments are made to the financial statements of the subsidiaries. To comply with the bank's accounting policies.

The Bank owns the following subsidiaries as of 31 December 2019:

Company's Name	Paid-up Capital	Ownership Percentage	Nature of Operation	Country of Operation	Ownership Date
	JD	%			
Al-Watanieh Financial Services Company	5,500,000	100	Brokerage and investment management	Jordan	1992
Al-Watanieh Securities Company	1,600,000	100	Brokerage	Palestine	1995
Tamallak for Financial Leasing	5,000,000	100	Finance Leasing	Jordan	2013
Safa Bank	53,175,000	79	Islamic Banking	Palestine	2016

- The important financial information for the subsidiaries as of December 31, 2019 are as follows:

	Al-Watanieh Financial Services Company (Awraq)		Al-Watanieh Securities Company	
	December 31,		December 31,	
	2019	2018	2019	2018
	JD	JD	JD	JD
Total Assets	17,814,522	15,901,594	2,025,376	2,027,581
Total Liabilities	8,883,052	6,769,974	763,945	644,119
Net Assets	8,931,470	9,131,620	1,261,431	1,383,462

	For the Year Ended December 31,		For the Year Ended December 31,	
	2019	2018	2019	2018
	JD	JD	JD	JD
Total Revenue	1,799,232	1,272,397	155,752	130,687
Total Expenses	732,363	723,514	277,783	290,512

	Tamallak for Financial Leasing		Safa Bank	
	December 31,		December 31,	
	2019	2018	2019	2018
	JD	JD	JD	JD
Total Assets	38,340,142	32,906,333	168,214,244	117,722,507
Total Liabilities	31,731,852	26,895,364	123,643,611	70,346,989
Net Assets	6,608,290	6,010,969	44,570,633	47,375,518

	For the Year Ended December 31,		For the Year Ended December 31,	
	2019	2018	2019	2018
	JD	JD	JD	JD
Total Revenue	1,745,400	1,487,717	3,010,460	2,844,268
Total Expenses	891,786	865,713	5,815,345	4,845,152

- Subsidiaries are fully consolidated in the consolidated Income Statement from the date of their acquisition which is the date on which control is transferred to the Bank. The results of the disposed subsidiaries are consolidated in the consolidated income statement up to date of disposal, which is the date on which the Bank losses control over the subsidiaries.

  Control is achieved when the Bank:

  • has the power over the investee;
  • is exposed, or has rights, to variable returns from its involvement with the investee; and
  • Has the ability to use its power to affect the investee's returns.

  The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the Bank's voting rights become less than the majority of the voting rights of an investee, it has the power to control the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. In this regard, the Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of other vote holding rights;
- Potential voting rights held by the Company, other vote holders, or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting

When it loses control of a subsidiary, the Bank performs the following:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the book value of any non-controlling interests.
- Derecognizes the transfer difference accumulated in Owners' Equity.
- Derecognizes the fair value to the next controlling party.
- Derecognizes the fair value of any investment retained.
- Derecognizes any gain or loss in the income statement.
- Reclassifies owners' equity already booked in other comprehensive income to the profit or loss statement, as appropriate.

The subsidiaries' financial statements are prepared under the same accounting policies adopted by the Bank. If the subsidiaries apply different accounting policies than those used by the Bank, the necessary modifications shall be made to the subsidiaries' financial statements to make them comply with the accounting policies used by the Bank.

The non-controlling interests represent the portion not owned by the Bank relating to ownership of the subsidiaries.

Segmental Reporting

- Business segments represent distinguishable components of an entity that are engaged in providing products or services which are subject to risks and rewards that are different from those of other segments and are measured in accordance with the reports used by executive directors and the main decision makers at the Banks.

- Geographical segments are associated to products and services provided within a particular economic environment, which are subject to risks and rewards that are different from those of other economic environments.

Net Interest Income

Interest income and expense for all financial instruments, except for those classified as held for trading, or those measured or designated as at fair value through the statement of income, are recognized in 'Net Interest Income' as 'Interest Income' and 'Interest Expense' in the statement of income using the effective interest method. Interest on financial instruments measured as at fair value through the statement of income is included within the fair value movement during the period.

The effective interest rate (EIR) is the rate that discounts the estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated, taking into account all the contractual terms of the instrument.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortized cost of financial liabilities. For credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI), the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Interest income and expense in the Bank's consolidated statement of income also includes the effective portion of fair value changes of derivatives designated as hedging instruments in cash flow hedges of interest rate risk. For fair value hedges of interest rate risk related to interest income and expense, the effective portion of the fair value changes of the designated derivatives, as well as the fair value changes of the designated risk of the hedged item, are also included in interest income and expense.

Net Commission Income

Fee and commission income and expense include fees other than those that are an integral part of EIR. The fees included in this part of the Bank's consolidated statement of income include, among other things, fees charged for servicing a loan, non-utilization fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement, and loan syndication fees.

Fee and commission expenses concerning services are accounted for as the services are received.

The contracts with the customer that resulting the recognition of financial instruments it might be a part of it related to the IFRS 9 or IFRS 15, in this case the recognition will be by part that related to the IFRS 9, and the remaining part will be recognized as per IFRS 15.

Net Trading Income

Net trading income includes all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading. The Bank has elected to present the full fair value movement of trading assets and liabilities in trading income, including any related interest income, expense, and dividends.

Net Income from Other Financial Instruments at Fair Value through the Statement of Income

Net income from other financial instruments at fair value through the statement of income includes all gains and losses from changes in the fair value of financial assets and financial liabilities at fair value through the statement of income except those that are held for trading. The Group has elected to present the full fair value movement of assets and liabilities at fair value through the statement of income in this line, including the related interest income, expense, and dividends.

The fair value movement on derivatives held for economic hedging where hedge accounting is not applied are presented in 'Net income from other financial instruments at fair value through the statement of income. However, for designated and effective fair value hedge accounting relationships, the gains and losses on the hedging instrument are presented in the same line in the statement of income as the hedged item. For designated and effective cash flow and net investment hedge accounting relationships, the gains and losses of the hedging instrument, including any hedging ineffectiveness included in the statement of income, are presented in the same line as the hedged item that affects the statement of income.

Dividend Income

Dividend income is recognized when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

The presentation of dividend income in the consolidated statement of the statement of income depends on the classification and measurement of the equity investment, i.e.:

- For equity instruments which are held for trading, dividend income is presented in the statement of income in gain (loss) from financial assets through the statement of income;
- For equity instruments designated at fair value through other comprehensive income, dividend income is presented in dividends from financial assets at fair value through other comprehensive income; and
- for equity instruments not designated at fair value through other comprehensive income and not held for trading, dividend income is presented as net income from other instruments at fair value through the statement of income.

Financial Instruments

Initial recognition and measurement:

Financial assets and financial liabilities are recognized in the Bank's consolidated statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognized when they are recorded in the customer's account.

Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through the statement of income) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the statement of income are recognized immediately in profit or loss statement.

If the transaction price differs from fair value at initial recognition, the Bank will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognized in the statement of income on initial recognition (i.e. day 1 gain or loss);

- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 gain or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to the statement of income on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability or when derecognizing the instruments.

Financial Assets

Initial Recognition

All financial assets are recognized on the trading date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. They and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through the statement of income. Transaction costs directly attributable to the acquisition of financial assets classified as at fair value through the statement of income are recognized immediately in the consolidated statement of income.

Subsequent Measurement

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- Debt instruments held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost;

- Debt instruments held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income;

- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at fair value through the statement of income.

However, the Bank may irrevocably make the following selection /designation at initial recognition of a financial asset on an asset- by-asset basis:

- The Bank may irrevocably select to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, in other comprehensive income; and

- The Bank may irrevocably designate a debt instrument that meets the amortized cost or fair value through other comprehensive income criteria as measured at fair value through the statement of income, if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Debt Instruments at Amortized Cost or at Fair Value through Other Comprehensive Income

The Bank assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Bank's business model for managing the asset.

For an asset to be classified and measured at amortized cost or at fair value through other comprehensive income, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of the consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time, and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

Assessment of Business Models
An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Bank determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Bank has more than one business model for managing its financial instruments, which reflect how the Bank manages its financial assets in order to generate cash flows. The Bank's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets, or both.

The Bank considers all relevant information available when making the business model assessment. However, this assessment is not performed based on scenarios that the Bank does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Bank takes into account all relevant evidence available such as:

- The stated policies and objectives of the portfolio and application of those policies whether the management strategy focuses on obtaining contractual revenues, maintaining specific profit rate matching the profit of financial assets with the period of financial liabilities that finance those assets.

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and

- How the business managers are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Bank determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

When a debt instrument measured at fair value through other comprehensive income is derecognized, the cumulative gain/loss previously recognized in other comprehensive income is reclassified from equity to the statement of income. In contrast, for an equity investment designated as measured at fair value through other comprehensive income, the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortized cost or at fair value through other comprehensive income are subject to impairment.

Financial Assets at fair Value through the Profit or Loss

Financial assets at fair value through the statement of income are:

- Assets with contractual cash flows that are not SPPI; or/and
- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at fair value through the statement of income using the fair value option.

These assets are measured at fair value, with any gains/losses arising on re-measurement recognized in the statement of income.

Reclassifications

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model, which results in reclassifying the Bank’s financial assets. During the current financial year and previous accounting period, there was no change in the business model under which the Bank holds financial assets; and therefore, no reclassifications were made. The changes in the contractual cash flows are considered under the accounting policy on the modification and de-recognition of financial assets described below.

Foreign Exchange Gains and Losses

The carrying amount of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in the statement of income; and
- For debt instruments measured at fair value through other comprehensive income that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in the statement of income. Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;
- For financial assets measured at fair value through the statement of income that are not part of a designated hedge accounting relationship, exchange differences are recognized in the statement of income either in ‘net trading income’, if the asset is held for trading, or in ‘net income from other financial instruments at fair value through profit or loss, if otherwise held at fair value through the statement of income; and
- For equity instruments measured at fair value through other comprehensive income, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

Fair Value Option

A financial instrument with a fair value that can be reliably measured at fair value through income statement (fair value option) can be classified at initial recognition even if the financial instruments are not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option may be used for financial assets if it significantly eliminates or significantly reduces the measurement or recognition inconsistency that would otherwise have resulted in the measurement of the asset or liability or recognized the related gain or loss on a different basis ("accounting mismatch"). The fair value option for financial liabilities can be chosen in the following cases:

- If the selection leads to a significant cancellation or reduction of the accounting mismatch.

- If the financial liabilities are part of a portfolio managed on a fair value basis, in accordance with a documented risk management or investment strategy; or

- If a derivative is included in the underlying financial or non-financial contract, and the derivative is not closely related to the underlying contract.

These instruments cannot be reclassified from the fair value category through the statement of income while retained or issued. Financial assets at fair value through the income statement are recognized at fair value with any unrealized gain or loss arising from changes in fair value recognized in investment income.

Impairment

The Bank recognizes loss allowances for expected credit losses on the following financial instruments that are not measured at fair value through the statement of income:

- Balances and deposits at banks and financial institutions;
- Direct credit facilities (loans and advances to customers);
- Financial assets at amortized cost (debt investment securities);
- Financial assets at fair value through other comprehensive income;
- Off statement of financial position exposure subject to credit risk (financial guarantee contracts issued).

No impairment loss is recognized on equity investments.

- With the exception of purchased or originated credit-impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that results from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or

- Full lifetime ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Bank expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

For unutilized ceilings, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Bank if the holder of the commitment draws down the loan and the cash flows that the Bank expects to receive if the loan is utilized; and

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the client, or any other party.

The Bank measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

When calculating ECL against credit exposures, the resulting of the calculation shall be compared based on IFRS 9 and the instructions of Central Bank of Jordan (2009/47, dated on December, 10 2009 for each stage separately and the most severe results should be taken, debt instruments that issued by Jordanian government are excluded from the calculation in addition to any other credit exposures with the Jordanian government.

<u>Credit-impaired Financial Assets</u>
A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The Bank, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event. Instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Bank assesses whether debt instruments that are financial assets measured at amortized cost or fair value through other comprehensive income are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings, and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession, the risk of not receiving the contractual cash flows has reduced significantly, and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit-impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of *default* includes unlikeliness to pay indicators and a back- stop if amounts are overdue for 90 days or more. However, in cases where the assets impairment is not recognized after 90 days overdue are supported by reasonable information.

Purchased or Originated Credit-Impaired (POCI) Financial Assets
POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Bank recognizes all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognized in the statement of income. A favorable change for such assets creates an impairment gain.

Definition of Default
Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk below.

The Bank considers the following as constituting an event of default:

- The borrower is past due more than 90 days on any material credit obligation to the Bank; or

- The borrower is unlikely to pay its credit obligations to the Bank in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Bank takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset. For example, in corporate lending, a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Bank uses a variety of sources of information to assess default that is either developed internally or obtained from external sources.

Significant Increase in Credit Risk
The Bank monitors all financial assets, issued loan commitments, and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Bank measures the loss allowance based on lifetime rather than 12-month ECL.

The Bank’s accounting policy is not to use the practical expedient that financial assets with ‘low’ credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Bank monitors all financial assets, issued loan commitments, and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date, based on the remaining maturity of the instrument, with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank’s historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behavior. The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- The remaining lifetime PD at the reporting date; with

- The remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward looking, and the Bank uses the same methodologies and data used to measure the loss allowance for ECL.
The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending, there is particular focus on assets that are included on a 'watch list'. An exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending, the Bank considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, divorce or death.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than for a financial instrument with a higher PD.

As a backstop when an asset becomes more than (30) days past due, the Bank considers that a significant increase in credit risk has occurred, and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Modification and De-recognition of Financial Assets
A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Bank renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default, or default has already happened, and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Bank has an established forbearance policy, which applies for corporate and retail lending.

When a financial asset is modified, the Bank assesses whether this modification results in derecognition. In accordance with the Bank's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms, the Bank considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

In the case where the financial asset is derecognized, the loss allowance for ECL is re-measured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated- credit impaired. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised per mount because there remains a high risk of default which has not been reduced by the modification. The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified, and the modification does not result in derecognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with

- The remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified as part of the Bank's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Bank's ability to collect the modified cash flows taking into account the Bank's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition, the Bank calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Bank measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Bank derecognizes a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in OCI and accumulated in equity is recognized in profit or loss, with the exception of equity investment designated as measured at fair value through other comprehensive income, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to the statement of income.

<u>Write-off</u>
Financial assets are written off when the Bank has no reasonable expectations of recovering the financial asset. This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

<u>Presentation of Allowance for ECL in the Consolidated Statement of Financial Position</u>
Loss allowances for ECL are presented in the statement of financial position as follows:

- For financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;

- For debt instruments measured at fair value through other comprehensive income: no loss allowance is recognized in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve.

- For loan commitments and financial guarantee contracts: as a provision; and

- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Financial Liabilities and Equity
Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities with another entity under conditions potentially unfavorable to the Bank, or a contract that will or may be settled in the Bank's own equity instruments and is a non-derivative contract for which the Bank is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

Equity Instruments
Paid up Capital
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognized at the proceeds received, net of direct issue costs.

Treasury Shares
Repurchase of the Bank's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in statement of income on the purchase, sale, issue or cancellation of the Bank own equity instruments.

Compound Instruments
The component parts of compound instruments (e.g. convertible notes) issued by the Bank are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. In the case there are non-closed related embedded derivatives, these are separated first with the remainder of the financial liability being recorded on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

Financial Liabilities
Financial liabilities are classified as either financial liabilities 'at fair value through the statement of income or 'other financial liabilities'.

Financial Liabilities at Fair Value through the Statement of Income
Financial liabilities are classified as at fair value through the statement of income when the financial liability is (i) held for trading, or (ii) it is designated as at fair value through the statement of income. A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability, other than a financial liability held for trading, or contingent consideration that may be paid by an acquirer as part of a business combination, may be designated as at fair value through the statement of income upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at fair value through the statement of income.

Financial liabilities at fair value through the statement of income are stated at fair value, with any gains/losses arising on re-measurement recognized in the statement of income to the extent that they are not part of a designated hedging relationship. The net gain/loss recognized in the statement of income incorporates any interest paid on the financial liability and is included in the 'net income from other financial instruments at fair value through the statement of income line item in the statement of income.

However, for non-derivative financial liabilities designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability attributable to changes in the credit risk of that liability is recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in the statement of income. The remaining amount of change in the fair value of liability is recognized in the statement of income. Changes in fair value attributable to a financial liability's credit risk that are recognized in OCI are not subsequently reclassified to statement of income; instead, they are transferred to retained earnings upon derecognition of the financial liability.

For issued loan commitments and financial guarantee contracts designated as at fair value through profit or loss, all gains and losses are recognized in statement of income.

In making the determination of whether recognizing changes in the liability's credit risk in other comprehensive income will create or enlarge an accounting mismatch in profit or loss, the Bank assesses whether it expects that the effects of changes in the liability's credit risk will be offset in statement of income by a change in the fair value of another financial instrument measured at fair value through the statement of income.

<u>Other Financial Liabilities</u>
Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For details on EIR, see the "net interest income section" above.

<u>Derecognition of Financial Liabilities</u>
The Bank derecognizes financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of income.

When the Bank exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability

Derivative Financial Instruments

The Bank enters into a variety of derivative financial instruments some of which are held for trading while others are held to manage its exposure to interest rate risk; credit risk; and foreign exchange rate risk. Held derivatives include foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps, and credit default swaps.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain/loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Bank designates certain derivatives as either hedges of the fair value of recognized assets, liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions, hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations (net investment hedges).

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months, and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in financial liabilities or other non-financial asset host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at fair value through profit or loss.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realized or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at fair value through profit or loss and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; and
- The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the Bank’s revenue recognition policies.

Financial guarantee contracts not designated at fair value through profit or loss are presented as provisions in the consolidated statement of financial position, and the re-measurement is presented in other revenue.

The Bank has not designated any financial guarantee contracts as at fair value through Income statement.

Commitments to Provide a Loan at a Below-Market Interest Rate

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at fair value through the statement of income, are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; and

- The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the Bank's revenue recognition policies, which is higher.

Commitments to provide a loan below market rate not designated at fair value through the statement of income are presented as provisions in the consolidated statement of financial position and the re-measurement is presented in other revenue.

The Bank has not designated any commitments to provide a loan below market rate designated at fair value through the statement of income.

Hedge Accounting

The Bank designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations, as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. The Bank does not apply fair value hedge accounting of portfolio hedges of interest rate risk. In addition, the Bank does not use the exemption to continue using IAS 39 hedge accounting rules, i.e. the Bank applies IFRS 9 hedge accounting rules in full.

At the inception of the hedge relationship, the Bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Bank documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Bank actually hedges, and the quantity of the hedging instrument that the Bank actually uses to hedge that quantity of the hedged item.

The Bank rebalances a hedging relationship in order to comply with the hedge ratio requirements when necessary. In such cases discontinuation may apply to only part of the hedging relationship. For example, the hedge ratio might be adjusted in such a way that some of the volume of the hedged item is no longer part of a hedging relationship, hence hedge accounting is discontinued only for the volume of the hedged item that is no longer part of the hedging relationship.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Bank adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

In some hedge relationships, the Bank designates only the intrinsic value of options. In this case, the fair value change of the time value component of the option contract is deferred in OCI, over the term of the hedge, to the extent that it relates to the hedged item and is reclassified from equity to profit or loss when the hedged item does not result in the recognition of a non-financial item. The Bank's risk management policy does not include hedges of items that result in the recognition of non-financial items, because the Bank's risk exposures relate to financial items only.

The hedged items designated by the Bank are time-period related hedged items, which means that the amount of the original time value of the option that relates to the hedged item is amortized from equity to profit or loss on a rational basis (e.g. straight-line) over the term of the hedging relationship.

In some hedge relationships, the Bank excludes from the designation the forward element of forward contracts or the currency basis spread of cross currency hedging instruments. In this case, a similar treatment is applied to the one applied for the time value of options. The treatment for the forward element of a forward contract and the currency basis element is optional, and the option is applied on a hedge- by- hedge basis, unlike the treatment for the time value of the options which is mandatory. For hedge relationships with forwards, or foreign currency derivatives such as cross currency interest rate swaps, where the forward element or the currency basis spread is excluded from the designation, the Bank generally recognizes the excluded element in OCI.

The fair values of the derivative instruments used for hedging purposes and movements in the hedging reserve are determined in equity.

Fair Value Hedges

The fair value change on qualifying hedging instruments is recognized in the statement of income except when the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income in which case it is recognized in OCI. The Bank has not designated fair value hedge relationships where the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at fair value through other comprehensive income, the carrying amount is not adjusted as it is already at fair value, but the part of the fair value gain or loss on the hedged item associated with the hedged risk is recognized in profit or loss instead of OCI. When the hedged item is an equity instrument designated at fair value through other comprehensive income, the hedging gain/loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains/losses are recognized in the statement of income, they are recognized in the same line as the hedged item.

The Bank discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of hedged items for which the EIR method is used (i.e. debt instruments measured at amortized cost or at fair value through other comprehensive income) arising from the hedged risk is amortized to profit or loss commencing no later than the date when hedge accounting is discontinued.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in the cash flow hedging reserve, a separate component of OCI, limited to the cumulative change in fair value of the hedged item from inception of the hedge less any amounts recycled to profit or loss.

Amounts previously recognized in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. If the Bank no longer expects the transaction to occur, that amount is immediately reclassified to profit or loss.

The Bank discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised, or where the occurrence of the designated hedged forecast transaction is no longer considered to be highly probable. The discontinuation is accounted for prospectively. Any gain/loss recognized in OCI and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain/loss accumulated in equity is reclassified and recognized immediately in profit or loss statement.

Hedges of Net Investments in Foreign Operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain/loss on the hedging instrument relating to the effective portion of the hedge is recognized in OCI and accumulated in the foreign currency translation reserve.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to the statement of income in the same way as exchange differences relating to the foreign operation as described above.

Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position, when there is a legally enforceable right to offset the recognized amounts and the Bank intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

Fiduciary Assets

Assets held in a fiduciary capacity are not recognized as assets of the Bank. Fees and commissions received for administrating such assets are recognized in the income statement. A provision is recognized for the decreases in the fair value of guaranteed fiduciary assets below their original principal amount.

Management fees and commission are shown in the statements of income.

Fair value

Fair value is defined as the price at which an asset is to be sold or paid to convert any of the liabilities in a structured transaction between the market participants on the measurement date, irrespective of whether the price can be realized directly or whether it is estimated using another valuation technique. When estimating the fair value of an asset or liability, the Bank takes into consideration when determining the price of any asset or liability whether market participants are required to consider these factors at the measurement date. The fair value for measurement and / or disclosure purposes in these financial statements is determined on the same basis, except for measurement procedures that are similar to fair value procedures and are not fair value such as fair value as used in IAS 36.

In addition, fair value measurements are classified for the purposes of financial reporting to level (1), (2) or (3) based on the extent to which the inputs are clear concerning the fair value measurements and the importance of inputs to the full fair value measurements. These are as follows:

Level (1) inputs: inputs derived from quoted (unadjusted) prices of identical assets or liabilities in active markets that an enterprise can obtain on the measurement date;

Level (2) inputs: inputs derived from data other than quoted prices used at level 1 and observable for assets or liabilities, either directly or indirectly;

Level (3) inputs: are inputs to assets or liabilities that are not based on observable market prices.

Provisions

Provisions are recognized when the Bank has an obligation at the date of the consolidated statement of financial position arising from a past event, and the costs to settle the obligation are both probable and can be reliably measured.

End-of-Service Indemnity

The basis for the computation of the provision for end of service indemnity is one month for each year of service for employees not covered by social security law regulations.

Compensation to employees is recorded in the provision for end of service indemnity when paid, and the obligation provision incurred by the Bank for the end of service indemnity for employees is recorded in the consolidated statement of income.

Income Tax

- Tax expense comprises accrued tax and deferred taxes.

- Accrued tax is based on taxable profits, which may differ from accounting profits published in the financial statements. Accounting profits may include non-taxable profits or tax non- deductible expenses which may be exempted in the current or subsequent financial years, or accumulated losses that are tax acceptable or items not subject to deduction for tax purposes.

- Tax is calculated based on tax rates and laws that are applicable in the country of operation.

- Deferred tax is the tax expected to be paid or recovered due to temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates expected to be applied in the period when the asset is realized or the liability is settled, based on the laws enacted or substantially enacted at the date of the consolidated statement of financial position.

- The carrying values of deferred tax assets are reviewed at the date of the consolidated financial statement and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

- The Bank calculated deferred taxes according to the requirements of IFRS (12).

Assets seized by the Bank through calling upon collateral

Assets seized by the Bank through calling upon collateral are shown in the consolidated statement of financial position under "other assets" at the lower of their carrying value or fair value. These assets are revalued at the date of the consolidated financial statements on an individual basis, and losses from impairment are transferred directly to the consolidated income statement, while revaluation gains are not recognized as income.

As of beginning of 2015,a provision is booked against repossessed assets which are being held for more than four years in accordance to the Central Bank of Jordan circular number 10/1/4076 dated March 27, 2014, and 10/1/2510 dated February ,14,2017.Noting that the Central Bank of Jordan issued circular number 10/1/13967 dated October 25, 2018 authorizing the continuance of the procedures listed as per circular 10/1/16607 dated December 17, 2017, where the bank has ruled upon the postponement of provisions booking until the end of the year 2019. That and as per the central bank's circular no. 10/1/16239 dated November 21, 2019, the deduction of the required provisions against property acquired by (5%) shall be completed of the total book values of these properties (regardless of the duration of the violation) beginning on 2021, reaching the required 50% of the value of these properties by the end of 2029.

Mortgaged Financial Assets

These financial assets are mortgaged to third parties with the right to (sell or re-mortgage). These financial assets are revalued according to the accounting policies at the date of initial classification.

Repurchase and Resale Agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognized in the Bank's consolidated financial statements. This is due to the Bank's continuing control of these assets and the fact that exposure to the risks and rewards of these assets remains with the Bank. These assets continue to be evaluated in accordance with the applied accounting policies (where the buyer has the right to use these assets (sell or re-lien), they are reclassified as lined financial assets). The proceeds of the sale are recorded under loans and borrowings. The difference between the sale and the repurchase price is recognized as an interest expense over the agreement term using the effective interest rate method.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognized in the Bank's consolidated financial statements since the Bank is not able to control these assets or the associated risks and benefits. The related payments are recognized as part of deposits at banks and financial institutions or direct credit facilities as applicable, and the difference between the purchase and resale price is recognized as interest income over the agreement term using the effective interest rate method.

Property and Equipment

Property and equipment are measured at cost less accumulated depreciation and any impairment. Property and equipment (except land) are depreciated when ready for use using the straight line method over their expected useful life.

The depreciation rates used are as follows:

	%
Buildings	2
Equipment, furniture and fixtures	9-15
Vehicles	15
Computers	20

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is charged to the consolidated income statement.

The useful life of property and equipment is reviewed at each year end, and changes in the expected useful life are treated as changes in accounting estimates.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Intangible Assets

Intangible assets acquired through a business combination are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.

Intangible assets are classified on the basis of their useful life as definite and indefinite useful lives. Intangible assets with finite lives are amortized over the useful economic life, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset may be impaired.

Internally generated intangible assets are not capitalized and are expensed in the consolidated statement of income.

Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent periods.

Computers software and applications are amortized according to the straight-line method over their estimated economic useful lives at an annual amortization rate of 20%.

Foreign Currencies

For the purpose of the consolidated financial statements, the results and financial position of each entity of the Group are presented in the functional currency unit of the Bank and the presentation currency of the consolidated financial statements.

The standalone financial statements of the Bank's subsidiaries are prepared. Moreover, the standalone financial statements of each entity of the Group are presented in the functional currency in which it operates. Transactions in currencies other than the functional currency of the Bank are recorded at the rates of exchange prevailing at the dates of those transactions. At the balance sheet date, financial assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates at the date when the fair value was determined. Non-monetary items measured at historical cost in a foreign currency are not reclassified.

Exchange differences are recognized in the consolidated statement of income in the period in which they arise except for:

- Foreign exchange differences on transactions made in order to hedge foreign exchange risk.

- Foreign exchange differences on monetary items required to / from a foreign operation that are not planned to be settled, are unlikely to be settled in the near future (and therefore, these differences form part of the net investment in the foreign operation), and are initially recognized in the comprehensive income statement and reclassified from equity to the income statement when selling or partially disposing of net investment.

In order to present the consolidated financial statements, the assets and liabilities of the Bank's foreign operations are translated at the rates of exchange prevailing at the statement of financial position date. Income is also converted to average exchange rates for the period, unless exchange rates change significantly during that period, in which case the exchange rates are used on the date of the transactions. Exchange differences arising, if any, are recognized in other consolidated statement of comprehensive income and collected in a separate line item of equity.

When foreign operations are disposed of (i.e. disposal of the Bank’s entire share from foreign operations, or resulting from the loss of control of a subsidiary in foreign operations, or partial exclusion by its share in a joint arrangement, or an associate company of a foreign nature in which the share held is a financial asset), all foreign exchange differences accumulated in a separate item under equity in respect of that transaction attributable to the Bank owners are reclassified to the consolidated statement of income.

In addition, in respect of the partial disposal of a subsidiary involving foreign operations that do not result in the Bank losing control of the subsidiary, its share of the accumulated exchange differences is credited to net comprehensive income at a rate that is derecognized and not recognized in the consolidated statement of income. For all other partial liquidation (such as partial liquidation of associates or joint ventures that do not result in the Bank losing significant influence or joint control), the share of accumulated exchange differences is reclassified to the consolidated statement of income.

<u>Cash and Cash Equivalents</u>
Cash and cash equivalents comprise cash on hand and cash balances with central banks and balances with banks and financial institutions that mature within three months, less banks and financial institutions deposits that mature within three months and restricted balances.

<u>Leases</u>
<u>Accounting Policy followed from the January, 1, 2019.</u>

<u>As a lessor</u>
The Bank should be evaluating whether the leasing contract included while starting the contract. The right of use assets and leasing obligations should be recognized by the bank regarding all leasing obligations, except for short-term leasing contracts (12 months or less) and the leasing contracts with low value, in regards to these contracts the bank should recognized to these leases as operating expense using the straight-line method over the life of the lease. The initial direct costs incurred in the discussion and arrangement of the operating contract are added to the carrying amount of the leased assets and recognized in accordance with the straight-line method over the lease term.

Leases are classified as finance leases when the terms of the lease provide for substantially all the risks and rewards of ownership of the lessee. All other leases are classified as operating leases.

Leasing payments included in the rental obligation measurement include:
- Fixed leasing payments (essentially included on fixed payments), minus lease incentives receivable؛
- Variable rental payments based on an indicator or rate, initially measured using the index or rate at the start date of the contract؛
- The amount expected to be paid by the lessor under the remaining value guarantees؛
- The price of buying options, if the lessor is reasonably sure of practicing the options؛ and
- Pay termination fines, if the leasing contract was reflected the terminating the lease.

Leasing obligations has to be presented as separate item to the consolidated statement of income.

Lease obligations are subsequently measured by increasing the book value to reflect interest on rental obligations (using the effective interest method) and by reducing the book value to reflect rental payments.

Lease obligations are premeasured (and a similar adjustment to the relevant right of use assets) whenever:

- The period of lease has been changed or there has been an event or change in circumstances that lead to a change in the evaluation of the practice of purchase, in which case the lease obligations are re-assessed by the way adjusted rental payments are deducted using the adjusted discount rate.

- Rental payments change due to changes in index, rate or change in expected payments under the guaranteed remaining value, in which case the rental obligation is remeasured by deducting adjusted rental payments using a non-variable discount rate (unless rental payments change due to change in the floating interest rate, in which case the adjusted discount rate is used).

- The lease contract is adjusted and the lease adjustment is not accounted for as a separate lease, in which case the lease obligation is remeasured based on the duration of the adjusted lease by deducting adjusted rental payments using the adjusted rate discount rate at the actual rate on the date of the amendment.

The assets of the right of use are consumed over the duration of the lease or the productive life of the asset (which is shorter). If the lease transfers ownership of the underlying asset or the cost of the right of use, which reflects that the bank expects to exercise the purchase option, the value of the relevant right of use is consumed over the productive life of the asset.

Right of use assets has to be presented as separate item to the consolidated statement of financial position.

The Bank applies IAS No. (36) To determine whether the value of the right of use has depreciated and calculates any impairment losses as described in the "Property and Equipment" policy.

Variable rents that do not rely on an indicator or rate are not included in the measurement of rental obligations and right-of-use assets. Related payments are listed as an expense in the period in which the event or condition that leads to these payments occurs and is included in the "Other Expenses" list in the gain or loss statement.

Leases in which the bank is leased are classified as financing or operating leases. If the terms of the lease transfer all the risks and benefits of the property to the tenant, the contract is classified as a financing lease and all other leases are classified as operating leases.

When a bank is an intermediate, it represents the main lease and subcontract as separate contracts. The sub-lease is classified as financing or an operating lease by reference to the origin of the right of use arising from the main lease.

Lease income from operating leases is recognized on a straight-line basis over the relevant lease period. The initial direct costs incurred in the negotiation and arrangement of an operating lease are added to the book value of the leased asset and are recognized on straight-line basis over the lease period.

The amounts that dues by lessors under the leases are recognized as dues by the amount of the company's net investment in leases. The income of the financing leases is allocated to the accounting periods to reflect a fixed periodic return rate on the bank's existing net investment in relation to leases.

When the contract includes leasing components and components other than leasing, the Bank applies IFRS 15 to distribute the amounts received or received under the contract for component.

Accounting Policy followed from the December, 31, 2018.
Leasing contracts are classified as financing leases when the terms of the lease provide for the transfer of all risks and benefits related to the lessor's ownership in a substantial manner. All other leases are classified as operational leases.

As a lessor
Operating lease income is recognized using the straight-line method over the life of the lease. The initial direct costs incurred in the discussion and arrangement of the operating contract are added to the carrying amount of the leased assets and recognized in accordance with the straight-line method over the lease term.

As a Lessee
Assets acquired through leases are recognized on initial recognition at their fair value at the inception of the lease or at the present value of the minimum lease payments, whichever is lower. Financial leasing liabilities are recorded at the same value. The lease payments are distributed between the financing expenses and the amortization of the financial lease liabilities in order to achieve a fixed rate of interest on the remaining balance of the lease liabilities. Direct financing expenses are recognized in the consolidated statement of income.

Lease payments are distributed between financing expenses and reduced financial lease liabilities in order to achieve a constant interest rate on the balance of the finance lease liabilities, and financing expenses are recognized directly in the consolidated statement of profit or loss.

Operating lease payments are recognized as an expense in accordance with the straight-line method over the life of the lease, except in cases where another regular basis is more representative of the time pattern in which economic benefits from the leased asset are used. Contingent rents arising from operating leases are recognized as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating lease contracts, these incentives are recognized as a liability. The full benefits of incentives are recognized as a reduction in the rental expense on a straight-line basis, unless there is a systematic basis that is more representative of the time pattern in which economic benefits from the leased asset are taken advantage of.

3. Application of New and Amended International Financial Reporting Standards

a. Amendments that did not have a material impact on the Bank's consolidated financial statements:
The following new and revised IFRSs, which are effective for annual periods beginning on or after January 1, 2019 or later, have been adopted in the preparation of the Bank's consolidated financial statements. These new and revised IFRSs have not materially affected the amounts and disclosures in the consolidated financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

New and revised standards	Amendments to new and revised IFRSs
Annual improvements to IFRSs issued between 2015 and 2017	Improvements include amendments to IFRS (3) “Business Combinations”, (11) “Joint Arrangements”, International Accounting Standards (12), “Income Taxes” and (23) “Borrowing Costs” and as the following: IFRS (12)”Income Tax” The amendments clarify that an entity should recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

New and revised standards	Amendments to new and revised IFRSs
	IFRS (23)"Borrowing Costs" The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. IFRS (3)"Business Combination" The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognized assets, liabilities and goodwill relating to the joint operation. IFRS (11)"Joint Arrangements" The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.
IFRIC (23) Uncertainty on the Treatment of Income Tax	The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS (12) and specifically addresses: • whether the tax treatment should be considered in aggregate; • assumptions regarding the procedures for the examination of tax authorities; • determination of taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates; • The impact of changes in facts and circumstances.
Amendments to IFRS 9 Financial Instruments.	These amendments relate to the advantages of prepayment with negative compensation, where the current requirements of IFRS (9) regarding termination rights have been amended to allow for the measurement at amortized cost (or on the business model at fair value through other comprehensive income) status of negative compensation payments.
Amendments to IAS (28) "Investment in Associates and Joint Ventures".	These amendments relate to long-term shares in allied enterprises and joint ventures. These amendments clarify that an entity applies IFRS (9) *"Financial Instruments"* to long-term interests in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.
Amendments to IAS 19 Employee Benefits.	These amendments relate to adjustments to plans, reductions, or settlements.

b. Amendments Affecting the Bank's Consolidated Financial Statements:

Effect of Application of IFRS (16) "Leases":

The Bank adopted IFRS 16 ‘Leases’ the standard replaces the existing guidance on leases, including IAS 17 “Leases Contracts”. IFRIC 4 “Determining whether an Arrangement contains a Lease”. SIC 15 “Operating Leases – Incentives” and SIC 27 “Evaluating the Substance of Transactions in the Legal Form of a Lease”.

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after January 1, 2019. IFRS (16) stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Bank’s financial Position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS (17) “Leases” into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

The Bank has opted for the simplified approach application permitted by IFRS (16) upon adoption of the new standard. During the first time application of IFRS (16) to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application.

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at December 31, 2018, there were no adjustments on the returned earnings using the simplified approach, there were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to leased properties as of December 31, 2019 and January 1, 2019.

The effect of application on beginning balances for each right of use assets and lease liabilities amounted to JD 27,172,080.

The tables below shows the effect of application of IFRS 16 for each financial note as at December 31, 2019.

- Statement of financial Position:

Note	Balances shown in financial statements	Effect of application	Balance if not implemented
	JD	JD	JD
Right of use assets-Note(48)	27,979,663	27,979,663	-
Other assets	54,945,161	(1,485,481)	56,430,642
Total effect on assets		26,494,182	
Lease liabilities – Note(48)	25,927,574	25,927,574	-
Total effect on liabilities		25,927,574	

- Statement of Income

Note	Balances shown in financial statements	Effect of application	Balance if not implemented
	JD	JD	JD
Other expenses	32,203,118	(333,213)	31,869,905
Income tax	16,701,547	(135,175)	16,566,372
Total effect on statement of Income		(468,388)	

- Statement of cash flows

Note	Balances shown in financial statements	Effect of application	Balance if not implemented
	JD	JD	JD
Profit before tax	44,208,357	(333,213)	43,875,144
Other assets	9,407,546	(1,485,481)	10,893,027
Net (Cash Used in) operating activities		(1,818,694)	
Paid for lease liabilities	(3,843,953)	(3,843,953)	
Net (Cash Used in) operating activities		(3,843,953)	

The bank's leasing activities and its accounting treatment mechanism:

The bank leases real estate for use in its corporate activities, and usually leases are for fixed periods ranging from one to thirty years, some of which may include extension options and lease terms are negotiated on an individual basis and contain a set of different terms and conditions. Lease contracts do not include any pledges and not used as collateral for borrowing purposes.

Until the end of the fiscal year 2018, real estate leases was classified as either an operating lease or a finance lease, and amounts paid against operating leases are recorded in the income statement according to the straight-line method during the lease term.

As of January 1, 2019, lease contracts are recognized as right to use assets and liabilities obligations on the date when the asset is ready for use by the group, the value of each lease payment is distributed between the lease obligations and financing costs, and financing costs are recorded in statement of profit or loss during the lease period to reach a fixed periodic interest rate on the remaining balance of the obligation for each period and assets are depreciated during the useful life of the asset or the lease period, whichever is shorter according to the straight-line method.

Assets and liabilities arising from lease contracts are initially measured based on the present value, and the lease obligations include the net present value of the following lease payments:

- Fixed payments (including fixed payments) minus receivable lease incentives;
- Variable lease payments based on an indicator or rate;
- The amounts expected to be paid by the lessee under the residual value guarantees;
- Purchase option if the tenant is reasonably certain of this option, and
- Paying the contract termination fines if the terms of the lease include this option.

Lease payments are deducted using the interest rate of the underlying lease or the additional borrowing rate of the lessee if they are not available, which is the amount that the lessee must 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, which includes the following:

- The value of the initial measurement of the lease obligations;
- Any lease payments made on or before the start date minus any lease incentives received;
- Any initial direct costs, and
- Return costs (renewal and restoration).

Payments related to short-term leases and contracts for lease of low-value assets are included on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are 12-month or less. While low-value assets such as low-value IT equipment and small items of office furniture.

When applying the IFRS 16 for the first time, the bank used the following:

- Use a single discount rate for a portfolio of lease contracts with reasonably similar characteristics;
- Depending on previous evaluations of whether lease contracts are low;
- Accounting operating leases with a remaining lease term of less than 12 months in January 1, 2019 as short-term leases;
- excluding the initial direct costs for measuring the right to use assets at the date of the initial application, and
- Using the previous perception to determine the term of the lease, as the contract contains options for extending or terminating the lease.

The bank also chose not to reassess whether the contract contains or does not contain a lease on the date of the initial application. Instead, the bank relied on the evaluation of contracts that were concluded before the date of the transition, which was applied through the application of International Accounting Standard No. (17) “Lease Contracts” and International Interpretation (4) “Determining whether an arrangement involves a lease contract.”

c. New and revised IFRS in issue but not yet effective and not early adopted

The Company has not adopted the following new and amended IFRSs issued but not yet effective as of the date of the financial statements with its details as follows:

New and revised standards	Amendments to new and revised IFRSs
Amendments to IAS 1 Presentation of Financial Statements. (Effective January 2020).	These amendments relate to the definition of materiality. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'
Amendments to IFRS 3 Business Combinations (Effective January 2020.)	These amendments clarify the definition of business as the International Accounting Standards Board published the Revised Financial Reporting Framework. This includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation, and disclosure. In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which contain amendments to IFRS (2), (3), (6) and (14) and IAS (1), (8), (34), (37) and (38)) and IFRIC (12), Interpretation (19), Interpretations 20 and 22 and Interpretations of the Standing Committee for the Interpretation of Standards Number (32) in order to update those statements with regard to references and quotations from the framework or to refer to a different version of the conceptual framework.
IFRS 17 "Insurance Contracts" (Effective January 1, 2022.)	Provides a more consistent measurement and presentation approach to all insurance contracts. These requirements are aimed at achieving a consistent, principled accounting objective for insurance contracts. IFRS (17) replaces IFRS (4) *Insurance Contracts.* IFRS (17) requires measurement of insurance liabilities at present value to meet.
Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures (2011)" (The start date has been postponed indefinitely, and the application is still permitted)	These amendments relate to the treatment of the sale or contribution of the assets of the investor in the associate or joint venture.

Management expects to apply these new standards, interpretations, and amendments to the consolidated financial statements of the Bank when they are applicable. Moreover, the adoption of these new standards, interpretations, and amendments may have no material impact on the Bank's consolidated financial statements in the initial application period.

4. Significant Accounting Judgments and Key Sources of Estimates Uncertainty

Preparation of the consolidated financial statements and application of the accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the consolidated statement of comprehensive income and within shareholders' equity. In particular, the Bank's management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

Judgments, estimates, and assumptions are reviewed periodically. Moreover, the effect of the change in estimates is recognized in the financial period in which the change occurs if the change affects only the financial period. On the other hand, the effect of the change in estimates is recognized in the financial period in which the change occurs and in future periods if the change affects the financial period and future financial periods.

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

Impairment of property acquired

Impairment in value of properties acquired is recognized based on recent real estate valuations by qualified independent evaluators for calculating the asset impairment, which is reviewed periodically. As of beginning of 2015,a provision is booked against repossessed assets which are being held for more than four years in accordance to the Central Bank of Jordan circular number 10/1/4076 dated March 27, 2014, and 10/1/2510 dated February ,14,2017.Noting that the Central Bank of Jordan issued circular number 10/1/13967 dated October 25, 2018 authorizing the continuance of the procedures listed as per circular 10/1/16607 dated December 17, 2017, where the bank has ruled upon the postponement of provisions booking until the end of the year 2019. That and as per the central bank's circular no. 10/1/16239 dated November 21, 2019, the deduction of the required provisions against property acquired by (5%) shall be completed of the total book values of these properties (regardless of the duration of the violation) beginning on 2021, reaching the required 50% of the value of these properties by the end of 2029.

Productive of tangible and intangible assets

The management periodically re-estimates the productive reconstruction of tangible and intangible assets for the purposes of calculating annual depreciation and fire, depending on the overall condition of those assets and estimates of the expected future production, and Impairment loss in the statement of consolidated gains or losses for the year.

Income tax
The fiscal year is charged with the income tax expense in accordance with the accounting regulations, laws and standards. Moreover, deferred tax assets and liabilities and the required tax provision are recognized.

Provision for legal cases
A provision is made to meet any potential legal liabilities based on a legal study prepared by the Bank's legal counsel. This study identifies potential future risks and is reviewed periodically.

Provision for end-of-service indemnity
The provision for end-of-service indemnity, representing the Bank's obligations to employees, is calculated in accordance with the Bank's internal regulations.

Assets and liabilities at cost
Management periodically reviews the assets and liabilities at cost for estimating any impairment in value, which is recognized in the consolidated statement of income for the year.

Provision for expected credit losses
Management is required to use significant judgments and estimates to estimate the amounts and timing of future cash flows and assess the risks of a significant increase in credit risks for financial assets after initial recognition and future measurement information for the expected credit losses. The most important policies and estimates used by the Bank's management are detailed in note (44).

When calculating credit losses against credit exposures, the calculation results are compared in accordance with the International Financial Reporting Standard (9) with the instructions of the Central Bank of Jordan No. (47/2009) of December 10, 2009 for each stage at a time, and the most severe results are taken and excluded from the calculation of debt instruments issued by the Jordanian government or its guarantee, in addition to any other credit offers with the Jordanian government or its guarantee.

Evaluation of business model
The classification and measurement of financial assets depend on the results of the principal and interest payments test on the principal outstanding and the business model test. The Bank defines a business model at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment that reflects all relevant evidence, including how to assess the performance of the assets and measure their performance, the risks that affect the performance of assets and how they are managed, and how asset managers are compensated. The Bank monitors financial assets measured at amortized cost or fair value through other comprehensive income and derecognized before maturity to understand the reason for derecognition and whether the reasons are consistent with the objective of the business held. In this respect, control is part of the Group's continuous assessment of whether the business model under which the remaining financial assets are retained is appropriate, and whether it is inappropriate if there is a change in the business model, and therefore, a future change is made in the classification of those assets.

Significant increase in credit risk

The expected credit loss is measured as an allowance equivalent to the expected credit loss of 12 months for the assets of the first stage, or the credit loss over the life of the assets of the second or third stage. The asset moves to the second stage if credit risk increases significantly since initial recognition. IFRS (9) does not specify what constitutes a significant increase in credit risk. In assessing whether the credit risk of any asset has increased significantly, the Bank takes into account reasonable and reliable quantitative and qualitative information. The estimates used by the Bank's management concerning the significant change in credit risk that result in a change in the classification within the three stages (1, 2 and 3) are shown in details in note (44).

Establish groups of assets with similar credit risk characteristics

When the expected credit losses are measured on a collective basis, the financial instruments are grouped on the basis of common risk characteristics (e.g. instrument type, credit risk, collateral type, initial recognition date, remaining maturity period, industry, borrower's geographic location, etc.). The Bank monitors the appropriateness of credit risk characteristics on an ongoing basis to assess whether they are still similar. This is required to ensure that, in the event of a change in the credit risk characteristics, the asset is properly reallocated. This may result in the creation of new portfolios or the transfer of assets to an existing portfolio that better reflects the credit risk characteristics of that group of assets.

Re-division of portfolios and movements between portfolios

The re-division of portfolios and movements between portfolios is more common when credit risk increases significantly (or when such a large increase is reflected). Therefore, assets are transferred from expected credit losses of between (12) months to another portfolio or vice versa. However, this may happen within the portfolios that continue to be measured on the same basis as expected credit losses for a 12-month period or a lifetime, but the amount of the expected credit loss changes due to the varying credit risk of portfolios.

Models and assumptions used

The Bank uses various models and assumptions in measuring the fair value of financial assets as well as in assessing the expected credit loss described in note (44). The judgment is applied when determining the best models for each type of asset as well as for the assumptions used in those models, which include assumptions regarding the main drivers of credit risk.

a. Classification and measurement of financial assets and liabilities

The Bank classifies financial instruments or components of financial assets at initial recognition either as a financial asset or a financial liability, or as an equity instrument in accordance with the substance of the contractual agreements and the definition of the instrument. The reclassification of a financial instrument is subject to the substance of the financial statements and not to its legal form.

The Bank shall determine the classification at initial recognition and reassess such determination, if possible and appropriate, at each date of the consolidated statement of financial position.

When measuring financial assets and liabilities, certain assets and liabilities of the Bank are re-measured at fair value for financial reporting purposes. In assessing the fair value of any assets or liabilities, the Bank uses available observable market data. In the absence of Tier 1 inputs, the Bank conducts evaluations using professionally qualified independent evaluators. The Bank works closely with qualified external evaluators to develop appropriate valuation and data valuation techniques.

b. Fair value measurement

If the fair values of financial assets and financial liabilities included in the consolidated statement of financial position cannot be obtained from active markets, these fair values are determined using a range of valuation techniques involving the use of accounting models. If possible, the entered data for those models will be extracted from the market data. In the absence of such market data, fair values are determined by making judgments. These provisions include liquidity considerations and model data such as derivative volatility, longer-term discount rates, pre-payment ratios and default rates on asset-backed securities. Management believes that the valuation techniques used are appropriate to determine the fair value of financial instruments.

c. Derivative financial instruments

The fair values of derivative financial instruments measured at fair value are generally obtained by reference to quoted market prices, discounted cash flow models and, where appropriate, recognized pricing models. In the absence of prices, fair values are determined using valuation techniques that reflect observable market data. These techniques include comparison with similar instruments at observable market prices, discounted cash flow analysis, pricing option models and other valuation techniques commonly used by market participants. The main factors that Management takes into consideration when applying the model are:

- The expected timing and probability of future cash flows on the instrument where such cash flows are generally subject to the terms of the instrument, although Management’s judgment may be required where the counterparty's ability to repay the instrument in accordance with contractual terms is in doubt; and

- An appropriate discount rate for the instrument. Management determines the instrument discount rate at a rate higher than the non-risk rate. In assessing the instrument by reference to comparative instruments, Management considers the maturity, structure, and degree of classification of the instrument based on the system in which the existing position is compared. When evaluating tools on a model basis using the fair value of the main components, Management also considers the need to make adjustments for a number of factors, such as bid differences, credit status, portfolio service costs, and uncertainty about the model.

Extension and termination options in leases

Extension and termination options are included in a number of leases. These terms are used to increase operational flexibility in terms of contract management, and most of the retained extension and termination options are renewable by both the bank and the lessor.

Determining the duration of the lease

When determining the duration of the lease, management takes into account all the facts and circumstances that create an economic incentive for the extension option, or no termination option. Extension options (or periods following termination options) are included only in the lease term if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of a significant event or significant change in the circumstances affecting this assessment that are under the control of the tenant.

Key Sources of Uncertainty Estimates

The principal estimates used by Management in applying the Bank's accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Determining the number and relative weight of scenarios, the outlook for each type of product / market, and the identification of future information relevant to each scenario.

When measuring the expected credit loss, the Bank uses reasonable and supported future information based on the assumptions of the future movement of the various economic drivers and the manner in which they affect each other.

Probability of default

The potential for default is a key input in measuring the expected credit loss. The probability of default is an estimate of the probability of default over a given period of time, which includes

The calculation of historical data, assumptions, and expectations relating to future circumstances.

Loss given default

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the financer expects to collect, taking into account cash flows from collateral and integrated credit adjustments.

Fair value measurement and valuation procedures

When estimating the fair value of financial assets and financial liabilities, the Bank uses available observable market data. In the absence of level (1) inputs, the Bank conducts evaluations using appropriate valuation models to determine the fair value of financial instruments.

Discounting leasing payments

Leasing payments are deducted using the bank's additional borrowing rate ("IBR"). The Administration applied the provisions and estimates to determine the additional borrowing rate at the start of the lease.

5. Cash and Balances at Central Banks

The details of this balance is as follow:

	December 31, 2019	December 31, 2018
	JD	JD
Cash on hand	140,843,945	113,091,651
Balances at Central Banks:		
Current and demand accounts	31,117,768	53,401,903
Time and notice deposits	49,465,000	10,635,000
Statutory cash reserve	111,234,561	100,843,314
Certificate of deposits	-	55,400,000
	332,661,274	333,371,868
Provision for expected credit losses (central banks)	(3,979)	(1,582)
Total	332,657,295	333,370,286

- Restricted balances amounted to JD 10,635,000 as of December 31, 2019 (JD10,635,000 as of December 31, 2018). In addition to the statutory cash reserve as stated above.

- There are no balances that mature in a period more than three months as of December 31, 2019 and 2018.

- All balances at the Central Bank of Jordan are classified within stage 1 in accordance with the requirements of IFRS (9) and there are no transfers between stages 1, 2, and 3 or any written of balances as of December 31, 2019.

Disclosure of the allocation of total balances at central banks according to the Bank's internal credit rating categories is as follows:

	2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy				
From (Caa3) to (Ba1)	191,817,329	-	-	191,817,329
Total	191,817,329	-	-	191,817,329

	2018			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy				
From (Caa3) to (Ba1)	220,280,217	-	-	220,280,217
Total	220,280,217	-	-	220,280,217

The movement on balances at central banks are as the following:

	2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	220,280,217	-	-	220,280,217
New balances during the year	49,221,247	-	-	49,221,247
Settled balances	(77,684,135)	-	-	(77,684,135)
Total Balance at the End of the Year	191,817,329	-	-	191,817,329

	2018			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	440,508,243	-	-	440,508,243
New balances during the year	8,522,712	-	-	8,522,712
Settled balances	(228,750,738)	-	-	(228,750,738)
Total Balance at the End of the Year	220,280,217	-	-	220,280,217

Movement on the provision for expected credit losses:

	2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Balance as of January 1, 2019	1,582	-	-	1,582
New balances during the year	5,278	-	-	5,278
Settled balances	(2,881)	-	-	(2,881)
Total Balance at the End of the Year	3,979	-	-	3,979

	2018			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Adjusted balance as of January 1, 2018	1,094	-	-	1,094
New balances during the year	10,106	-	-	10,106
Settled balances	(9,618)	-	-	(9,618)
Total Balance at the End of the Year	1,582	-	-	1,582

6. Balances at Banks and Financial Institutions

	December 31, 2019	December 31, 2018
	JD	JD
Local Banks and Financial Institutions:		
Current and demand accounts	93,368	1,043,055
Deposits maturing within 3 months or less	76,035,381	24,642,428
Total	76,128,749	25,685,483
Foreign Banks and Financial Institutions:		
Current and demand accounts	36,856,493	36,406,594
Deposits maturing within 3 months or less	45,851,382	55,787,873
Total	82,707,875	92,194,467
	158,836,624	117,879,950
Less: provision for expected credit losses (balances at banks)	(51,367)	(27,250)
Total	158,785,257	117,852,700

- Non-interest bearing balances at banks and financial institutions amounted to JD 35,204,542 as of December 31, 2019 (JD 37,449,649 as of December 31, 2018).

- There are no restricted balances as of December 31, 2019 and 2018.

Disclosure of the allocation of total balances at banks and financial institutions according to the bank's internal rating categories:

	2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy				
From (Aaa) to (Baa3)	96,230,789	-	-	96,230,789
From (Ba1) to (Caa3)	61,579,221	-	-	61,579,221
From (1) to (6)	1,026,614	-	-	1,026,614
Total	158,836,624	-	-	158,836,624

	2018			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy				
From (Aaa) to (Baa3)	58,211,502	-	-	58,211,502
From (Ba1) to (Caa3)	32,158,770	-	-	32,158,770
From (Ca) to (C)	14,966,519	-	-	14,966,519
From (1) to (6)	12,543,159	-	-	12,543,159
Total	117,879,950	-	-	117,879,950

The movement on balances at banks and financial institutions is as follows:

	2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	JD	JD	JD	JD
Balance at the beginning of the year	117,879,950	-	-	117,879,950
New balances during the year	170,193,824	-	-	170,193,824
Accrued balances	(129,237,150)	-	-	(129,237,150)
Total Balance at the End of the Year	158,836,624	-	-	158,836,624

	2018			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	JD	JD	JD	JD
Balance at the beginning of the year	152,650,750	767,801	-	153,418,551
New balances during the year	107,292,500	-	-	107,292,500
Accrued balances	(142,831,101)	-	-	(142,831,101)
Transferred to stage 1	767,801	(767,801)	-	-
Total Balance at the End of the Year	117,879,950	-	-	117,879,950

Disclosure of the movement on the provision for expected credit losses:

	2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	JD	JD	JD	JD
Balance as of January 1, 2019	27,250	-	-	27,250
Credit losses on new balances and deposits during the year	74,404	-	-	74,404
Reversed from credit loss on balances	(50,287)	-	-	(50,287)
Balance at the End of the Year	51,367	-	-	51,367

	2018			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	JD	JD	JD	JD
Adjusted balance as of January 1, 2018	62,086	107	-	62,193
Credit losses on new balances and deposits during the year	27,107	-	-	27,107
Reversed from credit loss on balances	(62,072)	-	-	(62,072)
Transferred to stage 1	107	(107)	-	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	22	-	-	22
Balance at the End of the Year	27,250	-	-	27,250

7. Deposits at Banks and Financial Institutions

The details of this item are as follows:

	December 31,	
	2019	2018
	JD	JD
Deposit maturing within:		
More than 3 to 6 months	1,860,986	-
More than 6 to 9 months	29,231,645	612,376
More than 9 to 12 months	1,289,259	28,000,000
More than 12 months	55,897,200	61,207,100
Total	88,279,090	89,819,476
Less: provision for expected credit losses		
(deposits at banks)	(239,076)	(240,263)
Total	88,040,014	89,579,213

- There are no restricted deposits as of December 31, 2019 and 2018.

Disclosure of the allocation of total deposits at banks and financial institutions according to the bank's internal policy

	2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Credit rating categories according to the				
Bank's internal policy				
From (Aaa) to (Baa3)	63,279,090	-	-	63,279,090
From (Ba1) to (Caa3)	25,000,000	-	-	25,000,000
Total	88,279,090	-	-	88,279,090

	2018			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Credit rating categories according to the				
Bank's internal policy				
From (Aaa) to (Baa3)	64,819,476	-	-	64,819,476
From (Ba1) to (Caa3)	25,000,000	-	-	25,000,000
Total	89,819,476	-	-	89,819,476

the movement on deposits at banks and financial institutions is as follows:

	2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	JD	JD	JD	JD
Balance at the beginning of the year	89,819,476	-	-	89,819,476
New deposits during the year	60,871,460	-	-	60,871,460
Accrued deposits	(62,411,846)	-	-	(62,411,846)
Total Balance at the End of the Year	88,279,090	-	-	88,279,090

	2018			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	JD	JD	JD	JD
Balance at the beginning of the year	94,494,903	-	-	94,494,903
New deposits during the year	86,819,476	-	-	86,819,476
Accrued deposits	(91,494,903)	-	-	(91,494,903)
Total Balance at the End of the Year	89,819,476	-	-	89,819,476

Movement on the provision for expected credit losses:

	2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Balance as of January 1, 2019	240,263	-	-	240,263
Credit losses on new balances and deposits during the year	35,985	-	-	35,985
Reversed from credit loss on deposits	(82,349)	-	-	(82,349)
Changes resulting from adjustments	45,177	-	-	45,177
Balance at the End of the Year	239,076	-	-	239,076

	2018			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Adjusted balance as of January 1, 2018	332,570	-	-	332,570
Credit losses on new balances and deposits during the year	239,138	-	-	239,138
Reversed from credit loss on deposits	(326,274)	-	-	(326,274)
Changes resulting from adjustments	(5,171)	-	-	(5,171)
Balance at the End of the Year	240,263	-	-	240,263

8. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	December 31,	
	2019	2018
	JD	JD
Corporate shares	9,405,269	11,503,790
	9,405,269	11,503,790

9. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	December 31,	
	2019	2018
	JD	JD
Quoted shares	49,901,170	48,264,787
Unquoted Shares*	5,511,283	4,057,660
	55,412,453	52,322,447

- Dividends on investments amounted to JD 2,902,829 for the year ended December 31, 2019 (JD 3,903,996 for the year ended December 31,2018)

* Fair value calculation for unquoted investments are based on the most recent financial data available.

10. Financial Assets at Amortized Cost - Net

The details of this item are as follows:

	December 31,	
	2019	2018
	JD	JD
Quoted Investments		
Foreign government treasury bonds	7,720,039	12,012,326
Corporate debt securities	18,001,206	17,410,154
Total quoted investments	25,721,245	29,422,480
Unquoted Investments		
Governmental treasury bills	-	44,057,267
Governmental treasury bonds	595,528,997	410,312,489
Governmental debt securities	1,113,306	1,938,854
Corporate debt securities	54,250,000	54,283,600
Total unquoted investments	650,892,303	510,592,210
Total	676,613,548	540,014,690
Less: Provision for expected credit losses (financial assets at	(760,286)	(947,477)
amortized cost)	675,853,262	539,067,213
Analysis of bonds and treasury bills		
Fixed rate	676,613,548	540,014,690
Floating rate	-	-
Total	676,613,548	540,014,690

Disclosure of the allocation of total financial assets at amortized cost according to the bank's internal rating categories:

	2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy				
From (Aaa) to (Baa3)	17,505,427	-	-	17,505,427
From (Ba1) to (Caa3)	604,858,121	-	-	604,858,121
From (1) to (6)	54,250,000	-	-	54,250,000
Total	676,613,548	-	-	676,613,548

	2018			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy				
From (Aaa) to (Baa3)	19,159,619	-	-	19,159,619
From (Ba1) to (Caa3)	466,855,071	-	-	466,855,071
From (1) to (6)	54,000,000	-	-	54,000,000
Total	540,014,690	-	-	540,014,690

The movement on financial assets at amortized cost is as follows:

	2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	JD	JD	JD	JD
Fair value at the beginning of the year	540,014,690	-	-	540,014,690
New investments during the year	283,902,768	-	-	283,902,768
Accrued investments	(147,303,910)	-	-	(147,303,910)
Total Balance at the End of the Year	676,613,548	-	-	676,613,548

	2018			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	JD	JD	JD	JD
Fair value at the beginning of the year	324,648,522	715,676	-	325,364,198
New investments during the year	394,504,356	-	-	394,504,356
Accrued investments	(179,138,188)	(715,676)	-	(179,853,864)
Total Balance at the End of the Year	540,014,690	-	-	540,014,690

The movement on the provision for expected credit losses for financial assets at amortized cost is as follows:

	2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	JD	JD	JD	JD
Balance as of January 1, 2019	947,477	-	-	947,477
Credit losses on new investments during the year	398,493	-	-	398,493
Reversed from credit loss on Accrued Investment	(150,194)	-	-	(150,194)
Changes resulting from adjustments	(435,490)	-	-	(435,490)
Balance at the End of the Year	760,286	-	-	760,286

	2018			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	JD	JD	JD	JD
Adjusted balance as of January 1, 2018	735,398	9,785	-	745,183
Credit losses on new investments during the year	851,211	-	-	851,211
Reversed from credit loss on Accrued Investment	(649,106)	(9,785)	-	(658,891)
Changes resulting from adjustments	9,974	-	-	9,974
Balance at the End of the Year	947,477	-	-	947,477

11. Financial Assets Pledged as Collateral

The details of this item are as follows:

	December 31, 2019		December 31, 2018	
	Financial assets pledged as collateral	Financial Liabilities Associated with the Balance	Financial assets pledged as collateral	Financial Liabilities Associated with the Balance
	JD	JD	JD	JD
Financial assets at amortized cost	73,714,000	73,714,000	24,562,000	24,562,000

These bonds were collateralized against the borrowed funds obtained from the Central Bank of Jordan for financing industrial loans and SMEs.

12. Direct Credit Facilities - Net

The details of this item are as follows:

	December 31,	
	2019	2018
	JD	JD
Consumer lending		
Overdrafts	11,131,454	8,440,709
Loans and bills *	629,284,371	655,572,767
Credit cards	14,031,062	15,259,761
Others	6,157,559	6,434,899
Realestate mortgages	220,455,636	212,744,385
Corporate lending		
Overdrafts	73,345,451	103,296,280
Loans and bills *	381,126,208	367,249,310
Small and medium enterprises lending “SMEs”		
Overdrafts	22,552,466	22,273,715
Loans and bills *	121,935,186	108,988,311
Lending to public and governmental sectors	197,379,839	221,114,559
Total	1,677,399,232	1,721,374,696
Less: Suspended interest	(11,088,805)	(10,288,548)
Less: Provision for expected credit loss	(67,234,849)	(61,515,747)
Net- Direct Credit Facilities	1,599,075,578	1,649,570,401

* Net of interest and commissions received in advance amounting to JD 5,629,872 as of December 31, 2019 (JD 10,639,644 as of December 31, 2018).

- Non-performing credit facilities, in accordance with the instructions of the Central Bank of Jordan, amounted to JD 91,543,362 as of December 31,2019 (JD 82,778,735 as of December 31,2018) representing 5.46% (2018:4.81 %) of gross direct credit facilities granted.

- Non-performing credit facilities, net of suspended interest, amounted to JD 80,631,264 as of December 31, 2019 (JD 72,561,170 as of December 31, 2018), representing 4.84% (2018: 4.24%) of gross direct credit facilities granted after excluding the suspended interest.

- Credit facilities granted to the Government of Jordan amounted to JD 84,591,574 as of December 31, 2019 (JD 77,511,279 as of December 31, 2018), representing 5.04 % (2018: 4.50%) of gross direct credit facilities granted.

- Credit facilities granted to the public sector in Palestine amounted to JD 69,697,758 as of December 31, 2019 (JD 55,351,850 as of December 31, 2018), representing 4.16% (2018: 3.22%) of gross direct credit facilities granted.

Disclosure on the movement of facilities at a collective level at the end of the year:

	2019					
	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	677,592,104	821,763,191	105,380,700	30,844,800	85,793,901	1,721,374,696
New facilities during the year	213,728,355	142,365,000	18,622,265	7,458,963	6,403,896	388,578,479
Settled facilities	(212,814,816)	(155,090,499)	(44,076,808)	(6,937,219)	(11,191,252)	(430,110,594)
Transferred to stage 1	33,206,080	22,939,220	(32,564,618)	(13,981,016)	(9,599,666)	-
Transferred to stage 2	(94,471,848)	(32,240,626)	97,650,529	35,225,673	(6,163,728)	-
Transferred to stage 3	(6,706,343)	(13,265,451)	(9,033,529)	(7,368,678)	36,374,001	-
Changes resulting from adjustments	-	(2,490)	-	-	(49,341)	(51,831)
Written off facilities	-	-	-	-	(2,391,518)	(2,391,518)
Gross Balance at the End of the Year	610,533,532	786,468,345	135,978,539	45,242,523	99,176,293	1,677,399,232

	2018					
	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	535,663,928	834,863,951	137,245,927	30,291,797	59,064,363	1,597,129,966
New facilities during the year	237,415,902	140,029,475	42,641,732	4,376,017	13,892,322	438,355,448
Settled facilities	(143,177,490)	(128,400,836)	(21,594,312)	(6,748,660)	(9,850,612)	(309,771,910)
Transferred to stage 1	94,565,489	17,736,561	(90,232,658)	(14,613,477)	(7,455,915)	-
Transferred to stage 2	(41,711,854)	(22,456,421)	45,661,974	24,052,084	(5,545,783)	-
Transferred to stage 3	(5,163,871)	(20,009,539)	(8,341,963)	(6,512,961)	40,028,334	-
Written off facilities	-	-	-	-	(4,338,808)	(4,338,808)
Gross Balance at the End of the Year	677,592,104	821,763,191	105,380,700	30,844,800	85,793,901	1,721,374,696

The movement on the provision for expected credit losses is as follows:

		Residential	Corporates		Government and	
	Consumer	Loans	Corporates	SMEs	Public Sector	Total
For the year ended December 31, 2019	JD	JD	JD	JD	JD	JD
Balance as of January 1, 2019	40,799,652	5,120,597	7,072,595	6,843,433	1,679,470	61,515,747
Credit loss on new facilities during the year	4,668,975	957,196	1,205,426	1,108,636	575,557	8,515,790
Reversed from credit losses on settled facilities	(1,651,466)	(1,009,412)	(1,287,848)	(880,419)	(109,067)	(4,938,212)
Transferred to stage 1	3,408,626	334,341	124,466	32,882	150,229	4,050,544
Transferred to stage 2	559,283	268,353	(62,002)	810,523	(150,229)	1,425,928
Transferred to stage 3	(3,967,909)	(602,694)	(62,464)	(843,405)	-	(5,476,472)
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	2,521,774	1,634,964	3,061,977	2,711,365	(144,622)	9,785,458
Changes resulting from adjustments	(4,864,119)	(82,404)	(1,111,595)	(608,399)	1,010,170	(5,656,347)
Written off facilities	(2,348,355)	-	-	(43,163)	-	(2,391,518)
Valuation differences	99,424	27,115	199,232	78,160	-	403,931
Balance at the End of the Year	39,225,885	6,648,056	9,139,787	9,209,613	3,011,508	67,234,849
For the year ended December 31, 2018						
Balance as of January 1, 2018 (adjusted)	42,536,594	4,085,511	5,079,507	5,295,164	493,059	57,489,835
Credit loss on new facilities during the year	1,563,404	973,160	2,290,174	2,398,256	114,310	7,339,304
Reversed from credit losses on settled facilities	(4,942,698)	(788,362)	(283,527)	(801,828)	(6,672)	(6,823,087)
Transferred to stage 1	1,118,978	244,379	550,817	758,117	438,738	3,111,029
Transferred to stage 2	465,286	(199,513)	(435,822)	(14,127)	(438,738)	(622,914)
Transferred to stage 3	(1,584,265)	(44,866)	(114,995)	(743,990)	-	(2,488,116)
Effect on the provision at the end of the year - resulting						-
from the reclassification between the three stages at the end of the year	7,839,227	1,065,657	1,681,817	1,257,255	943,916	12,787,872
Changes resulting from adjustments	(5,012,628)	(215,369)	(720,929)	(1,305,414)	134,857	(7,119,483)
Written off facilities	(1,184,246)	-	(974,447)	-	-	(2,158,693)
Balance at the End of the Year	40,799,652	5,120,597	7,072,595	6,843,433	1,679,470	61,515,747

Suspended Interest

The movement on suspended interest is as follows:

	2019					
	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	24,526	8,795	2,089	31,054	10,222,084	10,288,548
Suspended interest on new exposures during the year	(334)	4,459	-	6,010	1,978,236	1,988,371
Suspended interest on settled exposures transferred to revenue during the year	(1,019)	(69,082)	(56,876)	(32,617)	(906,926)	(1,066,520)
Transferred to stage 1	(23,058)	78,803	24,073	(4,384)	(75,434)	-
Transferred to stage 2	(112)	(1,698)	55,289	31,864	(85,343)	-
Transferred to stage 3	(3)	(930)	(487)	(3,627)	5,047	-
Effect on suspended revenue at the end of the year - resulting from the reclassification between the three stages at the at the end of the year	(23,173)	75,611	78,875	23,853	(155,730)	(564)
Suspended interest on written off exposures	-	-	-	-	(115,645)	(115,645)
Adjustments resulting from changes in exchange rates	-	-	-	(5,949)	-	(5,949)
Gross Balance at the End of the Year	-	20,347	24,088	22,351	11,022,019	11,088,805

	2018					
	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	17,070	79,454	136,089	1,894	10,295,680	10,530,187
Suspended interest on new exposures during the year	10,369	2,369	1,605	30,898	1,097,677	1,142,918
Suspended interest on settled exposures transferred to revenue during the year	(43,845)	(34,599)	(130,012)	(10,955)	(5,627,465)	(5,846,876)
Transferred to stage 1	41,879	24,185	(41,840)	(259)	(23,965)	-
Transferred to stage 2	-	(383)	36,252	10,717	(46,586)	-
Transferred to stage 3	(947)	(62,231)	(5)	(1,241)	64,424	-
Effect on suspended revenue at the end of the year - resulting from the reclassification between the three stages at the at the end of the year	41,265	20,230	(5,593)	9,217	(64,786)	333
Changes resulting from adjustments	-	-	-	-	4,836,669	4,836,669
Suspended interest on written off exposures	-	-	-	-	(374,350)	(374,350)
Gross Balance at the End of the Year	24,526	8,795	2,089	31,054	10,222,084	10,288,548

The movement on suspended interest is as follows:

	Consumer	Residential Loans	Corporates: Corporates	Corporates: SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
For the year ended December 31, 2019						
Balance at the beginning of the year	1,996,485	278,066	6,411,115	1,314,025	288,857	10,288,548
Suspended interest on new exposures during the year	587,193	187,196	558,266	655,717	-	1,988,372
Suspended interest on settled exposures transferred to revenue during the year	(346,678)	(53,818)	(385,038)	(280,986)	-	(1,066,520)
Transferred to stage 1	67,420	8,191	(24,190)	1,581	-	53,002
Transferred to stage 2	13,554	11,691	24,187	53,296	-	102,728
Transferred to stage 3	(80,975)	(19,882)	3	(54,877)	-	(155,731)
Effect on suspended revenue at the end of the year - resulting from the reclassification between the three stages at the end of the year	(25,943)	-	-	-	(89,702)	(115,645)
Adjustments resulting from changes in exchange rates	(5,949)	-	-	-	-	(5,949)
Balance at the End of the Year	2,205,107	411,444	6,584,343	1,688,756	199,155	11,088,805
For the year ended December 31, 2018						
Balance at the beginning of the year	7,095,997	158,438	2,000,892	1,274,837	23	10,530,187
Suspended interest on new exposures during the year	562,232	125,292	39,169	127,368	288,857	1,142,918
Suspended interest on settled exposures transferred to revenue during the year	(833,064)	(5,664)	(83,275)	(115,882)	(23)	(1,037,908)
Transferred to stage 1	(38,690)	261	41,855	(924)	-	2,502
Transferred to stage 2	8,409	808	(5,599)	6	-	3,624
Transferred to stage 3	30,280	(1,069)	(36,256)	918	-	(6,127)
Effect on suspended interest resulting from adjustments	(4,808,967)	-	4,808,967	27,702	-	27,702
Suspended interest on written off exposures	(19,712)	-	(354,638)	-	-	(374,350)
Balance at the End of the Year	1,996,485	278,066	6,411,115	1,314,025	288,857	10,288,548

Credit exposures according to IFRS (9) are as follows:

As of December 31, 2019

	In accordance with IFRS (9) as adopted by the central bank of Jordan											
	Stage 1			Stage 2			Stage 3			Total		
	Total	Expected Credit Losses	Suspended Interest	Total	Expected Credit Losses	Suspended Interest	Total	Expected Credit Losses	Suspended Interest	Total	Expected Credit Losses	Suspended Interest
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Individuals	594,849,510	3,896,898	20,278	24,331,486	763,680	22,351	41,423,450	34,565,307	2,162,478	660,604,446	39,225,885	2,205,107
Realestate Mortgages	189,175,681	988,598	69	20,152,823	520,603	-	11,127,132	5,138,855	411,375	220,455,636	6,648,056	411,444
Corporates	329,726,752	311,728	-	101,319,351	2,423,738	24,071	23,425,556	6,404,321	6,560,272	454,471,659	9,139,787	6,584,343
SMEs	93,007,994	212,200	-	31,180,559	941,680	17	20,299,099	8,055,733	1,688,739	144,487,652	9,209,613	1,688,756
Government and Public Sector	190,241,940	314,360	-	4,236,843	4,111	-	2,901,056	2,693,037	199,155	197,379,839	3,011,508	199,155
	1,397,001,877	5,723,784	20,347	181,221,062	4,653,812	46,439	99,176,293	56,857,253	11,022,019	1,677,399,232	67,234,849	11,088,805

As of December 31, 2018

	In accordance with IFRS (9) as adopted by the central bank of Jordan											
	Stage 1			Stage 2			Stage 3			Total		
	Total	Expected Credit Losses	Suspended Interest	Total	Expected Credit Losses	Suspended Interest	Total	Expected Credit Losses	Suspended Interest	Total	Expected Credit Losses	Suspended Interest
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Individuals	626,439,199	4,926,872	8,713	18,983,515	415,429	31,054	40,285,422	35,457,351	1,956,718	685,708,136	40,799,652	1,996,485
Realestate Mortgages	192,139,750	1,313,781	82	11,227,630	339,808	-	9,377,005	3,467,008	277,984	212,744,385	5,120,597	278,066
Corporates	385,510,272	631,606	24,524	67,393,464	1,891,626	1,603	17,641,854	4,549,363	6,384,988	470,545,590	7,072,595	6,411,115
SMEs	89,447,051	359,270	2	26,307,249	900,426	486	15,507,726	5,583,737	1,313,537	131,262,026	6,843,433	1,314,025
Government and Public Sector	205,819,023	181,962	-	12,313,642	150,989	-	2,981,894	1,346,519	288,857	221,114,559	1,679,470	288,857
	1,499,355,295	7,413,491	33,321	136,225,500	3,698,278	33,143	85,793,901	50,403,978	10,222,084	1,721,374,696	61,515,747	10,288,548

Disclosure on the allocation of gross facilities according to the Bank's internal rating categories for corporates:

	2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy:				
From (1) to (6)	329,726,752	74,328,557	-	404,055,309
(7)	-	26,990,794	-	26,990,794
From (8) to (10)	-	-	23,425,556	23,425,556
Total	329,726,752	101,319,351	23,425,556	454,471,659

	2018			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy:				
From (1) to (6)	384,565,125	57,104,686	-	441,669,811
(7)	945,147	10,288,778	-	11,233,925
From (8) to (10)	-	-	17,641,854	17,641,854
Total	385,510,272	67,393,464	17,641,854	470,545,590

The disclosure on the movement of facilities for corporates is as follows:

	2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Gross balance as of the beginning of the year	385,510,272	67,393,464	17,641,854	470,545,590
New facilities during the year	107,268,316	11,926,521	1,813,849	121,008,686
Settled facilities	(97,562,683)	(37,204,681)	(2,315,253)	(137,082,617)
Transferred to stage 1	15,847,137	(15,245,719)	(601,418)	-
Transferred to stage 2	(76,979,995)	77,197,505	(217,510)	-
Transferred to stage 3	(4,356,295)	(2,747,739)	7,104,034	-
Balance at the end of the year	329,726,752	101,319,351	23,425,556	454,471,659

	2018			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Gross balance at the beginning of the year	297,427,748	62,390,074	11,079,236	370,897,058
New facilities during the year	132,275,735	34,424,132	7,462,240	174,162,107
Settled facilities	(57,551,007)	(14,035,789)	(1,126,100)	(72,712,896)
Transferred to stage 1	37,730,971	(37,727,594)	(3,377)	-
Transferred to stage 2	(24,373,175)	27,352,909	(2,979,734)	-
Transferred to stage 3	-	(5,010,268)	5,010,268	-
Written off facilities	-	-	(1,800,679)	(1,800,679)
Balance at the end of the year	385,510,272	67,393,464	17,641,854	470,545,590

The disclosure on the movement of the provision for expected credit losses for facilities relating to corporates is as follows:

	2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Balance as of January 1, 2019	631,606	1,891,626	4,549,363	7,072,595
Credit loss on new facilities during the year	79,596	632,370	493,460	1,205,426
Reversed from credit loss on accrued facilities	(255,710)	(441,696)	(590,442)	(1,287,848)
Transferred to stage 1	274,235	(47,320)	(226,915)	-
Transferred to stage 2	(137,010)	240,230	(103,220)	-
Transferred to stage 3	(12,759)	(254,912)	267,671	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	(266,123)	403,440	2,924,660	3,061,977
Changes resulting from adjustments	(2,107)	-	(1,109,488)	(1,111,595)
Adjustments resulting from changes in exchange rates	-	-	199,232	199,232
Gross Balance at the End of the Year	311,728	2,423,738	6,404,321	9,139,787

	2018			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Balance as of January 1, 2018 (Adjusted)	255,115	1,333,099	3,491,293	5,079,507
Credit loss on new facilities during the year	321,820	713,404	1,254,950	2,290,174
Reversed from credit loss on accrued facilities	(65,396)	(154,581)	(63,550)	(283,527)
Transferred to stage 1	598,011	(597,082)	(929)	-
Transferred to stage 2	(47,194)	377,773	(330,579)	-
Transferred to stage 3	-	(216,513)	216,513	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	(430,750)	435,526	1,677,041	1,681,817
Changes resulting from adjustments	-	-	(720,929)	(720,929)
Written off facilities	-	-	(974,447)	(974,447)
Gross Balance at the End of the Year	631,606	1,891,626	4,549,363	7,072,595

Disclosure on the allocation of gross facilities according to the Bank's internal rating categories for SMEs:

	2019					
	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy:						
From (1) to (6)	90,564,840	-	20,570,838	-	-	111,135,678
(7)	-	-	9,851,507	-	-	9,851,507
From (8) to (10)	-	-	-	-	19,047,363	19,047,363
Uncategorized	-	2,443,154	-	758,214	1,251,736	4,453,104
Total	90,564,840	2,443,154	30,422,345	758,214	20,299,099	144,487,652

	2018					
	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy:						
From (1) to (6)	86,036,910	-	15,279,615	-	-	101,316,525
(7)	225,901	-	10,393,978	-	-	10,619,879
From (8) to (10)	-	-	-	-	14,989,739	14,989,739
Uncategorized	-	3,184,242	-	633,655	517,986	4,335,883
Total	86,262,811	3,184,242	25,673,593	633,655	15,507,725	131,262,026

The disclosure on the movement of facilities for SMEs is as follows:

	2019					
	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	86,262,809	3,184,242	25,673,594	633,655	15,507,726	131,262,026
New facilities during the year	34,434,178	1,433,638	6,460,264	190,913	725,276	43,244,269
Settled facilities	(19,348,185)	(1,176,436)	(6,872,127)	(383,069)	(2,195,663)	(29,975,480)
Transferred to stage 1	5,045,302	69,453	(5,005,258)	(46,981)	(62,516)	-
Transferred to stage 2	(13,490,491)	(520,384)	16,451,662	641,188	(3,081,975)	-
Transferred to stage 3	(2,338,773)	(547,359)	(6,285,790)	(277,492)	9,449,414	-
Written off facilities	-	-	-	-	(43,163)	(43,163)
Gross Balance at the End of the Year	90,564,840	2,443,154	30,422,345	758,214	20,299,099	144,487,652

	2018					
	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	55,958,174	1,975,816	39,256,863	172,364	13,496,001	110,859,218
New facilities during the year	41,564,225	2,314,406	6,643,178	442,425	2,267,706	53,231,940
Settled facilities	(23,442,315)	(582,374)	(7,558,523)	(78,521)	(1,167,399)	(32,829,132)
Transferred to stage 1	21,235,528	11,454	(16,906,074)	(11,454)	(4,329,454)	-
Transferred to stage 2	(6,599,459)	(255,643)	7,569,845	255,643	(970,386)	-
Transferred to stage 3	(2,453,344)	(279,417)	(3,331,695)	(146,802)	6,211,258	-
Gross Balance at the End of the Year	86,262,809	3,184,242	25,673,594	633,655	15,507,726	131,262,026

The disclosure on the movement of the provision for expected credit losses for facilities relating to SMEs is as follows:

	2019					
	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance as of January 1, 2019	226,534	132,736	851,569	48,857	5,583,737	6,843,433
Credit loss on new facilities during the year	52,431	37,417	142,456	5,393	870,939	1,108,636
Reversed from credit loss on accrued facilities	(98,796)	(53,376)	(232,334)	(15,452)	(480,461)	(880,419)
Transferred to stage 1	116,033	11,363	(102,156)	(2,976)	(22,264)	-
Transferred to stage 2	(37,749)	(21,699)	1,143,929	77,895	(1,162,376)	-
Transferred to stage 3	(7,150)	(27,916)	(285,197)	(20,972)	341,235	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	(108,210)	(9,300)	(617,639)	(51,693)	3,498,207	2,711,365
Changes resulting from adjustments	(118)	-	-	-	(608,281)	(608,399)
Written off facilities	-	-	-	-	(43,163)	(43,163)
Adjustments resulting from changes in exchange rates	-	-	-	-	78,160	78,160
Gross Balance at the End of the Year	142,975	69,225	900,628	41,052	8,055,733	9,209,613

	2018					
	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Adjusted balance as of January 1, 2018	157,521	115,061	492,060	10,810	4,519,712	5,295,164
Credit loss on new facilities during the year	85,405	90,962	518,886	27,846	1,675,157	2,398,256
Reversed from credit loss on accrued facilities	(27,561)	(39,308)	(139,535)	(696)	(594,728)	(801,828)
Transferred to stage 1	883,550	1,808	(167,861)	(1,808)	(715,689)	-
Transferred to stage 2	(9,826)	(18,483)	178,085	18,483	(168,259)	-
Transferred to stage 3	(83,153)	(15,779)	(32,720)	(8,306)	139,958	-
Effect on the provision at the end of the year - resulting from the						-
reclassification between the three stages at the end of the year	(779,402)	(1,525)	2,654	2,528	2,033,000	1,257,255
Changes resulting from adjustments	-	-	-	-	(1,305,414)	(1,305,414)
Gross Balance at the End of the Year	226,534	132,736	851,569	48,857	5,583,737	6,843,433

Disclosure on the allocation of gross facilities according to the Bank's internal rating categories for individuals:

	2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy:				
Uncategorized	594,849,510	24,331,486	41,423,450	660,604,446
Total	594,849,510	24,331,486	41,423,450	660,604,446

	2018			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy				
Uncategorized	626,439,199	18,983,515	40,285,422	685,708,136
Total	626,439,199	18,983,515	40,285,422	685,708,136

The disclosure on the movement of facilities for individuals is as follows:

	2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD
Gross balance at the beginning of the year	626,439,199	18,983,515	40,285,422	685,708,136
New facilities during the year	113,043,988	4,683,530	3,001,687	120,729,205
Settled facilities	(132,707,333)	(5,547,796)	(5,177,580)	(143,432,709)
Transferred to stage 1	17,500,471	(9,969,136)	(7,531,335)	-
Transferred to stage 2	(19,392,923)	20,909,386	(1,516,463)	-
Transferred to stage 3	(10,031,402)	(4,728,013)	14,759,415	-
Changes resulting from adjustments	(2,490)	-	(49,341)	(51,831)
Written off facilities	-	-	(2,348,355)	(2,348,355)
Gross Balance at the End of the Year	594,849,510	24,331,486	41,423,450	660,604,446

	2018			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD
Gross balance at the beginning of the year	654,040,763	14,623,252	29,340,951	698,004,966
New facilities during the year	107,712,898	1,626,237	2,826,705	112,165,840
Settled facilities	(110,517,769)	(4,846,577)	(6,560,195)	(121,924,541)
Transferred to stage 1	8,559,745	(5,663,831)	(2,895,914)	-
Transferred to stage 2	(16,432,602)	17,797,730	(1,365,128)	-
Transferred to stage 3	(16,923,836)	(4,553,296)	21,477,132	-
Written off facilities	-	-	(2,538,129)	(2,538,129)
Gross Balance at the End of the Year	626,439,199	18,983,515	40,285,422	685,708,136

The disclosure on the movement of the provision for expected credit losses for facilities relating to individuals is as follows:

	2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD
Balance as of January 1, 2019	4,926,872	415,429	35,457,351	40,799,652
Credit loss on new facilities during the year	961,454	174,195	3,533,326	4,668,975
Reversed from credit loss on accrued facilities	(1,862,872)	(54,487)	265,893	(1,651,466)
Transferred to stage 1	3,682,209	(199,962)	(3,482,247)	-
Transferred to stage 2	(171,698)	871,798	(700,100)	-
Transferred to stage 3	(101,885)	(112,553)	214,438	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	(3,542,945)	(330,739)	6,395,458	2,521,774
Changes resulting from adjustments	5,763	(1)	(4,869,881)	(4,864,119)
Written off facilities	-	-	(2,348,355)	(2,348,355)
Adjustments resulting from changes in exchange rates	-	-	99,424	99,424
Gross Balance at the End of the Year	3,896,898	763,680	34,565,307	39,225,885

	2018			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD
Balance as of January 1, 2018 (Adjusted)	5,415,120	298,846	36,822,628	42,536,594
Credit loss on new facilities during the year	1,079,537	151,396	332,471	1,563,404
Reversed from credit loss on accrued facilities	(1,249,228)	(60,159)	(3,633,312)	(4,942,699)
Transferred to stage 1	1,507,083	(171,984)	(1,335,099)	-
Transferred to stage 2	(175,251)	783,663	(608,412)	-
Transferred to stage 3	(212,854)	(146,393)	359,247	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	(1,437,712)	(439,940)	9,716,879	7,839,227
Changes resulting from adjustments	177	-	(5,012,805)	(5,012,628)
Written off facilities	-	-	(1,184,246)	(1,184,246)
Gross Balance at the End of the Year	4,926,872	415,429	35,457,351	40,799,652

Disclosure on the allocation of gross facilities according to the Bank's internal rating categories for residential loans:

	2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy:				
Uncategorized	189,175,681	20,152,823	11,127,132	220,455,636
Total	189,175,681	20,152,823	11,127,132	220,455,636

	2018			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy:				
Uncategorized	192,139,750	11,227,630	9,377,005	212,744,385
Total	192,139,750	11,227,630	9,377,005	212,744,385

The disclosure on the movement of facilities for residential loans is as follows:

	2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD
Gross balance at the beginning of the year	192,139,750	11,227,630	9,377,005	212,744,385
New facilities during the year	27,887,374	2,584,520	863,084	31,334,978
Settled facilities	(21,206,730)	(1,006,354)	(1,410,643)	(23,623,727)
Transferred to stage 1	5,369,296	(3,964,899)	(1,404,397)	-
Transferred to stage 2	(12,327,319)	13,675,099	(1,347,780)	-
Transferred to stage 3	(2,686,690)	(2,363,173)	5,049,863	-
Gross Balance at the End of the Year	189,175,681	20,152,823	11,127,132	220,455,636

	2018			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD
Gross balance at the beginning of the year	178,847,372	15,496,181	5,147,687	199,491,240
New facilities during the year	30,002,171	2,307,355	1,064,304	33,373,830
Settled facilities	(17,300,693)	(1,823,562)	(996,430)	(20,120,685)
Transferred to stage 1	9,165,362	(8,938,192)	(227,170)	-
Transferred to stage 2	(5,768,176)	5,998,711	(230,535)	-
Transferred to stage 3	(2,806,286)	(1,812,863)	4,619,149	-
Gross Balance at the End of the Year	192,139,750	11,227,630	9,377,005	212,744,385

The disclosure on the movement of the provision for expected credit losses for facilities relating to Realestate Mortgages is as follows:

	2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD
Balance as of January 1, 2019	1,313,781	339,808	3,467,008	5,120,597
Credit loss on new facilities during the year	341,950	63,108	552,138	957,196
Reversed from credit loss on accrued facilities	(559,619)	(66,818)	(382,975)	(1,009,412)
Transferred to stage 1	466,884	(138,386)	(328,498)	-
Transferred to stage 2	(107,001)	466,055	(359,054)	-
Transferred to stage 3	(25,542)	(59,316)	84,858	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	(441,855)	(83,848)	2,160,667	1,634,964
Changes resulting from adjustments	-	-	(82,404)	(82,404)
Adjustments resulting from changes in exchange rates	-	-	27,115	27,115
Gross Balance at the End of the Year	988,598	520,603	5,138,855	6,648,056

	2018			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD
Adjusted balance as of January 1, 2018	1,370,588	150,109	2,564,814	4,085,511
Credit loss on new facilities during the year	353,469	371,123	248,568	973,160
Reversed from credit loss on accrued facilities	(401,570)	(17,815)	(368,977)	(788,362)
Transferred to stage 1	313,211	(247,538)	(65,673)	-
Transferred to stage 2	(44,380)	104,172	(59,792)	-
Transferred to stage 3	(24,452)	(56,147)	80,599	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	(253,085)	35,904	1,282,838	1,065,657
Changes resulting from adjustments	-	-	(215,369)	(215,369)
Gross Balance at the End of the Year	1,313,781	339,808	3,467,008	5,120,597

Disclosure on the allocation of gross facilities according to the Bank's internal rating categories for the government and public sector:

	2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy:				
From (1) to (6)	190,241,940	4,236,843	-	194,478,783
From (8) to (10)	-	-	2,901,056	2,901,056
Total	190,241,940	4,236,843	2,901,056	197,379,839

	2018			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy:				
From (1) to (6)	205,819,023	12,313,642	2,981,894	221,114,559
Total	205,819,023	12,313,642	2,981,894	221,114,559

The disclosure on the movement of facilities for the government and public sector loans is as follows:

	2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Gross balance at the beginning of the year	205,819,023	12,313,642	2,981,894	221,114,559
New facilities during the year	72,025,861	235,480	-	72,261,341
Settled facilities	(95,903,948)	-	(92,113)	(95,996,061)
Transferred to stage 1	12,313,641	(12,313,641)	-	-
Transferred to stage 2	(4,001,362)	4,001,362	-	-
Transferred to stage 3	(11,275)	-	11,275	-
Gross Balance at the End of the Year	190,241,940	4,236,843	2,901,056	197,379,839

	2018			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Gross balance at the beginning of the year	192,471,613	35,598,990	488	228,071,091
New facilities during the year	53,382,335	1,574,422	271,367	55,228,124
Settled facilities	(62,184,168)	-	(488)	(62,184,656)
Transferred to stage 1	35,598,990	(35,598,990)	-	-
Transferred to stage 2	(10,739,220)	10,739,220	-	-
Transferred to stage 3	(2,710,527)	-	2,710,527	-
Gross Balance at the End of the Year	205,819,023	12,313,642	2,981,894	221,114,559

The disclosure on the movement of the provision for expected credit losses for facilities relating to the government and public sector is as follows:

	2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	181,962	150,989	1,346,519	1,679,470
Credit loss on new facilities during the year	239,209	-	336,348	575,557
Reversed from credit loss on accrued facilities	(109,067)	-	-	(109,067)
Transferred to stage 1	150,989	(150,989)	-	-
Transferred to stage 2	(760)	760	-	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	(147,973)	3,351	-	(144,622)
Changes resulting from adjustments	-	-	1,010,170	1,010,170
Gross Balance at the End of the Year	314,360	4,111	2,693,037	3,011,508

	2018			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	53,259	439,624	176	493,059
Credit loss on new facilities during the year	114,310	-	-	114,310
Reversed from credit loss on accrued facilities	(6,496)	-	(176)	(6,672)
Transferred to stage 1	439,624	(439,624)	-	-
Transferred to stage 2	(886)	886	-	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	(418,054)	150,103	1,211,867	943,916
Changes resulting from adjustments	205	-	134,652	134,857
Gross Balance at the End of the Year	181,962	150,989	1,346,519	1,679,470

13. Property and Equipment

The details of this item are as follows:

	Land	Buildings	Tools, Furniture & Fixtures	Vehicles	Computers	Projects in Progress	Total
For the year ended December 31, 2019	JD	JD	JD	JD	JD	JD	JD
Cost:							
Balance at the beginning of the year	2,144,042	24,958,068	44,859,020	1,736,399	32,662,668	1,920,254	108,280,451
Additions	-	529,117	1,142,734	-	1,660,134	2,606,566	5,938,551
Transfers	-	385,934	245,988	-	662,364	(1,294,286)	-
Disposals	-	-	(2,220,024)	(18,190)	(6,171,419)	-	(8,409,633)
Balance at the End of the Year	2,144,042	25,873,119	44,027,718	1,718,209	28,813,747	3,232,534	105,809,369
Accumulated Depreciation:							
Balance at the beginning of the year	-	4,924,470	34,359,467	1,332,835	24,431,334	-	65,048,106
Depreciation for the year	-	543,576	2,670,044	125,837	3,031,613	-	6,371,070
Disposals	-	-	(1,947,097)	(18,189)	(6,165,992)	-	(8,131,278)
Balance at the End of the Year	-	5,468,046	35,082,414	1,440,483	21,296,955	-	63,287,898
Net Book Value at the End of the Year	2,144,042	20,405,073	8,945,304	277,726	7,516,792	3,232,534	42,521,471
For the year ended December 31, 2018							
Cost:							
Balance at the beginning of the year	2,144,042	22,600,892	42,579,789	1,836,140	32,363,792	2,116,205	103,640,860
Additions	-	1,876,293	2,022,005	97	2,563,227	1,631,314	8,092,936
Transfers	-	480,883	583,493	-	762,889	(1,827,265)	-
Disposals	-	-	(326,267)	(99,838)	(3,027,240)	-	(3,453,345)
Balance at the End of the Year	2,144,042	24,958,068	44,859,020	1,736,399	32,662,668	1,920,254	108,280,451
Accumulated Depreciation:							
Balance at the beginning of the year	-	4,439,756	31,764,098	1,276,008	24,767,177	-	62,247,039
Depreciation for the year	-	484,714	2,865,215	148,369	2,681,452	-	6,179,750
Disposals	-	-	(269,846)	(91,542)	(3,017,295)	-	(3,378,683)
Balance at the End of the Year	-	4,924,470	34,359,467	1,332,835	24,431,334	-	65,048,106
Net Book Value at the End of the Year	2,144,042	20,033,598	10,499,553	403,564	8,231,334	1,920,254	43,232,345
Annual Depreciation Rate %	-	2	15 - 9	15	20	-	

- Fully depreciated property and equipment amounted to JD 51,064,136 as of December 31, 2019 (JD 52,033,827 as of December 31, 2018) and are still being used by the Bank. The estimated cost to complete of the projects under construction amounted to JD 1,251,548 as of December 31, 2019 (JD 1,273,705 as of December 31, 2018).

14. Intangible Assets - Net

The details of this item are as follows:

	Computer Software	
	2019	2018
	JD	JD
Balance at the beginning of the year	8,120,517	9,945,324
Additions	1,001,522	1,556,320
Amortization for the year	(3,036,476)	(3,381,127)
Balance at the End of the Year	6,085,563	8,120,517

15. Other Assets

The details of this item are as follows:

	December 31,	
	2019	2018
	JD	JD
Accrued income	19,741,336	14,931,416
Prepaid expenses	5,757,071	7,878,593
Repossessed Assets – net *	11,938,836	8,675,310
Accounts receivable – net	5,995,981	5,260,313
Clearing checks	7,318,391	15,619,774
Settlement guarantee fund	31,000	30,000
Trading settlement account	-	5,829
Refundable deposits	891,713	574,650
Deposits at Visa International	1,999,401	1,999,401
Others	1,271,432	2,557,979
Total	54,945,161	57,533,265

* As per the Central Bank of Jordan instructions; repossessed assets should be sold within two years of repossession, The central bank can under exceptional cases extend this period to a maximum for 4 years.

Movement on assets repossessed as a statement of defaulted details during the year is as follows:

	2019	2018
	JD	JD
Balance - beginning of the year	10,361,210	14,872,868
Additions	3,364,608	1,538,424
Disposals	(101,082)	(1,146,481)
Transferred to accounts receivable*	-	(4,903,601)
Total	13,624,736	10,361,210
Impairment of repossessed assets	(495,909)	(495,909)
Impairment of repossessed assets as per the Central Bank of Jordan instructions	(1,189,991)	(1,189,991)
Balance - End of the Year	11,938,836	8,675,310

A summary of the movement on repossessed assets previous:

Balance-beginning of the year	1,685,900	2,053,900
Used during the year	-	(368,000)
Balance - End of the Year	1,685,900	1,685,900

Repossessed assets impairment amounted to JOD 1,685,900 as of December 31, 2019 (JOD 1,685,900 as of December 31,2018)

16. Banks and financial institutions' deposits

The details of this item are as follows:

	2019			2018		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current and call accounts	30,258,122	8,323,080	38,581,202	26,085,438	7,877,773	33,963,211
Deposits maturing within 3 months or less	56,761,291	90,626,443	147,387,734	134,034,530	112,805,121	246,839,651
Deposits maturing within more than 3 months to 6 months	25,000,000	7,090,000	32,090,000	-	-	-
Deposits maturing within more than 6 months to 9 months	33,000,000	-	33,000,000	28,000,000	-	28,000,000
Deposits maturing within more than a year	15,000,000	30,000,000	45,000,000	40,000,000	30,000,000	70,000,000
Total	160,019,413	136,039,523	296,058,936	228,119,968	150,682,894	378,802,862

17. Customers' Deposits

The details of this item are as follows:

	Consumer	Corporates	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD
For the Year Ended December 31, 2019					
Current and demand accounts	244,293,300	123,709,181	53,463,869	58,381,179	479,847,529
Saving deposits	506,004,381	6,143,261	3,705,943	239,803	516,093,388
Time and notice deposits	479,791,141	295,698,530	45,503,808	234,021,599	1,055,015,078
Time and notice certificates	-	-	-	-	-
Total	1,230,088,822	425,550,972	102,673,620	292,642,581	2,050,955,995
For the Year Ended December 31, 2018					
Current and demand accounts	227,564,881	62,592,784	47,117,562	63,343,047	400,618,274
Saving deposits	477,658,727	6,577,312	3,527,271	102,642	487,865,952
Time and notice deposits	442,867,637	315,420,449	29,288,659	237,817,016	1,025,393,761
Time and notice certificates	24,106	-	-	-	24,106
Total	1,148,115,351	384,590,545	79,933,492	301,262,705	1,913,902,093

- The Government of Jordan and the public sector deposits inside the Kingdom amounted to JD 273,518,953, equivalent to 13.34% of total deposits as of December 31, 2019 (JD 287,269,563, equivalent to 15.01 % of total deposits of December 31, 2018).

- There are no restricted deposits as of December 31, 2019 and 2018.

- Non-interest bearing deposits amounted to JD 417,426,268 equivalent to 2.04% of total deposits as of December 31,2019 (JD 364,030,959 equivalent to 19.02% of total deposits as of December 31, 2018).

- Dormant accounts amounted to JD 35,166,834 as of December 31, 2019 (JD 38,620,539 as of December 31, 2018).

18. Margin Accounts

The details of this item are as follows:

	December 31,	
	2019	2018
	JD	JD
Margins on direct credit facilities	33,335,651	26,528,226
Margins on indirect credit facilities	17,700,784	14,235,980
Deposits against brokerage margin accounts	2,880,017	4,012,465
Other margin amount	4,787,900	4,804,298
Total	58,704,352	49,580,969

19. Borrowed Funds & Subordinated loans

A.Borrowed Funds

The details of this item are as follows:

	Amount	No. of Installments Total	No. of Installments Outstanding	Payment frequency	Maturity Date	Collaterals	Interest Rate
	JD						
December 31, 2019							
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.895٪-4.845٪
Amounts borrowed from French Development Agency	1,949,750	20	11	Semi- annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan*	7,600,000	10	7	Annually	2028	None	2.700%
Amounts borrowed from Central Bank of Jordan**	34,163,765	184	184	At maturity / per Loan	2018 - 2026	Treasury Bills	2.5٪ - 1٪
Amounts borrowed from Central Bank of Jordan*	1,559,984	14	9	Semi- annually	2028	None	2.500%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	3,034,286	7	3	Semi- annually	2021	None	4.750%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	1,012,857	7	1	Semi- annually	2020	None	3.25٪
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	14,180,000	7	7	Semi- annually	2025	None	5.500%
Amounts borrowed from Central Bank of Jordan*	4,100,000	20	20	Semi- annually	2031	None	2.8٪
Jordan Mortgage Refinance Company ***	30,000,000	1	1	At maturity	2024	None	5.750%
Jordan Mortgage Refinance Company ***	5,000,000	1	1	At maturity	2020	None	5.750%
Amounts borrowed from Central Bank of Jordan	2,857,982	34	34	Semi- annually	2039	None	3.000%
Jordan Mortgage Refinance Company ***	10,000,000	1	1	At maturity	2020	None	5.900%
Amounts borrowed from Central Bank of Jordan	70,000,000	1	1	At maturity	2020	Treasury Bills	4.000%
Jordan Mortgage Refinance Company ***	10,000,000	1	1	At maturity	2020	None	5.900%
Amounts borrowed from French Development Agency	4,262,506	20	20	Semi- annually	2031	None	1.433%
Amounts borrowed from French Development Agency	2,383,800	20	20	Semi- annually	2031	None	1.433%
Amounts borrowed from French Development Agency	852,501	1	1	-	None	None	-
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	3,545,000	7	7	Semi- annually	2023	None	4.047%
Etihad Bank	2,700,000	32	32	Quarterly	2023	None	6.000%
Societe Generale de Banque Jordanie	444,444	45	20	Monthly	2021	None	7.000%
Amounts borrowed from International Financial Markets (FMI)	1,074,224	1	1	-	None	None	-
Total	226,319,099						
December 31, 2018							
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.895٪-4.845٪
Amounts borrowed from French Development Agency	2,304,250	20	13	Semi- annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan*	8,550,000	10	8	Annually	2028	None	2.700%
Amounts borrowed from Central Bank of Jordan**	31,471,064	186	186	At maturity / per Loan	2018 - 2026	Treasury Bills	2.5٪ - 1٪
Amounts borrowed from Central Bank of Jordan*	1,896,127	14	11	Semi- annually	2028	None	2.500%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	5,057,143	7	5	Semi- annually	2021	None	4.750%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	3,038,571	7	3	Semi- annually	2020	None	3.25٪
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	14,180,000	7	7	Semi- annually	2025	None	5.250%
Amounts borrowed from Central Bank of Jordan*	4,100,000	20	20	Semi- annually	2031	None	2.8٪
Jordan Mortgage Refinance Company ***	30,000,000	1	1	At maturity	2019	None	4.4٪
Jordan Mortgage Refinance Company ***	5,000,000	1	1	At maturity	2020	None	5.750%
Amounts borrowed from Central Bank of Jordan	1,434,528	34	34	Semi- annually	2039	None	3.000%
Jordan Mortgage Refinance Company ***	10,000,000	1	1	At maturity	2020	None	5.900%
Amounts borrowed from Central Bank of Jordan	19,000,000	1	1	At maturity	2019	Treasury Bills	5.500%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	3,545,000	7	7	Semi- annually	2023	None	4.560%
Amounts borrowed from French Development Agency	4,349,288	20	20	Semi- annually	2031	None	4.570%
Etihad Bank	800,000	24	24	Quarterly	2024	None	6.000%
Societe Generale de Banque Jordanie	711,111	45	32	Monthly	2021	None	6.75٪
Amounts borrowed from International Financial Markets (FMI)	1,074,224	1	1	-	None	None	-
Total	162,109,306						

* The borrowed funds from Central Bank of Jordan for SMEs loans were re-lent on an average interest rate of 8.5%.

** The borrowed funds from Central Bank of Jordan for industrial, energy, agriculture and tourism financing loans were re-lent on an average interest rate of 4.5%.

*** Residential loans acquired from Jordan Mortgage Refinance Company amounted to JD 45,825,727 as of December 31, 2019 at a fixed rate of 7%.

B.Subordinated loans

The details of this item are as follows:

	Amount	No. of Installments Total	No. of Installments Outstanding	Payment frequency	Maturity Date	Collaterals	Interest Rate
	JD						
Green for Growth Fund	7,905,350	1	1	At maturity	2026	None	6.00%
Sanad fund for msme	10,635,000	1	1	At maturity	2027	None	6.30%
	18,540,350						

20. Sundry Provisions

The details of this item are as follows:

	Balance - Beginning of the Year	Additions during the Year	Utilized during the Year	Reverse to Income	Balance - End of the Year
	JD	JD	JD	JD	JD
2019					
Provision for lawsuits against the Bank	1,490,438	-	(136,041)	-	1,354,397
Provision for end of service indemnity	9,748,144	551,399	(756,241)	-	9,543,302
Other contingent liabilities	4,164,951	9,793	(2,986)	-	4,171,758
Total	15,403,533	561,192	(895,268)	-	15,069,457
2018					
Provision for lawsuits against the Bank	4,287,503	-	(1,943,501)	(853,564)	1,490,438
Provision for end of service indemnity	8,659,860	1,759,456	(671,172)	-	9,748,144
Other contingent liabilities	4,221,043	7,035	(63,127)	-	4,164,951
Total	17,168,406	1,766,491	(2,677,800)	(853,564)	15,403,533

21. Income Tax

A- Income Tax Provision

The movement on income tax provision during the year is as follows:

	2019	2018
	JD	JD
Balance - beginning of the year	15,202,732	17,321,461
Income tax paid	(15,198,995)	(14,440,422)
Income tax payable	16,950,674	12,321,693
Balance - End of the Year	16,954,411	15,202,732

B- Income tax appearing in the income statement represents the following:

	2019	2018
	JD	JD
Income tax for the year	16,950,674	12,321,693
Amortized deferred Tax liabilities	(60,310)	1,251
Deferred Tax Assets	(188,817)	(45,205)
Income Tax for the Year's Profits	16,701,547	12,277,739

- The statutory tax rate on banks in Jordan is 38% starting from January 1, 2019 ,and the statutory tax rate on foreign branches and subsidiaries range between 0%-31% (income tax rate for banks in Palestine is 15% plus VAT of 16%).

- The Bank reached a final settlement with the Income and Sales Tax Department for the year ended December 31, 2018 for the branches in Jordan.

- A final settlement was reached with the tax authorities for Palestine branches for the year ended December 31, 2017, and the department has not reviewed the accounts for the year 2018 up to the date of these consolidated financial statement.

- Al-Watanieh Financial Services Company reached a final settlement with the Income and Sales Tax Department up to the year 2014. The Income and Sales Tax Department has reviewed the years 2015, 2016 and 2017 records and estimated the tax payable for these years at JD 1,361,990 for the amounts paid. This initial decision was objected by the Company and no decision regarding the objections was issued till December 31, 2019.

- The Income and Sales Tax Department accepted the company's self-assessment statement for the year 2018.

- In the opinion of the Bank's management and tax consultant, the recorded tax provisions as of December 31, 2019 are sufficient to face any future tax liabilities.

- Al-Watanieh Securities Company – Palestine reached a final settlement with the income tax Department for the year 2018. No income tax provision has been booked for the year 2019 due to the Company's operating losses in 2019.

- Tamallak for leasing Company financial statements has reached a final settlement with the Income and Sales tax Department for the year 2017. The Income and Sales Tax Department has not reviewed the accounts for the year 2018, up to the date of these consolidated financial statement.

- In the opinion of the Bank's management, income tax provisions as of December 31, 2019 are sufficient to face any future tax liabilities.

C - Deferred Tax Assets and Liabilities

The details of this item are as follows:

	2019					2018
	Balance-beginning of the Year	Released Amounts	Added Amounts	Balance - End of the Year	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Deferred tax assets						
Provision for expected credit losses	11,907,382	-	574,209	12,481,591	4,579,610	4,389,764
Interest in suspense	193,012	-	77,752	270,764	75,814	54,043
Non-deductible expenses resulting from temporary differences	60,000	(60,000)		-	-	22,800
Sundry provisions	3,167,385	-	-	3,167,385	1,203,606	1,203,606
Impairment on repossessed assets	1,685,900	-	-	1,685,900	640,642	640,642
Unrealized Losses – financial assets at FVTOCI	14,334,443	(4,140,963)	2,736,777	12,930,257	2,825,977	2,388,773
	31,348,122	(4,200,963)	3,388,738	30,535,897	9,325,649	8,699,628
Deferred tax liabilities						
Unrealized Gain – financial assets at FVTOCI	2,386,103	(302,344)	383,688	2,467,447	212,067	229,915
Unrealized gain – financial assets at FVTPL (early IFRS 9 implementation)	5,732,041	-	-	5,732,041	592,875	653,185
	8,118,144	(302,344)	383,688	8,199,488	804,942	883,100

The movement on deferred tax assets / liabilities is as follows:

	December 31, 2019		December 31, 2018	
	JD	JD	JD	JD
	Assets	Liabilities	Assets	Liabilities
Balance - beginning of the year	8,699,628	883,100	5,743,006	770,068
Effect of the implementation of IFRS (9) - Note (3)	-	-	3,310,327	106,848
Adjusted balance - beginning of the year	8,699,628	883,100	9,053,333	876,916
Additions	1,105,993	23,895	1,310,988	43,254
Disposal	(479,972)	(102,053)	(1,664,693)	(37,070)
Balance - End of the Year	9,325,649	804,942	8,699,628	883,100

- Deferred tax is calculated using the tax rates that are expected to be applied when the deferred tax asset will be realized or the deferred tax liability will be settled.

D- Summary of Reconciliation between Accounting Profits and Taxable Profits:

	2019	2018
	JD	JD
Accounting profit	44,208,357	41,984,474
Non-taxable profit	(6,332,452)	(17,537,879)
Non-deductible expenses	8,899,147	7,495,519
Taxable profit	46,775,052	31,942,114
Effective rate of income tax	37.78%	29.24%

22. Other Liabilities

The details of this item are as follows:	December 31, 2019	December 31, 2018
	JD	JD
Accrued interest	20,169,502	12,467,347
Accrued income	343,600	390,829
Accounts payable	7,105,983	5,444,344
Accrued expenses	8,014,790	10,156,785
Temporary deposits	20,067,495	14,041,406
Checks and withdrawals	4,607,949	4,091,790
Others	2,552,106	4,466,660
	62,861,425	51,059,161
Provision for expected credit losses (other liabilities)	2,374,728	2,129,980
	65,236,153	53,189,141

Disclosure on the movement of indirect credit facilities at a collective level at the end of the year:

	2019					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	15,704,207	198,514,654	267,942	28,024,541	237,684	242,749,028
New exposures during the year	4,299,041	87,183,234	118,718	16,993,157	119,074	108,713,224
Accrued exposures	(3,320,135)	(62,058,560)	(107,730)	(10,252,908)	(41,836)	(75,781,169)
Transferred to stage 1	118,979	5,242,866	(118,979)	(5,242,866)	-	-
Transferred to stage 2	(193,843)	(19,566,138)	193,843	19,590,138	(24,000)	-
Transferred to stage 3	(87,451)	(43,500)	(37,366)	(90,787)	259,104	-
Gross Balance at the End of the Year	16,520,798	209,272,556	316,428	49,021,275	550,026	275,681,083

	2018					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	11,777,345	208,831,424	22,257	73,892,345	2,412,836	296,936,207
New exposures during the year	6,493,249	69,081,133	102,837	5,053,927	67	80,731,213
Accrued exposures	(2,386,211)	(102,100,907)	(38,717)	(29,837,256)	(555,301)	(134,918,392)
Transferred to stage 1	11,049	29,704,185	(9,660)	(28,497,978)	(1,207,596)	-
Transferred to stage 2	(191,225)	(6,967,181)	191,225	7,431,036	(463,855)	-
Transferred to stage 3	-	(34,000)	-	(17,533)	51,533	-
Gross Balance at the End of the Year	15,704,207	198,514,654	267,942	28,024,541	237,684	242,749,028

The disclosure on the movement of the provision for expected credit losses for indirect facilities at a collective level is as follows:

	2019					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Adjusted balance as of January 1, 2019	622,698	280,820	9,800	1,118,935	97,727	2,129,980
Credit loss on new exposures during the year	176,004	202,126	3,416	481,933	47,111	910,590
Credit loss on accrued exposures	(275,559)	(146,711)	(3,762)	(541,685)	(6,933)	(974,650)
Transferred to stage 1	4,259	86,893	(4,259)	(86,893)	-	-
Transferred to stage 2	(9,029)	(31,054)	9,030	39,371	(8,318)	-
Transferred to stage 3	(3,429)	(205)	(1,326)	(5,082)	10,042	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	(662)	(81,759)	1,914	325,940	102,772	348,205
Changes resulting from adjustments	(62,188)	(18,459)	-	15,522	25,728	(39,397)
Gross Balance at the End of the Year	452,094	291,651	14,813	1,348,041	268,129	2,374,728

	2018					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Adjusted balance as of January 1, 2018	198,748	201,163	345	888,483	267,493	1,556,232
Credit loss on new exposures during the year	422,690	157,346	1,336	435,610	23	1,017,005
Credit loss on accrued exposures	(44,447)	(107,826)	(187)	(225,198)	(121,657)	(499,315)
Transferred to stage 1	176	193,475	(147)	(146,406)	(47,098)	-
Transferred to stage 2	(2,976)	(11,569)	2,976	29,913	(18,344)	-
Transferred to stage 3	-	(22)	-	(1,460)	1,482	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	2,079	(163,196)	5,477	133,099	13,745	(8,796)
Changes resulting from adjustments	46,428	11,449	-	4,894	2,083	64,854
Gross Balance at the End of the Year	622,698	280,820	9,800	1,118,935	97,727	2,129,980

Disclosure on the allocation of letters of credit and acceptances according to the Bank's internal rating policy:

	2019					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy:						
From (Aaa) to (Baa3)	-	4,585,706	-	-	-	4,585,706
From (Ba1) to (Caa3)	-	4,813,208	-	-	-	4,813,208
From (1) to (6)	-	26,054,813	-	1,298,663	-	27,353,476
(7)	-	-	-	425,121	-	425,121
Total	-	35,453,727	-	1,723,784	-	37,177,511

	2018					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy:						
From (Aaa) to (Baa3)	-	4,491,327	-	-	-	4,491,327
From (Ba1) to (Caa3)	-	209,121	-	-	-	209,121
From (1) to (6)	-	22,438,274	-	2,025,328	-	24,463,602
Total	-	27,138,722	-	2,025,328	-	29,164,050

Disclosure on the movement of indirect facilities relating to letters of credit and acceptances:

	2019					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	-	27,138,722	-	2,025,328	-	29,164,050
New exposures during the year	-	24,618,482	-	917,250	-	25,535,732
Accrued exposures	-	(16,283,733)	-	(1,238,538)	-	(17,522,271)
Transferred to stage 1	-	-	-	-	-	-
Transferred to stage 2	-	(19,744)	-	19,744	-	-
Gross Balance at the End of the Year	-	35,453,727	-	1,723,784	-	37,177,511

	2018					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	-	49,408,960	-	17,411,146	-	66,820,106
New exposures during the year	-	19,652,009	-	1,552,541	-	21,204,550
Accrued exposures	-	(41,922,247)	-	(16,938,359)	-	(58,860,606)
Gross Balance at the End of the Year	-	27,138,722	-	2,025,328	-	29,164,050

The disclosure on the movement of the provision for expected credit losses is as follows:

	2019					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance as of January 1, 2019	-	22,321	-	19,554	-	41,875
Credit loss on new exposures during the year	-	65,627	-	27,907	-	93,534
Credit loss on accrued exposures	-	(20,379)	-	(4,719)	-	(25,098)
Transferred to stage 2	-	(232)	-	232	-	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	-	-	-	372	-	372
Changes resulting from adjustments	-	-	-	(5,214)	-	(5,214)
Gross Balance at the End of the Year	-	67,337	-	38,132	-	105,469

	2018					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance as of January 1, 2018 (Adjusted)	-	57,685	-	29,958	-	87,643
Credit loss on new exposures during the year	-	19,129	-	1,395	-	20,524
Credit loss on accrued exposures	-	(54,493)	-	(10,491)	-	(64,984)
Changes resulting from adjustments	-	-	-	(1,308)	-	(1,308)
Gross Balance at the End of the Year	-	22,321	-	19,554	-	41,875

Disclosure on the allocation of letters of guarantee according to the Bank's internal rating policis:

	2019					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy:						
From (Aaa) to (Baa3)	-	9,549,107	-	387,381	-	9,936,488
From (Ba1) to (Caa3)	-	492,580	-	940,163	-	1,432,743
From (Ca) to (C)	-	35,450	-	-	21,363	56,813
From (1) to (6)	-	31,987,284	-	7,396,585	-	39,383,869
(7)	-	-	-	1,422,569	-	1,422,569
From (8) to (10)	-	-	-	-	297,858	297,858
Total	-	42,064,421	-	10,146,698	319,221	52,530,340

	2018					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy:						
From (Aaa) to (Baa3)	-	10,949,056	-	-	-	10,949,056
From (Ba1) to (Caa3)	-	1,668,383	-	163,965	-	1,832,348
From (Ca) to (C)	-	35,450	-	-	-	35,450
From (1) to (6)	-	36,192,858	-	5,269,225	-	41,462,083
(7)	-	10,000	-	1,610,917	-	1,620,917
From (8) to (10)	-	-	-	-	231,376	231,376
Total	-	48,855,747	-	7,044,107	231,376	56,131,230

Disclosure on the movement of indirect facilities:

	2019					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	-	48,855,747	-	7,044,107	231,376	56,131,230
New exposures during the year	-	9,168,858	-	2,079,499	576	11,248,933
Accrued exposures	-	(12,995,006)	-	(1,831,799)	(23,018)	(14,849,823)
Transferred to stage 1	-	2,867,101	-	(2,867,101)	-	-
Transferred to stage 2	-	(5,788,779)	-	5,812,779	(24,000)	-
Transferred to stage 3	-	(43,500)	-	(90,787)	134,287	-
Gross Balance at the End of the Year	-	42,064,421	-	10,146,698	319,221	52,530,340

	2018					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	-	41,525,042	-	7,991,532	1,634,096	51,150,670
New exposures during the year	-	17,354,692	-	1,290,657	-	18,645,349
Accrued exposures	-	(11,913,456)	-	(1,453,423)	(297,910)	(13,664,789)
Transferred to stage 1	-	4,249,359	-	(3,325,034)	(924,325)	-
Transferred to stage 2	-	(2,325,890)	-	2,540,875	(214,985)	-
Transferred to stage 3	-	(34,000)	-	(500)	34,500	-
Gross Balance at the End of the Year	-	48,855,747	-	7,044,107	231,376	56,131,230

The disclosure on the movement of the provision for expected credit losses is as follows:

	2019					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance as of January 1, 2019	-	105,560	-	145,021	95,519	346,100
Credit loss on new exposures during the year	-	40,584	-	29,775	-	70,359
Credit loss on accrued exposures	-	(37,184)	-	(21,961)	(4,725)	(63,870)
Transferred to stage 1	-	30,555	-	(30,555)	-	-
Transferred to stage 2	-	(12,103)	-	20,421	(8,318)	-
Transferred to stage 3	-	(205)	-	(5,082)	5,287	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	-	(27,269)	-	106,250	52,002	130,983
Changes resulting from adjustments	-	(16,881)	-	11,450	25,728	20,297
Gross Balance at the End of the Year	-	83,057	-	255,319	165,493	503,869

	2018					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance as of January 1, 2018 (Adjusted)	-	88,476	-	149,261	148,437	386,174
Credit loss on new exposures during the year	-	25,327	-	45,780	-	71,107
Credit loss on accrued exposures	-	(29,353)	-	(81,633)	(29,224)	(140,210)
Transferred to stage 1	-	60,759	-	(36,122)	(24,637)	-
Transferred to stage 2	-	(4,239)	-	18,422	(14,183)	-
Transferred to stage 3	-	(22)	-	(5)	27	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	-	(44,140)	-	43,116	13,016	11,992
Changes resulting from adjustments	-	8,752	-	6,202	2,083	17,037
Gross Balance at the End of the Year	-	105,560	-	145,021	95,519	346,100

Disclosure on the allocation of unutilized ceilings according to the Bank's internal rating policy:

	2019					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy:						
From (Aaa) to (Baa3)	-	16,969,045	-	557,872	-	17,526,917
From (Ba1) to (Caa3)	-	3,885,143	-	5,039,489	-	8,924,632
From (Ca) to (C)	-	-	-	-	-	-
From (1) to (6)	-	110,900,220	-	28,357,946	-	139,258,166
(7)	-	-	-	3,195,486	-	3,195,486
From (8) to (10)	-	-	-	-	2,895	2,895
Uncategorized	16,520,798	-	316,428	-	227,910	17,065,136
Total	16,520,798	131,754,408	316,428	37,150,793	230,805	185,973,232

	2018					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy:						
From (Aaa) to (Baa3)	-	25,244,890	-	-	-	25,244,890
From (Ba1) to (Caa3)	-	11,465,991	-	417,782	-	11,883,773
From (Ca) to (C)	-	-	-	186,149	-	186,149
From (1) to (6)	-	85,804,451	-	13,731,043	6,308	99,541,802
(7)	-	4,853	-	4,620,132	-	4,624,985
Uncategorized	15,704,207	-	267,942	-	-	15,972,149
Total	15,704,207	122,520,185	267,942	18,955,106	6,308	157,453,748

Disclosure on the movement of indirect facilities relating to unutilized limits:

	2019					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	15,704,207	122,520,185	267,942	18,955,106	6,308	157,453,748
New exposures during the year	4,299,041	53,395,894	118,718	13,996,408	118,498	71,928,559
Accrued exposures	(3,320,135)	(32,779,821)	(107,730)	(7,182,571)	(18,818)	(43,409,075)
Transferred to stage 1	118,979	2,375,765	(118,979)	(2,375,765)	-	-
Transferred to stage 2	(193,843)	(13,757,615)	193,843	13,757,615	-	-
Transferred to stage 3	(87,451)	-	(37,366)	-	124,817	-
Gross Balance at the End of the Year	16,520,798	131,754,408	316,428	37,150,793	230,805	185,973,232

	2018					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	11,777,345	117,897,422	22,257	48,489,667	778,740	178,965,431
New exposures during the year	6,493,249	32,074,432	102,837	2,210,729	67	40,881,314
Accrued exposures	(2,386,211)	(48,265,204)	(38,717)	(11,445,474)	(257,391)	(62,392,997)
Transferred to stage 1	11,049	25,454,826	(9,660)	(25,172,944)	(283,271)	-
Transferred to stage 2	(191,225)	(4,641,291)	191,225	4,890,161	(248,870)	-
Transferred to stage 3	-	-	-	(17,033)	17,033	-
Gross Balance at the End of the Year	15,704,207	122,520,185	267,942	18,955,106	6,308	157,453,748

The disclosure on the movement of the provision for expected credit losses is as follows:

	2019					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance as of January 1, 2019	622,698	152,939	9,800	954,360	2,208	1,742,005
Credit loss on new exposures during the year	176,004	95,915	3,416	424,251	47,111	746,697
Credit loss on accrued exposures	(275,558)	(89,148)	(3,762)	(515,005)	(2,208)	(885,681)
Transferred to stage 1	4,259	56,338	(4,259)	(56,338)	-	-
Transferred to stage 2	(9,029)	(18,719)	9,030	18,718	-	-
Transferred to stage 3	(3,429)	-	(1,326)	-	4,755	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	(662)	(54,490)	1,914	219,318	50,770	216,850
Changes resulting from adjustments	(62,188)	(1,578)	-	9,286	-	(54,480)
Gross Balance at the End of the Year	452,095	141,257	14,813	1,054,590	102,636	1,765,391

	2018					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance as of January 1, 2018 (Adjusted)	198,748	55,002	345	709,264	119,056	1,082,415
Credit loss on new exposures during the year	422,690	112,890	1,336	388,435	23	925,374
Credit loss on accrued exposures	(44,447)	(23,980)	(187)	(133,074)	(92,433)	(294,121)
Transferred to stage 1	176	132,716	(147)	(110,284)	(22,461)	-
Transferred to stage 2	(2,976)	(7,330)	2,976	11,491	(4,161)	-
Transferred to stage 3	-	-	-	(1,455)	1,455	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	2,079	(119,056)	5,477	89,983	729	(20,788)
Changes resulting from adjustments	46,428	2,697	-	-	-	49,125
Gross Balance at the End of the Year	622,698	152,939	9,800	954,360	2,208	1,742,005

23. Paid-up Capital

Authorized and paid-in capital amounted to JD 190 million divided into 190 million shares at a par value of JD 1 per share as of December 31, 2019 and JD 180 million divided into 180 million shares as of December 31, 2018.

24. Reserves

Statutory Reserve

This reserve represents amounts transferred from income before tax at a rate of 10% during the previous years. The statutory reserve may not be distributed to shareholders.

General Banking Risk Reserve

This reserve represents the general banking risks reserve according to the regulations of the Central Bank of Jordan.

Cyclical Fluctuations Reserve

This item represents what has been transferred from the annual net profits for the Palestine branches and Al Safa Bank in accordance with the instructions of the Palestinian Monetary Authority.

Restricted reserves are as follows:

Reserve	Amount	Regulation
	JD	
Statutory	79,007,427	Banking law and corporate law
General banking risk	3,854,197	Palestinian Monetary Authority instructions
Cyclical fluctuations	10,894,653	Palestinian Monetary Authority instructions

25. Suggested Dividends to be distributed

In its ordinary meeting held on February 10, 2020, the board of directors has recommended the approval by the general assembly on the distribution of a 9% cash dividends amounting to JOD 17,100,000.

26. Fair Value Reserve - Net

The details of this item are as follows:

	December 31	
	2019	2018
	JD	JD
Beginning balance	(9,789,482)	(9,005,364)
Unrealized gains (losses)	1,207,435	(377,275)
Loss (Gain) from sale of financial assets at fair value through other comprehensive income	278,095	(6,500)
Deferred tax assets	437,204	(395,410)
Deferred tax liability	17,848	(4,933)
Ending balance	(7,848,900)	(9,789,482)

- The fair value reserve is presented net of deferred tax assets in the amount of JD 2,825,977 and net of deferred tax liabilities in the amount of JD 212,067.

27. Retained Earnings

The details of this item are as follows:

	December 31	
	2019	2018
	JD	JD
Beginning balance	77,486,036	71,279,760
Transferred to general banking risk reserve	-	12,554,111
Effect of implementing IFRS (9) reclassification	-	174,331
Effect of implementing IFRS (9)	-	(8,107,333)
Adjusted beginning balance	77,486,036	75,900,869
Profit for the year	28,095,485	30,126,670
Transferred to statutory reserve	(4,428,971)	(4,623,253)
Transferred from (to) general banking risk reserve	(623,432)	812,205
Transferred to cyclical fluctuations reserve	(3,291)	(3,134,365)
Cash dividends	(16,200,000)	(21,600,000)
Capital increase	(10,000,000)	-
Capital increase related expenses	(80,000)	(2,590)
Net gain from sale of financial assets at fair value through other comprehensive income	(278,095)	6,500
Ending Balance	73,967,732	77,486,036

- Retained earnings balance include unrealized gains amounting to JD 13,965,508 resulting from the early implementation of IFRS 9. This amount is not available for distribution in accordance with the Securities Commission instructions, except for the amounts realized through the sale of the financial assets.

- Retained earnings include deferred tax assets amounted to JD 9,325,649 as of December 31, 2019 which is not available for distribution in accordance with the Central Bank of Jordan instructions (JD8,699,628 as of December 31, 2018).

- The amount JD 7,848,900 represents negative change for the assets in fair value reserve through other comprehensive income restricted from use as per the Central Bank of Jordan and the Securities Commission instructions.

- The amount JD 1,155,916 represents the remaining balance of the general banking risk reserve restricted from use as per the Central Bank of Jordan instructions.

28. Interest Income

The details of this item are as follows:

	2019	2018
Direct Credit Facilities:	JD	JD
Consumer lending		
Overdrafts	1,527,533	1,154,888
Loans and bills	63,599,774	64,042,410
Credit cards	2,691,621	2,836,703
Margin accounts – financial services	281,128	271,465
Residential mortgages	16,409,211	14,520,274
Corporate lending		
Large Corporate		
Overdrafts	12,786,978	8,283,755
Loans and bills	24,820,247	22,834,196
Small and medium enterprises lending		
Overdrafts	2,092,895	2,006,517
Loans and bills	8,332,533	8,132,978
Public and governmental sectors	9,130,496	10,439,603
Balances at Central Banks	1,619,126	4,040,153
Balances and deposits at banks and financial institutions	5,303,412	5,855,155
Financial assets at amortized cost	33,853,289	20,545,248
Total	182,448,243	164,963,345

29. Interest Expense

The details of this item are as follows:

	2019	2018
	JD	JD
Banks and financial institution deposits	13,578,975	10,578,015
Customers' deposits:		
Current and demand accounts	2,574,381	2,824,223
Saving accounts	2,639,314	3,734,492
Time and notice placements	50,279,378	38,347,622
Deposit Certificates	73	687
Margin accounts	889,037	666,479
Borrowed funds	6,757,847	6,522,687
Deposit guarantee fees	3,616,185	3,986,079
Total	80,335,190	66,660,284

30. Net Commission

The details of this item are as follows:

	2019	2018
	JD	JD
Direct credit facilities commission	5,288,775	5,623,947
Indirect credit facilities commission	1,426,838	1,913,217
Other commissions	12,558,056	11,860,664
Less: commission expense	(120,904)	(58,905)
Total Net Commission	19,152,765	19,338,923

31. Gain from Foreign Currencies

The details of this item are as follows:

	2019	2018
	JD	JD
Trading/ operations in foreign currencies	177,096	196,847
Revaluation of foreign currencies	4,511,123	4,563,226
Total	4,688,219	4,760,073

32. Gains (Losses) from Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	Realized Gains (Losses)	Unrealized (Losses)	Stock Dividends	Total
	JD	JD	JD	JD
December 31, 2019				
corporate stocks	137,885	(783,474)	708,238	62,649
Total	137,885	(783,474)	708,238	62,649
December 31, 2018				
corporate stocks	(136,114)	(568,317)	360,994	(343,437)
Total	(136,114)	(568,317)	360,994	(343,437)

33. Dividends Income from Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	2019	2018
	JD	JD
Dividend income from companies shares	2,902,829	3,903,996

34. Other Income - Net

The details of this item are as follows:

	2019	2018
	JD	JD
Suspended interest transferred to revenue	1,015,010	556,317
Box rental income	130,089	126,093
Revenues from selling check books	52,893	81,778
Collections of debts previously written off	1,797,074	958,114
Income from ATM and credit cards	2,820,777	3,119,881
(Losses) from sale of property and equipment	(219,137)	(10,422)
Gains from sale of assets repossessed by the Bank	344,818	5,520
Buildings rent revenue	56,491	63,583
Brokerage commission	1,092,729	434,295
Others	131,460	142,984
Total	7,222,204	5,478,143

35- Employees' Expenses

The details of this item are as follows:

	2019	2018
	JD	JD
Employees’ salaries, benefits and remuneration	35,199,317	34,593,685
Bank’s contribution to social security	2,692,988	2,695,282
Bank’s contribution to savings fund	476,721	479,598
End of service indemnity	562,394	430,288
Medical expenses	2,683,111	2,582,030
Employees’ training	238,520	272,711
Employees’ uniforms	34,450	9,155
Others employees expenses	84,433	63,126
Total	41,971,934	41,125,875

36. Other Expenses

The details of this item are as follows:

	2019	2018
	JD	JD
Rent	4,893,619	4,108,721
Cleaning and maintenance	2,367,260	1,830,222
Water, heat and electricity	2,746,498	2,589,951
License and governmental fees	1,269,403	1,036,955
Printings and stationery	591,416	572,921
Donations and subvention	865,012	676,153
Insurance expenses	1,139,987	1,072,353
Subscriptions	868,621	928,152
Telephone and telex	553,905	536,089
Legal fees and expenses	573,911	678,534
Professional fees	1,376,635	1,161,597
Mail and money transfer	582,285	597,509
Advertising expense	3,830,299	4,143,322
Board of directors expenses and remuneration	955,139	771,127
Information systems expenses and compensation	7,368,425	6,334,189
Travel and transportation	669,456	642,965
Consultation expenses	178,034	398,930
Other expenses	1,373,213	797,433
Total	32,203,118	28,877,123

37. Provision for Expected Credit Losses

The details of this item are as follows:

	2019	2018
	JD	JD
Balances at central banks	2,397	488
Balances at banks and financial institutions	24,117	(34,943)
Deposits at banks and financial institutions	(1,187)	(92,307)
Financial assets at amortized cost	(187,191)	202,294
Direct credit facilities	7,706,688	8,330,203
Indirect credit facilities	244,748	573,748
Total	7,789,572	8,979,483

38. Earnings per Share

The details of this item are as follows:

	2019	2018
	JD	JD
Profit for the year attributable to bank's shareholders (JD)	28,095,485	30,126,670
Weighted average number of shares (share)	190,000,000	190,000,000
	Fils/JD	Fils/JD
Basic and diluted earnings per share (Bank's Shareholders)	0/148	0/159

The weighted average for earnings per shares was calculated from the basic and reduced profit attributable to the shareholders of the bank based on the number of shares authorized for the years ended December 31, 2019 and 2018, the numbers for the year ended December 31, 2018 were recalculated according to the capital rate after Increase in the distribution of bonus shares according to the requirements of International Accounting Standard (33).

39. Cash and Cash Equivalents

The details of this item are as follows:

	2019	2018
	JD	JD
Cash and balances with Central Banks maturing within 3 months	332,661,274	333,371,868
Add: Balances at banks and financial institutions' maturing within 3 months	158,836,624	117,879,950
Less: Banks and financial institutions' deposits maturing within 3 months	193,058,936	280,802,862
Restricted cash balances	10,635,000	10,635,000
Total	287,803,962	159,813,956

40. Balances and Transactions with Related Parties

The accompanying consolidated financial statements of the Bank include the following subsidiaries:

		Paid in Capital	
Company Name	Ownership	2019	2018
	%	JD	JD
Al-Watanieh Financial Services Company Limited Liability	100	5,500,000	5,500,000
Al-Watanieh Securities Company private shareholding	100	1,600,000	1,600,000
Tamallak for Financial Leasing Company	100	5,000,000	5,000,000
Safa Bank	79	53,175,000	53,175,000
Thimar for Investment Services	-	-	70,900

The Bank entered into transactions with subsidiaries, major shareholders, directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates. All the credit facilities to related parties are performing facilities and are free of any provision.

The following related party transactions took place during the year:

	Related Parties			Total	
	Board of Directors and Relatives	Executive Management	Other *	2019	2018
	JD	JD	JD	JD	JD
Statement of Financial Position Items:					
Direct credit facilities	28,213,495	3,195,253	19,717,360	51,126,108	45,469,892
Deposits at the Bank	47,942,756	2,535,320	11,087,316	61,565,392	52,889,053
Margin accounts	62,701	76	113,409	176,186	244,488
Off Statement of Financial Position Items:					
Indirect credit facilities	1,669,614	300	356,267	2,026,181	2,702,755
				For the Year Ended December 31,	
				2019	2018
Income Statements Items:				JD	JD
Interest and commission income	493,980	80,384	2,642,221	3,216,585	4,831,598
Interest and commission expense	1,654,963	10,360	236,656	1,901,979	2,127,931

* Others include the rest of bank employees and their relatives up to the third degree.

- Credit interest rates on credit facilities in Jordanian Dinar range between 3.75% - 13.54%
- Credit interest rates on credit facilities in foreign currency range between 4% - 4.75%
- Debit interest rates on deposits in Jordanian Dinar range between 0% - 5.75%
- Debit interest rates on deposits in foreign currency range between 0% - 2.1%

Salaries, wages and bonuses of executive management amounted to JD 3,970,023 as of December 31, 2019 (JD 3,611,676 as of December 31, 2018).

41. Risk Management

IFRS (9) Disclosures

First: Descriptive Disclosures:

1. The Bank's definition of default and default handling mechanism.

- Definition of default:

  The Bank has adopted the definition of default in accordance with the instructions of IFRS (9) 13/2018 in addition to the instructions of the Central Bank of Jordan no. 47/2009 where any debt instrument was considered defaulted in the case of:

- The number of days due is 90 days and more
- The availability of evidence(s) that it has defaulted, in the case of the existence of one or more of the indicators below then the debt instrument counts as defaulted:

  - Any indicators of a noticeable decline in the customer's activity, their financial data, or the industrial sector.
  - Any technological or legislative changes to the work environment.
  - A noticeable decline in the value of the collaterals provided.
  - A noticeable decline in the parent company's activity.

- Default handling mechanism:

  The Bank monitors accounts before they reach the non-performance stage through designated departments and when accounts are classified as non-performing, they are monitored through the credit department before the initiation of legal procedures in case no final settlement with the customer has been reached. The Bank takes adequate provisions for those accounts in accordance with the instructions of the Central Bank of Jordan and the control authorities.

2. A detailed description of the Bank's internal credit rating policy and its working mechanism (where at a minimum the classification grades and the linkage mechanism with the three stages are described in accordance with IFRS (9) and the classification instruction no. (47/2009)).

- Corporate portfolio:

  A system designed to assess and measure the risks of corporate customers in a comprehensive manner by extracting the customer's risk rating associated with the customer's probability of default (PD) based on the financial and objective data. It is also involved in the extraction of the expected losses (EL) of the customer's facilities through "facility rating" and the loss given default (LGD) associated with collaterals.

  The Bank uses the Risk Analyst/Moody's Systems to measure the risk rating of customers within (7) grades for the performing accounts and (3) grades for the non-performing accounts. The probability of default (PD) increases as risk rating increases. Three segments are adopted at each grade for performing loans - with the exception of grade (1) where grade (1) is the best and grade (10) is the worst.

- Retail portfolio:

  The internal scoring of retail customers is conducted for all granted products (personal loans, housing loans, car loans and others) according to the business sector (public or private) and according to the nature of employment and occupation and different other criteria.

  The scoring terms are set based on historical performance in terms of granting, default and collection. The scoring is periodically reviewed and the terms are updated based on performance.

3. <u>The approved mechanism for calculating expected credit losses (ECL) for financial instruments and for each item separately.</u>

The Bank has adopted Moody's system for calculating expected credit losses where the calculation is made by specialized systems for the corporate and retail portfolios after taking into consideration the client's level of risk and probability of default and assessment of collaterals for Jordan branches, foreign branches and the subsidiaries.

The calculation for each stage is as follows:

- Stage (1): expected credit losses are calculated for debt instruments classified within this stage for the 12 months after the date of the financial statements.
- Stage (2): expected credit losses are calculated for debt instruments classified within this stage for the whole lifetime of the debt instrument in the remaining lifetime of the debt instrument.
- Stage (3): expected credit losses are calculated for debt instruments classified within this stage that have become defaulted for the whole lifetime of the debt instrument.

The following debt instruments are included in the calculation:

- Loans and direct and indirect credit facilities.
- Debt instruments at amortized cost.
- Financial guarantees specified according to IFRS 9.
- Islamic financing products characterized as debt.
- Credit exposures on banks and financial institutions.

4. <u>Governance of the application of IFRS (9) requirements including the responsibility of the Board of Directors and executive management</u>
Roles and responsibilities:

<u>The Board of Directors and its Committees:</u>
- Providing appropriate governance structure and procedures to ensure the proper application of the standard by defining the roles of the committees and departments at the Bank.
- Providing the appropriate infrastructure for the implementation.
- Approving policies relating to IFRS 9.
- Approving any amendments to the results and outputs of the systems regarding the calculation and measurement of ECL and the variables to be calculated.

<u>Executive Management:</u>
- Taking IFRS 9 related decisions.

<u>IFRS 9 Steering Committee:</u>
The committee comprises the vice credit and treasury general manager, chief treasury officer, chief financial officer, chief risk management officer, chief corporate credit and SME loans and bank pooling officer and chief credit risk officer. Its most important objectives include:

- Coordinating with and giving directions to implementation officers in foreign branches, subsidiaries, and the Bank's management.
- Coordinating with central banks and local and foreign governance authorities.
- Taking decisions relating to the implementation of the project and giving directions for its implementation.
- Giving recommendations to the designated committees and departments to amend policies and the related work procedures.

Risk Management:

- Developing a clear framework for ECL calculation.
- Calculating the ECL, classifying the customers according to the three stages on a quarterly basis in accordance with the accounting standard requirements and CBJ regulations, and informing the Executive Management Risk Committee of the calculation results.
- Reviewing and approving the risk parameters in accordance with the approved policy and methodology.

Financial Management:

- Participating with the departments in the development and structure of business models to ensure that the Bank's financial assets are classified according to IFRS 9 principles.
- Participating in the calculation process with the concerned departments and reviewing the calculation results.
- Making the necessary reconciliations and journal entries and restrictions after the results are approved and verifying that all products have been included in calculation.
- Preparing the necessary disclosures in cooperation with the concerned departments in the Bank in accordance with the requirements of the Standard and CBJ regulations.
- Preparing the statements required by the Central Bank in cooperation with the concerned departments.

Corporate Credit, SME Loans and Bank Pooling Management:

- Classifying clients within the internal rating classification on a periodic basis to measure clients' risk based on the rating classification
- Periodically updating data for credit facilities and guarantees within the classification system.

Internal Audit Management:

- Verifying the adequacy of methodologies and systems used in the calculation of ECL.

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

1- Probability of Default (PD):

- Retail portfolio:

  The probability of default has been computed using the Bank's historical default information for the retail loans and housing loans portfolio. These rates are calculated using independent variables which affect the probability of default rate (salary, sector, age, gender, interest rate, loan duration).

- Corporate portfolio:

  Risk rating is calculated based on Moody's Credit rating and then mapped to the relevant assigned PD. The ECL model then converts the probity of default (PP) from a TTC into PTC based on each instrument's data taking into consideration the risk of economical and geographical segments associated with the customers.

2- Exposure at Default (EAD):

- One time debt instruments (direct and indirect): the balance as of the date of the financial statements is considered as the balance at the date of default after subtracting suspended interest and the actual due date of the financial instrument is assumed.

- Renewing debt instruments (direct and indirect): the balance or the ceiling as of the date of the financial statements is considered as the balance at the date of default after subtracting suspended interest and the actual due date of the financial instrument plus three years is assumed.

3- Loss Given Default (LGD):

- <u>Retail portfolio:</u>

  The probability of default has been computed using the Bank's historical default information for the retail loans and housing loans portfolio. Both rates have approved at the account level for the retail portfolio.

- <u>Corporate portfolio:</u>

  Rates for Basel II have been approved amounting to 45% after considering the approved financial and non-financial credit diluents and after applying deduction haircuts.

6. <u>The Bank's policy for determining common elements (criteria) that credit risk and expected credit losses on a collective basis have been measured with.</u>

   Credit risk and expected credit losses for retail have been calculated at an individual level for each account separately and not at a collective level.

7. <u>Economic indicators used by the Bank in calculating expected credit losses (PD).</u>

   A group of economic indicators have been reviewed such as (gross domestic product, equities, interest rates, unemployment, and inflation) and the following approved indicators have shown a strong correlation between the indicator value and the default rate for each portfolio using historical information:

- Corporate portfolio: gross domestic product and equities.
- Retail portfolio – Jordan: gross domestic product and money supply (M2).
- Retail portfolio – Palestine: gross domestic product.

A probable weight has been assigned for each scenario with 40% for the weighted scenario, 30% for the highes scenario, and 30% for the lowes scenario.

The Bank manages its risks through a comprehensive strategy for risk management by which the roles and responsibilities of all parties concerned are identified. These include the Board of Directors and subcommittees such as the Risk Committee, the Investment Committee and Audit and Compliance Management Committee, in addition to the executive management and its subcommittees, such as Assets and Liabilities Committee, Procedures Development Committee, Credit committees and other specialized Departments such as the Risk Management Department, Compliance Department and the Audit Department. Furthermore, all of the Bank's business units are considered responsible for identifying the risks associated within their banking operations and committed to applying the appropriate controls and monitoring their effectiveness and maintaining integrity within the internal control system.

The process of managing the risks within the Bank's activities include the identification, measurement, assessment and monitoring of financial and non-financial risks which could negatively affect the bank's performance and reputation or its goals ensuring that the bank achieves optimum yield in return for the risks taken.

The general framework of risk management at the Bank is in line with the size, complexity and nature of its operations, and in harmony with local regulations as well as taking into account the best international practices in this regard. The Bank's set of principles include the following:

1- The Board of Directors' responsibility for risk management. The risk committee of the board of directors does a periodic review of policies, strategies and risk management procedures of the bank, including setting acceptable risk limits.

2- The responsibility of the Board of Directors, represented by the Risk Committee in the development of the internal assessment of capital and analysis of current and future requirements for capital and as appropriate with the structure of the Bank's risk and strategic goals and taking action on particular in addition to its responsibility in ensuring a good system to evaluate the types of risks faced by the Bank and the development of the system to link these risks with the level of capital required to cover.

3- The responsibility of the Board of Directors to approve the policies developed by the executive management.

4- The risk management department, which is independent of other Bank's operations, reports to the Risk Committee on risk issues. For daily operations it is linked with the General Manager, and analyses all the risks including credit, market, liquidity and operational risk in addition to the development of measurement methodologies and controls for each type of risk as needed. The Risk Management Department also manages the process of Internal evaluation Capital Adequacy ICAAP in Cairo Amman Bank by using the comprehensive manner which is appropriate within their risk profile it also implements Basel requirements.

5 - Internal Audit department provides independent confirmation of the compliance of the working units with the policies and procedures of the risk committee set to manage risks and their efficiency.

6 - Managing risk is considered the responsibility of each unit and every employee of the Bank, in relation to those risks which are within their functions.

The bank is exposed to many risks, the following are the main risk categories:

- Credit Risk
- Market Risk
- Liquidity Risk
- Operational Risk
- Compliance Risk

<u>Credit Risks:</u>
Credit risk is the risk that may result from a lack of commitment or the inability of the other party of the financial instrument to fulfil its obligations to the Bank, leading to a financial loss. The bank manages its credit risk through the design and development of various policies that identify and address all aspects of granting and maintenance of credit in addition to determining the limits of credit facilities granted to clients and/or related groups as well as diversifying total credit facilities across sectors and geographical regions. The Bank also works continuously to evaluate the credit worthiness of customers, in addition to having appropriate collaterals.

The general framework for Credit Risk Management includes:

<u>Credit Policies:</u>
The Bank manages its credit risk through the annual policies set by the board of Directors in their credit policy including credit ceilings and various credit conditions, which are renewed annually, according to several changing factors and the results of the analysis, and studies which are approved by the board of directors, which includes mainly on principles of granting in the bank, stating authorities, collaterals and credit monitoring department the main frame of the Credit Risk Management. Moreover these policies define maximum credit limits given to any customer and / or group of related customers in addition to the distribution of credit according to geographical regions and different economic sectors. The Bank considers the diversification of portfolios as an important risk mitigation factor.

Customer Rating:

In order to develop credit risk Management at the bank, credit risks are performed internally which consists of customer credit risk rating; customers are rated according to their creditworthiness and ability to pay, in addition to assessing the quality of the facilities granted to clients, in terms of account activity and regularity of payment of principal and interest. The collaterals are classified according to type and percentage coverage of risk of granted facilities. Moreover the Bank periodically monitors the portfolios and their diversification, according to several classifications.

Mitigation Methodologies:

The Bank follows different procedures to mitigate risks, including determining the acceptable types of collaterals and their conditions , whereby good collaterals that can be liquidated at a reasonable time and value are accepted by the bank taking into consideration that the value of the collateral is not related to the business of the customer . Moreover, the Bank requires insurance policies on certain properties as a means of mitigating risks. The values of the collaterals are monitored on a regular basis and in the event of decrease in its value, additional collaterals are required.

Credit Granting:

The Bank adopts the principle of segregation of functions related to Risk Management in the Bank in line with best practices in this regard, clarifying the roles and responsibilities between each of the different credit functions (sales, credit approvals , credit administration, credit operations), to ensure a strong control and monitor over credit granting operations.

Credit decisions are checked against the credit policies and authority limits according to credit size and the collaterals against it, all documentations and contracts are reviewed before executing the credit to make sure of the segregation of functions.

Prior to granting facilities, legal documentation is done on the credit contracts and other documents related to the facilities, collaterals are checked against the credit condition agreed on and legal condition which retain the Bank rights.

Maintenance and Follow-up of Credit:

The performance of the credit portfolio is continuously monitored to make sure it is within the acceptable risk limits and economic sector limits which identified by the board of directors to identify any increasing risk levels.

The Bank continuously monitors its non performing portfolios to identify any need for additional provisions.

There are specialized and independent departments responsible for managing irregular credit facilities and handle the task of their administration and collection. The Bank has allocated several monitoring departments to monitor and follow up credit and report any early warning indicators for follow-up and correction.

1- Reclassified credit exposures

A- Gross reclassified credit exposures

Item	2019					
	Stage 2		Stage 3			
	Gross exposure amount	Reclassified exposures	Gross exposure amount	Reclassified exposures	Gross reclassified exposures	Percentage of reclassified exposures
	JD	JD	JD	JD	JD	%
Balances at central banks	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-
Direct credit facilities	181,221,062	132,876,201	99,176,293	36,374,000	225,395,500	%13.44
Bonds and bills:	-	-	-	-	-	-
within financial assets through profit or loss	-	-	-	-	-	-
within financial assets through other comprehensive income	-	-	-	-	-	-
within financial assets at amortized cost	-	-	-	-	-	-
Financial instrument derivatives	-	-	-	-	-	-
Financial assets pledged as collateral (debt instruments)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	181,221,062	132,876,201	99,176,293	36,374,000	225,395,500	
Financial guarantees	10,146,698	5,812,779	319,221	134,287	8,814,166	%16.78
Letters of credit	1,723,784	19,744	-	-	19,744	%0.05
Other liabilities	37,467,221	13,951,458	230,805	124,817	16,571,020	%8.91
Total	230,558,765	152,660,182	99,726,319	36,633,104	250,800,430	

Item	2018					
	Stage 2		Stage 3			
	Gross exposure amount	Reclassified exposures	Gross exposure amount	Reclassified exposures	Gross reclassified exposures	Percentage of reclassified exposures
	JD	JD	JD	JD	JD	%
Balances at central banks	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-
Direct credit facilities	136,225,501	69,714,058	85,793,901	40,028,334	222,044,443	%12.90
Bonds and bills:	-	-	-	-	-	-
within financial assets through profit or loss	-	-	-	-	-	-
within financial assets through other comprehensive income	-	-	-	-	-	-
within financial assets at amortized cost	-	-	-	-	-	-
Financial instrument derivatives	-	-	-	-	-	-
Financial assets pledged as collateral (debt instruments)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	136,225,501	69,714,058	85,793,901	40,028,334	222,044,443	
Financial guarantees	7,044,107	2,540,875	231,376	34,500	6,824,734	%12.16
Letters of credit	2,025,328	-	-	-	-	-
Other liabilities	19,223,048	5,081,386	6,308	17,033	30,564,294	%19.41
Total	164,517,984	77,336,319	86,031,585	40,079,867	259,433,471	

B- Expected credit losses of reclassified exposures:

Item	2019							
	Reclassified Exposures			Expected Credit Losses of Reclassified Exposures				
				Stage 2		Stage 3		
	Gross exposures reclassified to stage 2	Gross exposures reclassified to stage 3	Gross reclassified exposures	Individual	Collective	Individual	Collective	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-
Direct credit facilities	132,876,201	36,374,000	225,395,500	1,386,809	1,413,856	908,202	-	3,708,867
Bonds and bills:	-	-	-	-	-	-	-	-
within financial assets through profit or loss	-	-	-	-	-	-	-	-
within financial assets through other comprehensive income	-	-	-	-	-	-	-	-
within financial assets at amortized cost	-	-	-	-	-	-	-	-
Financial instrument derivatives	-	-	-	-	-	-	-	-
Financial assets pledged as collateral (debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	132,876,201	36,374,000	225,395,500	1,386,809	1,413,856	908,202	-	3,708,867
Financial guarantees	5,812,779	134,287	8,814,166	20,421	-	5,287	-	25,708
Letters of credit	19,744	-	19,744	232	-	-	-	232
Other liabilities	13,951,458	124,817	16,571,020	18,718	9,030	4,755	-	32,503
Total	152,660,182	36,633,104	250,800,430	1,426,180	1,422,886	918,244	-	3,767,310

Item	2018							
	Reclassified Exposures			Expected Credit Losses of Reclassified Exposures				
				Stage 2		Stage 3		
	Gross exposures reclassified to stage 2	Gross exposures reclassified to stage 3	Gross reclassified exposures	Individual	Collective	Individual	Collective	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-
Direct credit facilities	69,714,058	40,028,334	222,044,443	557,972	905,090	796,317	-	2,259,379
Bonds and bills:	-	-	-	-	-	-	-	-
within financial assets through profit or loss	-	-	-	-	-	-	-	-
within financial assets through other comprehensive income	-	-	-	-	-	-	-	-
within financial assets at amortized cost	-	-	-	-	-	-	-	-
Financial instrument derivatives	-	-	-	-	-	-	-	-
Financial assets pledged as collateral (debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	69,714,058	40,028,334	222,044,443	557,972	905,090	796,317	-	2,259,379
Financial guarantees	2,540,875	34,500	6,824,734	18,422	-	27	-	18,449
Letters of credit	-	-	-	-	-	-	-	-
Other liabilities	5,081,386	17,033	30,564,294	11,491	2,976	1,455	-	15,922
Total	77,336,319	40,079,867	259,433,471	587,885	908,066	797,799	-	2,293,750

2- Allocation of exposures according to industrial sectors:

A- Allocation of exposures according to financial instruments - net

	Financial	Industrial	Commercial	Real Estate*	Agricultural	Trading	Consumer	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	-	-	191,813,350	191,813,350
Balances at banks and financial institutions	158,785,257	-	-	-	-	-	-	-	158,785,257
Deposits at banks and financial institutions	88,040,014	-	-	-	-	-	-	-	88,040,014
Direct credit facilities	43,317,479	111,211,332	342,408,409	262,276,943	12,248,601	18,212,441	615,231,195	194,169,178	1,599,075,578
Bonds and bills:									-
within financial assets at amortized cost	55,869,367	-	16,760,024	-	-	-	-	603,223,871	675,853,262
Financial assets pledged as collateral (debt instruments)	-	-	-	-	-	-	-	73,714,000	73,714,000
Other assets	10,400,680	2,714,650	11,423,359	140,738	288,813	596,590	1,527,815	7,962,464	35,055,109
Total	356,412,797	113,925,982	370,591,792	262,417,681	12,537,414	18,809,031	616,759,010	1,070,882,863	2,822,336,570
Financial guarantees	7,649,525	8,269,190	28,053,823	7,684,513	142,759	-	-	226,661	52,026,471
Letters of credit	7,351,459	12,937,986	16,647,286	-	135,311	-	-	-	37,072,042
Other liabilities	3,742,815	14,346,005	128,232,164	6,104,255	417,755	-	15,360,712	16,004,135	184,207,841
Total	375,156,596	149,479,163	543,525,065	276,206,449	13,233,239	18,809,031	632,119,722	1,087,113,659	3,095,642,924

* The industrial sector of real estate includes loans granted to corporates and residential loans.

b. Allocation of exposures according stage categories of IFRS (9):

	2019					
	Stage 1		Stage 2			
Item	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Financial	360,486,119	10,392,153	4,278,021	-	303	375,156,596
Industrial and mining	113,342,096	5,270,333	29,361,523	121,947	1,383,264	149,479,163
General Commercial	353,979,116	52,336,936	122,564,937	1,271,643	13,372,433	543,525,065
Real estate purchase financing	53,114,058	188,136,336	10,459,772	15,751,056	8,745,227	276,206,449
Agricultural	8,024,707	305,480	4,845,700	10,984	46,368	13,233,239
Trading	14,474,613	3,503,683	-	27,259	803,476	18,809,031
Consumer	28,620,945	564,844,472	4,556,542	27,013,594	7,084,169	632,119,722
Government and public sector	1,074,909,600	7,827,811	4,232,732	-	143,516	1,087,113,659
Total	2,006,951,254	832,617,205	180,299,227	44,196,483	31,578,756	3,095,642,924

	2018					
	Stage 1		Stage 2			
Item	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Financial	321,830,667	9,910,417	27,783	-	6,294	331,775,161
Industrial and mining	86,341,107	4,011,037	37,917,153	67,147	1,455,154	129,791,598
General Commercial	392,754,417	18,713,432	70,086,795	748,902	8,353,298	490,656,844
Real estate purchase financing	104,675,883	190,719,271	8,433,120	10,898,765	7,064,348	321,791,387
Agricultural	9,566,828	400,343	762,534	15,948	915,790	11,661,443
Trading	-	3,447,264	-	801	942,836	4,390,901
Consumer	18,910,988	616,577,852	444,510	18,091,720	5,223,555	659,248,625
Government and public sector	951,064,193	5,450,791	12,162,653	-	1,346,518	970,024,155
Total	1,885,144,083	849,230,407	129,834,548	29,823,283	25,307,793	2,919,340,114

3- Allocation of exposures according to geographical locations:

a. Allocation of exposures according to geographical regions - net

	Inside Jordan	Other Middle Eastern Countries	Europe	Asia *	Americas	Other Countries	Total
	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	116,035,845	75,777,505	-	-	-	-	191,813,350
Balances at banks and financial institutions	75,128,749	44,187,585	35,327,934	566,865	3,413,726	160,398	158,785,257
Deposits at banks and financial institutions	87,304,831	735,183	-	-	-	-	88,040,014
Bonds and bills:	1,189,851,725	389,782,247	18,901,329	-	540,277	-	1,599,075,578
within financial assets at amortized cost	651,057,074	22,821,267	1,974,921	-	-	-	675,853,262
Financial assets pledged as collateral (debt instruments)	73,714,000	-	-	-	-	-	73,714,000
other assets	22,275,811	10,728,006	2,034,353	-	16,939	-	35,055,109
Gross assets	2,215,368,035	544,031,793	58,238,537	566,865	3,970,942	160,398	2,822,336,570
Financial guarantees	39,110,652	11,156,415	194,295	1,352,434	212,675	-	52,026,471
Letters of credit and acceptances	31,565,357	5,506,685	-	-	-	-	37,072,042
Other liabilities	155,752,033	28,455,808	-	-	-	-	184,207,841
Total	2,441,796,077	589,150,701	58,432,832	1,919,299	4,183,617	160,398	3,095,642,924

b. Allocation of exposures according stage categories of IFRS (9):

	2019					
	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Inside Jordan	1,549,553,648	683,590,087	151,566,823	30,984,041	26,101,478	2,441,796,077
Other Middle Eastern Countries	394,733,216	146,995,361	28,732,404	13,212,442	5,477,278	589,150,701
Europe	56,401,076	2,031,756	-	-	-	58,432,832
Asia	1,919,299	-	-	-	-	1,919,299
Americas	4,183,617	-	-	-	-	4,183,617
Other Countries	160,398	-	-	-	-	160,398
Total	2,006,951,254	832,617,204	180,299,227	44,196,483	31,578,756	3,095,642,924

	2018					
	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Inside Jordan	1,389,580,901	689,318,418	117,821,625	21,818,775	23,055,411	2,241,595,130
Other Middle Eastern Countries	425,360,347	157,897,009	7,282,313	8,004,508	2,252,382	600,796,559
Europe	55,398,649	561,530	-	-	-	55,960,179
Asia	2,026,587	-	4,730,610	-	-	6,757,197
Americas	12,743,186	1,453,450	-	-	-	14,196,636
Other Countries	34,413	-	-	-	-	34,413
Total	1,885,144,083	849,230,407	129,834,548	29,823,283	25,307,793	2,919,340,114

4- Credit risk after net of allowances for impairment and suspended interest and before the effect of risk mitigates and collaterals:

	December 31	
	2019	2018
	JD	JD
On-Statement of Financial Position Items		
Balances at Central Banks	191,813,350	220,278,635
Balances at banks and financial institutions	158,785,257	117,852,700
Deposits at banks and financial institutions	88,040,014	89,579,213
Direct credit facilities:		
Consumer lending	619,173,454	642,911,999
Residential mortgages	213,396,136	207,345,722
Large corporations	438,747,529	446,908,439
Small and medium enterprises	133,589,283	133,258,009
Lending to governmental and public sectors	194,169,176	219,146,232
Financial assets held at amortized cost, net	675,853,262	539,067,213
Financial assets pledged as collateral	73,714,000	24,562,000
Other assets	35,055,109	37,810,904
Total on-Statement of Financial Position Items	2,822,336,570	2,678,721,066
Off-Statement of Financial Position Items		
Letters of credit & Acceptances	37,072,042	29,122,175
Letters of guarantee	52,026,471	55,785,130
Irrevocable commitments to extend credit	184,207,841	155,711,743
Total off-Statement of Financial Position Items	273,306,354	240,619,048
Total on & off-Statement of Financial Position Items	3,095,642,924	2,919,340,114

- The above table represents the maximum credit risk for the bank as of December 31, 2019 and 2018 without taking the collaterals or effect of mitigation into consideration.

- The exposure mentioned above for on-statement of financial position items is based on the balance shown in the statement of financial position.

Types of collaterals against loans and credit facilities are as follows:

- Real estate properties.
- Financial instruments (equities and bonds).
- Bank guarantees.
- Cash collateral
- Government guarantees.

The management monitors the market value of these guarantees periodically and if the value of collateral decreased

the bank requests additional collateral to cover the deficit, in addition, the bank assesses the collateral against non-performing credit facilities periodically.

Rescheduled Loans:
These represent loans previously classified as non-performing loans and reclassified as other than non-performing loans according to proper scheduling to watch list during the year 2019. Moreover, they amounted to JD 32,506,472 as of the current year against JD 11,330,677 as of the previous year.

The scheduled debt balance represents the debt that was scheduled whether classified under watch list or transferred to performing.

Restructured Loans:
Restructuring means rearranging the status of operating credit facilities in terms of adjusting premiums, prolonging the life of credit facilities, postponing some instalments, or extending the grace period, based on customer cash flows and helping them meet their obligations towards the Bank. The value of these loans amounted to about JD 55,405,182 as of December 31, 2019 against JD 25,584,921 as of December 31, 2018.

5. Debt Securities and Treasury Bills
The schedule below shows the distribution of bonds and bills according to the international agencies classification:

Rating grade	Rating Agency	Financial Assets at Amortized Cost or Financial Assets Pledged as Collateral
		JD
Baa1	Moody's	355,233
BAA3	Moody's	1,268,590
Ba1	Moody's	354,903
Ba2	Moody's	140,880
Un-rated		70,131,600
Governmental		678,076,342
Total		750,327,548

Development of Credit Risk Measurement and Management System
It is established by being up to date on the best practices for credit management specifically relating to risk measurement and the required capital evaluation implementing the instructions of the Central Bank of Jordan relating to implementing Basel III.

Market Risk
Market risk is defined as the risk of fluctuation in fair value or cash flows of financial assets arising from changes in market prices such as interest rate risks, foreign currency risks, and commodities risks. Market risks arise as a result of the existence of open positions in interest rates, currencies and investment in stocks. These risks are monitored according to specific policies and procedures and through specialized committees and work centers concerned, which include market risks, interest rates, exchange rate risks and the risks of changes in stock prices.

Market risk is measured and monitored through sensitivity analysis, stress testing and stoploss limits.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the Bank's profits or the value of financial instruments. The bank is exposed to interest rate risk as a result of inconsistency or a gap in the amounts of assets and liabilities according to multiple time periods or a review of interest rates in a specific time period and the Bank managing these risks by reviewing interest rates on assets and liabilities through the risk management strategy.

The Asset and Liability Committee (ALCO) reviews interest rate sensitivity gaps through its periodic meetings and studies the extent to which the bank's profitability is affected in light of the existing gaps with any changes in interest rates.

Interest Rate Risk Management

The Bank seeks to obtain long-term financing to fund long-term investments at fixed rates whenever possible. Furthermore, the Bank uses hedging instruments such as interest rate swaps to reduce any negative effects.

The following table demonstrates the sensitivity analysis of interest rates:

2019

Currency	Increase in interest rate	Sensitivity of net interest income (profit or loss)	Change (decrease) in interest rate	Sensitivity of net interest income (profit or loss)
	Basis points	JD	Basis points	JD
USD	100	(479,139)	100	479,139
EURO	100	(530,166)	100	530,166
GBP	100	24,094	100	(24,094)
JPY	100	-	100	-
Other Currencies	100	260,404	100	(260,404)

2018

Currency	Increase in interest rate	Sensitivity of net interest income (profit or loss)	Change (decrease) in interest rate	Sensitivity of net interest income (profit or loss)
	Basis points	JD	Basis points	JD
USD	100	(597,370)	100	597,370
EURO	100	(339,096)	100	339,096
GBP	100	24,094	100	(24,094)
JPY	100	-	100	-
Other Currency	100	192,645	100	(192,645)

Interest Rate Re-Pricing Gap

The classification is based on the interest repricing periods or maturities whichever is earlier.

As of December 31, 2019	Less than 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	1 - 3 Years	More than 3 Years	Non-Interest Bearing	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at Central Bank of Jordan	47,635,000	-	-	-	-	-	285,022,295	332,657,295
Balances at banks and financial institutions	140,353,013	2,399,754	-	-	-	-	16,032,490	158,785,257
Deposits at banks and financial institutions	-	-	-	32,375,074	55,664,940	-	-	88,040,014
Financial assets at fair value through profit or loss	-	-	-	-	-	-	9,405,269	9,405,269
Direct credit facilities - Net	689,904,203	232,128,296	358,887,444	57,172,473	133,574,231	127,408,931	-	1,599,075,578
Financial assets at fair value through OCI	-	-	-	-	-	-	55,412,453	55,412,453
Financial assets at amortized cost	26,339,777	3,847,202	7,805,986	26,171,679	313,668,410	298,020,208	-	675,853,262
Financial assets pledged as collateral	25,000,000	-	-	-	48,714,000	-	-	73,714,000
Property and equipment	-	-	-	-		-	42,521,471	42,521,471
Intangible assets	-	-	-	-		-	6,085,563	6,085,563
Other assets	-	-	-	-		-	82,924,824	82,924,824
Deferred tax assets	-	-	-	-		-	9,325,649	9,325,649
Total Assets	929,231,993	238,375,252	366,693,430	115,719,226	551,621,581	425,429,139	506,730,014	3,133,800,635
Liabilities								
Banks and financial institution deposits	97,055,523	26,330,517	43,133,807	48,000,000	30,000,000	-	51,539,089	296,058,936
Customers' deposits	619,134,745	282,032,736	286,807,933	250,063,955	141,411,979	54,078,379	417,426,268	2,050,955,995
Cash margins	2,854,949	4,393,229	7,573,459	5,010,829	10,820,679	3,517,695	24,533,512	58,704,352
Borrowed funds	70,191,306	13,354,007	7,002,840	3,173,729	27,139,938	93,339,248	12,118,031	226,319,099
Subordinated loans	-	-	-	-	-	18,540,350	-	18,540,350
Sundry provisions	-	-	-	-	-	-	15,069,457	15,069,457
Income tax liabilities	-	-	-	-	-	-	16,954,411	16,954,411
Deferred tax liabilities	-	-	-	-	-	-	804,942	804,942
Other liabilities	-	-	-	-	-	-	91,163,727	91,163,727
Total Liabilities	789,236,523	326,110,489	344,518,039	306,248,513	209,372,596	169,475,672	629,609,437	2,774,571,269
Interest rate sensitivity gap	139,995,470	(87,735,237)	22,175,391	(190,529,287)	342,248,985	255,953,467	(122,879,423)	359,229,366
As of December 31, 2018								
Total Assets	906,122,034	301,234,667	303,494,684	133,541,141	445,400,806	367,912,527	477,707,946	2,935,413,805
Total Liabilities	842,044,259	289,836,090	280,465,141	344,174,093	242,191,057	108,756,702	481,606,394	2,589,073,736
Interest rate pricing gap	64,077,775	11,398,577	23,029,543	(210,632,952)	203,209,749	259,155,825	(3,898,448)	346,340,069

Currency Risk:

Foreign currency risk is the risk of change in value of financial instruments due to the change in the foreign currency prices. The Bank's functional currency is the Jordanian Dinar. The Board of Directors identifies the set of currencies in which it is acceptable to take positions in and the limits of these positions for each currency annually. Foreign currencies positions are monitored on a daily basis to make sure that the Bank will not exceed those acceptable levels. Strategic policies are followed to maintain the position in the acceptable level.

The following table shows the effect of the possible change in the Jordanian dinar's exchange against foreign currencies on the income statement, with all other variables remaining constant:

	2019			2018		
	Increase in Exchange Rate	Effect on Profit or Loss	Sensitivity on Equity	Increase in Exchange Rate	Effect on Profit or Loss	Sensitivity on Equity
	%	JD	JD	%	JD	JD
EURO	+1	1,200	-	+1	(804)	-
GBP	+1	(1,361)	-	+1	1,040	-
YEN	+1	(290)	-	+1	-	-
Other	+1	(248,970)	-	+1	224,628	-

- The effect on negative change in interest price is equal to the change shown above with changing the sign.

Concentration in foreign currency risk:

As of December 31, 2019	US Dollar	Sterling Pound	Japanese Yen	Euro	Other Currencies	Total
	JD	JD	JD	JD	JD	JD
Assets						
Cash and balances at Central Banks	59,223,228	321,354	52	7,750,493	106,546,506	173,841,633
Balances at banks and financial institutions	78,777,721	8,161,374	525,614	13,090,310	45,720,477	146,275,496
Deposits at banks and financial institutions	-	-	-	15,897,200	973,950	16,871,150
Financial assets at fair value through profit or loss	649,086	-	-	-	-	649,086
Direct credit facilities - net	188,528,593	2	-	4,919,561	189,324,088	382,772,244
Financial assets at fair value through OCI	955,864	-	-	110,439	13,156,111	14,222,414
Financial assets at amortized cost	130,714,040	-	-	-	6,223,712	136,937,752
Intangible assets	10,112,829	-	-	-	34,081	10,146,910
Property and equipment - net	414,789	-	-	-	-	414,789
Other assets	8,909,534	3,912	-	46,020	6,605,844	15,565,310
Total Assets	478,285,684	8,486,642	525,666	41,814,023	368,584,769	897,696,784
Liabilities						
Banks and financial institution deposits	95,436,583	-	-	54,080	5,520,537	101,011,200
Customers' deposits	383,642,744	8,470,937	554,664	28,859,051	243,344,801	664,872,197
Cash margins	20,252,372	12	-	5,235,425	5,115,642	30,603,451
Borrowed funds	22,166,974		-	7,498,807		29,665,781
Subordinated loans	18,540,350		-			18,540,350
Income tax liability	-		-		352,955	352,955
Sundry provisions	470,120		-			470,120
Other liabilities	15,714,884	13,273	-	94,754	(5,125,651)	10,697,260
Total Liabilities	556,224,027	8,484,222	554,664	41,742,117	249,208,284	856,213,314
	-					
Net concentration on consolidated statement of financial position	(77,938,343)	2,420	(28,998)	71,906	119,376,485	41,483,470
Contingent liabilities off consolidated statement of financial position	46,272,813	12,558	390,152	18,720,658	11,654,786	77,050,967
As of December 31, 2018						
Total Assets	486,590,572	6,746,231	803,916	70,508,540	266,253,500	830,902,759
Total Liabilities	577,149,734	8,198,280	803,883	86,128,272	191,329,432	863,609,601
Net concentration on consolidated statement of financial position	(90,559,162)	(1,452,049)	33	(15,619,732)	74,924,068	(32,706,842)
Contingent liabilities off the consolidated statement of financial position	37,431,117	403,106	390,152	18,634,473	8,057,793	64,916,641

Change in Equity Price Risk

Equity price risk arise from changes in fair values of investments in equities. The Bank manages this risk through diversification of investments in terms of geographical distribution and industry concentration. The majority of the Bank's investments are quoted on Amman Stock Exchange and the Palestine Securities Exchange.

	2019			2018		
Market Indices	Change in Equity Price	Effect on Profit or Loss	Effect on Equity	Change in Equity Price	Effect on Profit or Loss	Effect on Equity
	%	JD	JD	%	JD	JD
Amman Stock Exchange	5+	246,685	455,142	5+	306,741	1,334,817
Palestine Stock Exchange	5+	37,753	974,618	5+	58,577	177,951
New York Stock Exchange	5+	11,810	-	5+	8,456	-
Others Markets	5+	1,234	592,025	5+	1,806	412,880

In case of negative change in index the effect will be the same with a change in the sign.

Liquidity Risk

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances, without incurring high costs or loss, the Bank adopts the following principles for the management of liquidity risk.

Diversification of funding sources

Bank's management seeks to diversify sources of funding and prevent the concentration in the funding sources. In addition to the capital base and customer deposits the bank also borrows from institutions and local and foreign banks which would provide sources of funding at appropriate costs and maturities.

The bank had also established a Liquidity Contingency Plan, which provides the basic framework for the management of liquidity in crisis time and keep it from deteriorating. This includes defining an effective mechanism to manage liquidity during times of crisis, within reasonable costs and preserving the rights of depositors, borrowers, and shareholders.

The Liquidity Contingency Plan is regularly reviewed and updated by the Assets and Liabilities Committee (ALCO).

Analyzing and monitoring the maturities of assets and liabilities

The Bank studies the liquidity of its assets and liabilities and monitors the major liquidity ratios as well as any changes that occur on them on a daily basis, The Bank, seeks through the Assets and Liabilities Committee to match between the maturities of its assets and liabilities and control the liquidity gaps within the limits defined in the Bank's policies.

Measure and manage market risk according to the standard requirements of Basel II and Basel III

Based on best practices in managing market risk and liquidity risk, the Bank is pursuing a policy to manage these risks as approved by the board of directors and that by relying on several methodologies and techniques and models to measure and assess and monitor these risks on an ongoing basis, In addition to estimating the required capital for market risk and other applications with the instructions of the Central Bank of Jordan and the standard for the application of Basel II. The Bank takes into account the implementation the best practice and techniques which applied by Basel III.

Cash reserves with Central Banks

The Bank maintains statutory cash reserve with the Central Banks amounting to JD 111,234,561.

First: The table below summarizes the maturity profile of the Bank's financial liabilities based on contractual (undiscounted) repayment obligations as of the date of the financial statements:

As of December 31, 2019	Less than 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	1 - 3 Years	More than 3 Years	No Fixed Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities								
Banks and financial institution deposits	148,871,233	26,555,653	43,871,429	49,641,675	32,052,093	-	-	300,992,083
Customers' deposits	779,258,712	354,284,478	349,275,484	304,203,012	234,274,044	54,078,379	-	2,075,374,109
Cash margins	6,144,587	7,514,546	14,706,580	10,726,678	13,925,778	6,434,806	-	59,452,975
Borrowed funds	70,252,831	13,443,764	7,095,757	3,186,421	27,993,603	116,718,001	12,118,031	250,808,408
Subordinated loans	-	-	-	-	-	26,438,734	-	26,438,734
Sundry provisions	500,000	500,000	319,938	1,682,270	2,750,981	150,000	9,166,268	15,069,457
Income tax liabilities	3,700,000	300,000	7,200,000	4,052,127	1,781,673	-	-	17,033,800
Deferred tax liabilities	-	-	-	-	210,985	-	593,957	804,942
Other liabilities	28,792,917	18,860,478	15,984,290	17,603,836	3,975,015	5,468,048	479,143	91,163,727
Total Liabilities	1,037,520,280	421,458,919	438,453,478	391,096,019	316,964,172	209,287,968	22,357,399	2,837,138,235
Total Assets (as per their expected maturities)	692,124,149	104,637,360	113,689,446	258,808,213	862,552,931	977,448,038	124,540,498	3,133,800,635

As of December 31, 2018	Less than 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	1 - 3 Years	More than 3 Years	No Fixed Maturity	Total
Liabilities								
Banks and financial institution deposits	249,990,526	27,232,950	4,414,175	28,835,462	74,177,309	-	-	384,650,422
Customers' deposits	723,295,417	316,504,667	320,886,469	323,353,259	200,099,519	51,828,977	-	1,935,968,308
Cash margins	4,275,719	6,076,321	6,720,750	9,068,745	19,561,965	4,325,294	-	50,028,794
Borrowed funds	20,194,601	1,697,480	2,153,814	35,112,844	42,314,158	75,362,697	8,968,512	185,804,106
Sundry provisions	539,524	655,857	547,782	1,665,000	11,817,005	178,365	-	15,403,533
Income tax liabilities	3,150,000	-	7,300,000	2,616,984	1,935,748	200,000	-	15,202,732
Deferred tax liabilities	-	-	-	-	228,601	-	654,499	883,100
Other liabilities	30,080,382	11,827,576	5,023,555	1,852,789	1,399,050	3,005,789	-	53,189,141
Total Liabilities	1,031,526,169	363,994,851	347,046,545	402,505,083	351,533,355	134,901,122	9,623,011	2,641,130,136
Total Assets (as per their expected maturities)	594,781,626	147,566,279	146,591,934	262,405,535	774,827,864	883,428,240	125,812,327	2,935,413,805

Second: The table below summarizes the maturities of financial derivatives as of the date of the financial statements:

As of December 31, 2019	Up to 1 Year	1 - 5 Years	More than 5 Years	Total
	JD	JD	JD	JD
Acceptances and letters of credit	37,037,079	-	-	37,037,079
Letters of guarantee	50,292,949	2,237,391	-	52,530,340
Unutilized limits	142,591,250	-	-	142,591,250
Total	229,921,278	2,237,391	-	232,158,669
As of December 31, 2018				
Acceptances and letters of credit	28,974,355	90,152	-	29,064,507
Letters of guarantee	53,884,123	2,247,107	-	56,131,230
Unutilized limits	97,951,571	-	-	97,951,571
Total	180,810,049	2,337,259	-	183,147,308

Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events.

The general framework for the operational risk management:

Managing operational risk is the responsibility of all employees in the bank through the proper application of internal policies and procedures that would curb these risks and exposures that arise during daily operations.

As a result of the willingness of the bank management to keep pace with technology in internal policies and procedures continuously the general framework for the operational risk management is implemented by a dedicated staff that aims to facilitate and support all the Bank's departments to carry out their duties in managing these risks.

The Bank implements several operational risk measurement methodologies aimed at identifying and assessing the risks to which the Bank may be exposed, in order to take appropriate control measures that facilitate the decision making process in reducing these risks, the most important of which are self-assessment of risks and control measures, review the actual and potential losses resulting from ongoing operations, monitor and follow up key risk indicators to develop control and avoid future losses.

Compliance Risk

Pursuant to Central Bank of Jordan instruction and in line with the international directions and updates as well as Basel's regulations, with the aim to ensure compliance of the bank and its internal policies and procedures with all applicable laws, regulations, international banking standards and best practices as well as safe and sound banking practices disseminated by local and international regulatory and supervisory competent authorities, this Compliance and AML/CFT Policy is issued with the approval of the Board of Directors in addition to the internal AML/CFT Manual. In addition, the Compliance and AML/CFT Division was restructured to consist of two departments; Compliance Department and AML/CFT Department to monitor the bank's compliance with applicable laws and regulations and best practices issued by regulatory competent authorities through well devised monitoring programs and internal procedures oriented toward a Risk Based Approach.

The main objectives of the compliance department are as follows:

- Identify, assess and manage compliance risks.
- Prepare and make available applicable laws and regulation files governing the nature and scope of work of all relevant divisions and departments on the bank intranet and update these regularly to stay current with legal and regulatory updates; support and assist executive management to manage compliance risks.
- Advise and assist the bank's management with all laws and regulations in relation to compliance.
- Monitor compliance risks through regulatory databases, which contain all laws and regulations issued by regulatory and competent authorities and which is updated and amended regularly in accordance with the latest regulatory updates that should be adhered to.
- Review and assess all preexisting and new banking products and services as well as internal policies and procedures to ensure that they are in strict compliance with applicable laws and regulations.
- Submit reports directly to the compliance committee, formed by the board of directors, regarding the scope and level of compliance the bank and its international branches and subsidiaries.

With regards to Anti-Money Laundering, an independent AML Department was formed and restructured within the Compliance and AML/CFT Division. The division recruited highly qualified and trained staff along with the automated AML/CFT Systems and Software Solutions to perform its work in accordance with policies and procedures approved by the board of directors and in accordance with Anti-Money Laundering Law No.46/2007 and its amendments, together with AML/CFT instructions issued by Central Bank of Jordan and international best practice in this regard to lessen and mitigate the risks involved with those transactions; the aim of which is to identify the procedures applicable and appropriate to financial transactions and to apply due diligence measures to identify pre-existing and potential customers and to understand their legal and personal capacity and status and the ultimate beneficial owner and the ongoing monitoring and reviewing of such transactions during the period of the banking relationship.

The main objectives of the AML Department are as follows:

1. Ensure the bank's compliance with all AML/CFT Policies and procedures as approved by the competent authority within the bank.

2. Ensure the bank's compliance with all applicable laws and regulations issued by competent authorities.

3. Prohibit and protect the bank's reputation and image from any allegation of involvement with money laundering and terrorist financing.

4. Prohibit the use of banking products and services in money laundering and terrorist financing transactions.

5. Participate in national and international efforts and initiatives relevant to anti-money laundering and combating terrorism financing.

6. Protect the bank and its employees from being exposed to AML/CFT risks which might lead to material financial losses or regulatory, legal, administrative, civil and criminal sanctions and liability.

42- Segment Information

a. Information on the Bank's Segments:

For management purposes the Bank is organized into three major business segments which are measured according to reports used by the general manager and key decision makers at the Bank, through the following major sectors:

- Retail banking: Principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit cards facilities and funds transfer facilities;
- Corporate banking: Principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- Treasury: Principally providing money market, trading and treasury services, as well as the management of the Bank's funding operations

Following is the Bank's segment information:

					Total	
					For the Year Ended December 31,	
	Retail Banking	Corporate Banking	Treasury	Other	2019	2018
	JD	JD	JD	JD	JD	JD
Total revenues	102,543,678	62,406,507	48,570,250	2,956,474	216,476,909	200,364,338
Provision for expected credit losses	2,175,508	5,531,181	82,884	-	7,789,573	8,979,483
Sundry provisions	-	-	-	-	-	(853,564)
Segmental results	73,544,920	31,224,071	20,626,682	2,956,474	128,352,147	123,314,840
Unallocated expenses					84,143,790	81,330,366
Profit before tax					44,208,357	41,984,474
Income tax					(16,701,547)	(12,277,739)
Net profit					27,506,810	29,706,735
Other information						
Segmental Total Assets	832,569,590	766,505,988	1,403,193,199	131,531,858	3,133,800,635	2,935,413,805
Segmental Total Liabilities	898,745,771	877,592,453	875,045,450	123,187,595	2,774,571,269	2,589,073,736
Capital expenditures					6,940,073	9,649,256
Depreciation and amortization					9,407,546	9,560,877

As follows, the Bank's segment information:

B- Geographical Information:

The following table represents the geographical segments of the bank's business. The bank practices its activities mainly in the Kingdom, which represent businesses inside the Kingdom, and the bank practices activities in Palestine

Below is the distribution of the revenues, assets and capital expenditures as per the geographical information:

	Inside Jordan		Outside Jordan		Total	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Total revenue	174,955,986	158,392,207	41,520,923	41,972,131	216,476,909	200,364,338
Capital expenditures	4,239,858	5,010,774	2,700,215	4,638,482	6,940,073	9,649,256

	Inside Jordan		Outside Jordan		Total	
	December 31		December 31		December 31	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Total assets	2,350,514,591	2,165,453,634	783,286,044	769,960,171	3,133,800,635	2,935,413,805

43. Capital Management

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios") and adopted by the Central Bank of Jordan.

According to Central Bank of Jordan regulation (52/2010), the minimum paid in capital of Jordanian banks should be JD 100 million before the end of 2011. In addition, the regulation requires a minimum leverage ratio of 4%.

As per the Central Bank of Jordan the adequate capital adequacy ratio must not be less than 14.375%.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. No changes were made in the objectives, policies and processes from previous years.

Description of what is considered capital

As per Central Bank of Jordan regulations capital consists of Tier 1 capital, which comprises share capital, share premium, reserves, declared reserves, retained earnings, Non-Controlling interest allowed to be recognized, other comprehensive income items less proposed dividends, goodwill, cost of treasury stocks, deficit in requested provisions, deferred tax assets related to non-performing loans and any other restricted amounts. The other component of regulatory capital is Tier 2 capital, which includes subordinated long term debt that may be transferred to shares, preference shares not accrued interest and non-controlling allowed to be recognized. The third component of capital is Tier 3 (which is aid to Tier 2 capital) which is used against market risk. Investments in the capital of banks and other financial institutions are deducted from regulatory capital if not consolidated in addition to investments in the capital of insurance companies. Also, excess over 10% of the Bank’s capital if invested in an individual company investee as per the Central Bank of Jordan regulations.

On November 31, 2016 The Central Bank of Jordan issued instructions regarding capital adequacy in accordance with Basel III and canceled the instructions of regulatory capital adequacy according to Basel II.

The capital adequacy percentage is calculated in accordance with the Central Bank of Jordan according to Basel committee decision. Below is the capital adequacy as per Basel III:

	December 31	
	2019	2018
	JD	JD
Ordinary Share Rights		
Paid up capital	190,000,000	180,000,000
Retained earnings after subtracting the expected accumulated distributions	56,867,732	61,286,036
Accumulated change in fair value reserve in total	(7,848,900)	(9,789,482)
Statutory reserve	79,007,427	74,578,456
Other reserves approved by the Central Bank	10,894,653	10,891,362
Minority rights allowed to be recognized	2,463,485	1,780,811
Total ordinary share capital	331,384,397	318,747,183
Regulatory Adjustments (Capital deductible)		
Intangible assets	6,085,563	8,120,517
Deferred tax assets that should be deducted	8,737,910	7,713,846
Net ordinary shareholders' equity	316,560,924	302,912,820
Additional capital		
Minority rights allowed to be recognized		
Net primary capital (Tier I)		
Tier II Capital		
Subordinated loans	18,540,350	-
General banking risk reserve	3,854,197	3,230,765
Required provisions against debt instruments for stage 1 according to IFRS (9)	7,519,550	9,533,581
Minority rights allowed to be recognized	492,697	356,162
Tier II Capital	30,406,794	13,120,508
Adjustment (deducted from capital)		
Net Tier II	30,406,794	13,120,508
Regulatory capital	346,967,718	316,033,328
Total risk weighted assets	2,021,871,964	2,078,124,360
Capital adequacy (%)	17.16%	15.21%
Capital adequacy (primary capital) (%)	15.66%	14.58%
Subordinated capital (%)	1.50%	0.63%

44. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled:

December 31, 2019	Up to 1 Year	More than 1 Year	Total
	JD	JD	JD
Assets			
Cash and balances at Central Banks	332,657,295	-	332,657,295
Balances at banks and financial institutions	158,785,257	-	158,785,257
Deposits at banks and financial institutions	32,375,074	55,664,940	88,040,014
Financial assets at fair value through profit or loss	9,405,269	-	9,405,269
Financial assets at fair value through other comprehensive income	-	55,412,453	55,412,453
Direct credit facilities	507,871,629	1,091,203,949	1,599,075,578
Financial assets at amortized cost	64,164,644	611,688,618	675,853,262
Financial assets pledged as collateral	25,000,000	48,714,000	73,714,000
Property and equipment	3,382,101	39,139,370	42,521,471
Intangible assets	6,156,622	(71,059)	6,085,563
Deferred tax assets	2,314,186	7,011,463	9,325,649
Other assets	57,206,825	25,717,999	82,924,824
Total Assets	1,199,318,902	1,934,481,733	3,133,800,635
Liabilities			
Banks and financial institution deposits	266,058,936	30,000,000	296,058,936
Customers' deposits	1,741,260,740	309,695,255	2,050,955,995
Cash margins	38,926,915	19,777,437	58,704,352
Borrowed funds	105,839,913	120,479,186	226,319,099
Subordinated loans	-	18,540,350	18,540,350
Sundry provisions	12,168,476	2,900,981	15,069,457
Other liabilities	81,720,664	9,443,063	91,163,727
Deferred tax liabilities	593,957	210,985	804,942
Income tax liabilities	15,252,127	1,702,284	16,954,411
Total Liabilities	2,261,821,728	512,749,541	2,774,571,269
Net	(1,062,502,826)	1,421,732,192	359,229,366

December 31, 2018	Up to 1 Year	More than 1 Year	Total
	JD	JD	JD
Assets			
Cash and balances at Central Banks	333,370,286	-	333,370,286
Balances at banks and financial institutions	117,852,700	-	117,852,700
Deposits at banks and financial institutions	28,606,010	60,973,203	89,579,213
Financial assets at fair value through profit or loss	11,503,790	-	11,503,790
Financial assets at fair value through other comprehensive income	-	52,322,447	52,322,447
Direct credit facilities	517,508,232	1,132,062,169	1,649,570,401
Financial assets at amortized cost	130,731,596	408,335,617	539,067,213
Financial assets pledged as collateral	-	24,562,000	24,562,000
Property and equipment	3,559,505	39,672,840	43,232,345
Intangible assets	6,613,011	1,507,506	8,120,517
Deferred tax assets	963,026	7,736,602	8,699,628
Other assets	32,946,752	24,586,513	57,533,265
Total Assets	1,183,654,908	1,751,758,897	2,935,413,805
Liabilities			
Banks and financial institution deposits	308,802,862	70,000,000	378,802,862
Customers' deposits	1,687,152,369	226,749,724	1,913,902,093
Cash margins	26,058,193	23,522,776	49,580,969
Borrowed funds	60,034,169	102,075,137	162,109,306
Sundry provisions	3,408,163	11,995,370	15,403,533
Other liabilities	48,784,302	4,404,839	53,189,141
Deferred tax liabilities	654,499	228,601	883,100
Income tax liabilities	13,066,984	2,135,748	15,202,732
Total Liabilities	2,147,961,541	441,112,195	2,589,073,736
Net	(964,306,633)	1,310,646,702	346,340,069

45. Fiduciary Accounts

Fiduciary accounts amounted to JD 234,888 as of 31 December 2019 (JD 465,300 as of December 31, 2018). Such assets or liabilities are not included in the Bank's statement of financial position.

46. Contingent Liabilities and Commitments

a. The total outstanding commitments and contingent liabilities are as follows:

	2019	2018
	JD	JD
Letters of credit:		
Received	35,507,245	17,378,484
Acceptances	1,529,834	11,686,023
Letters of guarantee:		
Payments	22,512,325	22,207,718
Performance	19,014,375	20,781,390
Other	11,003,640	13,142,122
Unutilized direct credit facilities	143,410,544	97,951,571
	232,977,963	183,147,308

b) The contractual commitments of the Bank are as follows:

	2019	2018
	JD	JD
Contracts to purchase property and equipment	1,251,548	1,273,705

47. Lawsuits

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 40,687,643 as of December 31, 2019 (JD 41,372,238 as of December 31, 2018). In the opinion of the Bank's management and law consultant, provisions for these lawsuits are sufficient. Provision for possible legal obligations amounted to JD 1,354,397 and JD 1,497,389 as of December 31, 2019 and 2018.

In the management and attorneys estimates, the bank will not have any obligations to meet against these lawsuits that might fall above the amount of provision booked.

On January 1, 2019 multiple civil lawsuits have been filed at US courts against multiple banks and financial institutions claiming financial compensation using the US antiterrorism law for damages allegedly resulting from attacks by groups listed under the US sanctions list in 2001. These lawsuits have been filed at courts hours before their filing deadline, and have been filed by an attorney office which has filed several similar complaints against other banking institutions on behalf of the same plaintiffs claiming the damages. Cairo Amman Bank is one of the banks the aforementioned lawsuit has been filed against. The lawsuit is still in the preliminary and discussion phases.

In the opinion of the group's management, no provisions should be recorded for the lawsuits filed at US courts against the Bank as of December 31, 2019 as the Bank has consulted with legal consultants specialized in US courts and concluded that the legal status of the lawsuits is in favor of the Bank and that there is no legal or judicial grounds for the lawsuits. As there are no legal basis and the position of Cairo Amman Bank Group is strong.

In the opionion of the legal consultant, the legal position of the lawsuit falls with the bank based on the suggestion of admisal of all the complaints raised for the aromentioned reasons above. Also, based on the opinion of the legal consultant the amount of the complaint cannot be estimated as no specific amount was set against the bank.

48. Leases

A- Right of use assets

The bank leases many assets, including lands and buildings. The average lease term is 7 years. Below is the movement on the right to use assets during the year:

	For the Year Ended December 31, 2019
	JD
Balance - beginning of the year (Adjusted)	27,172,080
Add: Additions during the year	4,342,641
Less: Depreciation for the year	(3,535,058)
Balance as of December 31, 2019.	27,979,663

Amounts recorded in the statement of Income

	For the Year Ended December 31, 2019
	JD
Depreciation for the year	3,535,058
Interest during the year	1,033,584
Total	4,568,642

B- Lease liabilities

	For the Year Ended December 31, 2019
	JD
Balance - beginning of the year (Adjusted)	27,172,080
Add: Additions during the year	2,991,933
Interest during the year	1,033,584
Less: Paid during the period	(3,843,953)
Prepaid leases amortized	(1,426,070)
Balance as of December 31, 2019.	25,927,574

Maturity of lease liabilities analysis:	For the Year Ended
	JD
With in one year	3,691,817
from one to five years	13,776,854
more than five years	8,458,903
Total	25,927,574

The value of the undiscounted lease obligations amounted to JD 40,067,019 as of December 31, 2019 and the following is a maturity analysis:

	For the Year Ended December 31, 2019
	JD
With in one year	5,430,056
from one to five years	20,507,927
more than five years	14,129,036
Total	40,067,019

49- Fair Value Hierarchy

A. The fair value of financial assets and financial liabilities of the Company specified at fair value on an ongoing basis:

Some financial assets and liabilities of the Company are measured at fair value at the end of each fiscal period. The following table shows information about how the fair value of these financial assets and liabilities is determined (valuation methods and inputs used).

Financial Assets / Financial Liabilities	Fair Value December 31 2019	Fair Value December 31 2018	The Level of Fair Value	Valuation Method and Inputs Used	Important Intangible Inputs	Relation between Fair Value and Significant Intangible Inputs
	JD	JD				
Financial Assets at Fair Value in Income Statement						
Equity Securities	9,405,269	11,503,790	Level I	Prices listed in market	N/A	N/A
Total	9,405,269	11,503,790				
Financial Assets at Fair Value in Other Comprehensive Income						
Quoted shares	49,901,170	48,264,787	Level I	Prices listed in market	N/A	N/A
Unquoted shares	5,511,283	4,057,660	Level II	Comparing the market value with a similar financial instrument	N/A	N/A
Total	55,412,453	52,322,447				
Financial Assets at Fair Value	**64,817,722**	**63,826,237**				

There were no transfers between the first level and second level during 2019.

B -The fair value of financial assets and financial liabilities of the Company (non-specific fair value on an ongoing basis):

Except as set out in the table below, we believe that the carrying value of financial assets and financial liabilities in the financial statements of the Company approximates their fair value, as the Company's management believes that the carrying value of the items listed below approximate their fair value, due to either their short-term maturity or repricing of interest rates during the year.

	December 31, 2019		December 31, 2018		
	Book Value	Fair Value	Book Value	Fair Value	Fair Value Level
	JD	JD	JD	JD	
Financial Assets with an Unspecified Fair Value					
Balances at Central Banks	191,817,329	191,828,776	220,278,635	220,278,635	Level II
Balances at Banks and other Financial Institutes	158,785,257	158,907,531	117,852,700	117,951,058	Level II
Deposits at Banks and other Financial Institutes	88,040,014	90,527,092	89,579,213	91,083,517	Level II
Loans and bills	1,599,075,578	1,606,401,830	1,649,570,401	1,656,138,158	Level II
Financial assets at amortized costs	675,853,262	685,647,547	539,067,213	545,828,210	Level I and Level II
Mortgaged Financial Assets	73,714,000	73,714,000	24,562,000	24,562,000	Level II
Total Financial Assets with an Unspecified Fair Value	**2,787,285,440**	**2,807,026,776**	**2,640,910,162**	**2,655,841,578**	
Financial Liabilities with an Unspecified Fair Value					
Banks and financial institutions' deposits	296,058,936	300,866,027	378,802,862	381,296,222	Level II
Customers Deposits	2,050,955,995	2,065,021,148	1,913,902,093	1,922,834,863	Level II
Cash collaterals	58,704,352	58,707,804	49,580,969	49,582,053	Level II
Borrowed funds	226,319,099	227,612,905	162,109,306	163,149,439	Level II
Total Financial Liabilities with an Unspecified Fair Value	**2,632,038,382**	**2,652,207,884**	**2,504,395,230**	**2,516,862,577**	

For the above-mentioned items, the second level financial liabilities and financial assets have been determined at fair value according to the agreed-upon pricing model, which reflects the credit risk of the parties dealt with.

50- Comparative Figures

Some comparative figures of 2018 have been reclassified to fit the classification of the figures for the year ended December 31, 2019. There was no effect on the statement of income or the statement of owners' equity for the year 2018.