البنك الأهلي الأردني
Jordan Ahli Bank

الرقم : أ م م / ٢٣ / ٢٠٢٠

To: Jordan Securities Commission
Amman Stock Exchange
Date: 13/5/2020

السادة هيئة الأوراق المالية
السادة بورصة عمان
التاريخ: ٢٠٢٠/٥/١٣

Subject: Quarterly Financial Statements for the period ended 31/3/2020

الموضوع : البيانات المالية ربع السنوية للفترة المنتهية ٢٠٢٠/٣/٣١

Attached the Quarterly Financial Statements of Jordan Ahli Bank for the period ended at 31/3/2020 .Both Arabic and English Copies, as well as electronic copy as PDF.

مرفق طيه نسخة من البيانات المالية ربع السنوية لشركة البنك الأهلي الأردني المساهمة العامة المحدودة عن الفترة المنتهية في ٢٠٢٠/٣/٣١ . باللغتين العربية والانجليزية، بالاضافة الى نسخة الكترونية PDF.

Kindly accept our highly appreciation and respect

وتفضلوا بقبول فائق الاحترام،،،

Mohammad Mousa Daoud
CEO/General Manager

محمد موسى داود
الرئيس التنفيذي/المدير العام

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
١٣ أيار ٢٠٢٠
الرقم المتسلسل ١٨٠٦
الجهة المختصة

نسخة:
- السادة البنك المركزي الاردني.

ahli.com
الإدارة العامة - عمان | شارع الملكة نور - الشميساني | هاتف: 5633800 | فاكس: 5622281 | ص.ب: 3103 عمان 11181 الأردن | info@ahli.com
General Management & Head Office Amman | Queen Noor St. - Shmeisani | Tel: 5633800 | Fax: 5622281 | P.O.Box: 3103 Amman 11181 Jordan | info@ahli.com

JORDAN AHLI BANK

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS

31 MARCH 2020

Ernst & Young Jordan
P.O. Box 1140
300 King Abdulla Street
Amman 11118
Jordan
Tel:00962 6 580 0777 /00962 6552 6111
Fax:00962 6 5538 300
www.ey.com

Building a better working world

REPORT ON THE REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF THE JORDAN AHLI BANK
AMMAN - JORDAN

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Jordan Ahli Bank (a public shareholding company) and its subsidiaries and foreign branches (the Group) as at 31 March 2020, comprising the interim condensed consolidated statement of financial position as at 31 March 2020 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity, and cash flows for the three months period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Amman – Jordan
11 May 2020

Ernst + Young

JORDAN AHLI BANK
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Notes	31 March 2020	31 December 2019
		JD	JD
		(Unaudited)	(Audited)
ASSETS			
Cash and balances at central banks	5	176,316,972	212,324,788
Balances at banks and financial institutions	6	104,671,545	135,787,335
Deposits at banks and financial institutions	7	16,065,426	8,520,926
Direct credit facilities, net	8	1,476,579,402	1,369,737,583
Financial assets at fair value through other comprehensive income	9	25,081,632	25,014,042
Financial assets at amortized cost, net	10	809,400,909	754,893,973
Investment in associates		1,248,150	3,516,259
Property, equipment and projects under construction, net		91,193,473	91,633,021
Intangible assets, net		12,554,132	13,502,104
Other assets	11	134,242,481	138,352,740
Deferred tax assets		9,538,865	9,540,754
Total Assets		2,856,892,987	2,762,823,525
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Banks' and financial institutions' deposits		150,119,056	150,146,290
Customers' deposits		1,887,999,151	1,864,020,376
Margin accounts		208,910,486	211,783,599
Loans and borrowings	12	207,199,497	145,009,726
Subordinated bonds		25,000,000	25,000,000
Sundry provisions		3,648,732	3,551,062
Income tax provision	13	6,712,256	10,097,921
Other liabilities	14	54,550,606	45,404,684
Total Liabilities		2,544,139,784	2,455,013,658
SHAREHOLDERS' EQUITY			
SHAREHOLDERS' OF THE BANK			
Subscribed and paid in capital	22	200,655,000	200,655,000
Statutory reserve	23	60,964,485	60,964,485
Voluntary reserve		15,761,637	15,761,637
Pro-cyclicality reserve		3,678,559	3,678,559
Fair value reserve, net	15	(7,314,168)	(7,388,412)
Retained earnings	16	34,138,598	34,138,598
Profit for the period		4,869,092	-
Total Shareholders' Equity		312,753,203	307,809,867
Total Liabilities and Shareholders' Equity		2,856,892,987	2,762,823,525

The accompanying notes from 1 to 26 form part of these interim condensed consolidated financial statements and should be read with them

JORDAN AHLI BANK
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)

	Notes	For the three months ended 31 March 2020	2019
		JD	JD
Interest income		39,364,318	40,803,735
Less: interest expense		18,645,535	19,866,199
Net interest income		20,718,783	20,937,536
Net commission income		3,766,331	3,808,757
Net interest and commission income		24,485,114	24,746,293
Gain from foreign currencies		692,051	634,014
Dividends from financial assets at fair value through other comprehensive income	9	-	89,750
Other income		1,609,225	3,749,094
Gross income		26,786,390	29,219,151
Employees' expenses		9,989,819	9,899,389
Depreciation and amortization		2,881,188	2,797,722
Other expenses		5,981,974	5,040,411
Provision for expected credit losses, net	17	4,429,614	1,338,457
Total expenses		23,282,595	19,075,979
Operating profit		3,503,795	10,143,172
Bank's share of associate companies' profits		2,694,853	-
Profit for the period before tax		6,198,648	10,143,172
Income tax expense	13	(1,329,556)	(3,732,722)
Profit for the period		4,869,092	6,410,450
Profit for the period attributable to:			
Bank's shareholders		4,869,092	6,410,450
Profit for the period		4,869,092	6,410,450
		JD / Fils	JD / Fils
Basic and diluted earnings per share attributable to Bank's shareholders	18	0.024	0.032

The accompanying notes from 1 to 26 form part of these interim condensed consolidated financial statements and should be read with them

JORDAN AHLI BANK
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)

	For the three months ended 31 March	
	2020	2019
	JD	JD
Profit for the period	4,869,092	6,410,450
Other comprehensive income items not to be reclassified to profit or loss in subsequent periods:		
Change in fair value reserve, Net	74,244	(2,811,468)
Total comprehensive income for the period	4,943,336	3,598,982
Attributable to:		
Bank's shareholders	4,943,336	3,598,982

The accompanying notes from 1 to 26 form part of these interim condensed consolidated financial statements and should be read with them

JORDAN AHLI BANK
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)

		Reserves							
	Subscribed and paid in capital	Statutory	Voluntary	Pro-cyclicality reserve	General banking risk*	Fair value reserve, net	Retained earnings	Profit for the period	Total shareholders' equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the three months ended 31 March 2020 -									
Balance as at 1 January 2020	200,655,000	60,964,485	15,761,637	3,678,559	-	(7,388,412)	34,138,598	-	307,809,867
Profit for the period	-	-	-	-	-	-	-	4,869,092	4,869,092
Change in fair value reserve, net	-	-	-	-		74,244	-		74,244
Total comprehensive income	-	-	-	-	-	74,244	-	4,869,092	4,943,336
Balance as at 31 March 2020	200,655,000	60,964,485	15,761,637	3,678,559	-	(7,314,168)	34,138,598	4,869,092	312,753,203
For the three months ended 31 March 2019 -									
Balance as at 1 January 2019	192,937,500	57,344,171	15,761,637	3,678,559	-	(3,225,878)	34,816,345	-	301,312,334
Profit for the period	-	-	-	-	-	-	-	6,410,450	6,410,450
Change in fair value reserve, net	-	-	-	-	-	(2,811,468)	-	-	(2,811,468)
Total comprehensive income	-	-	-	-	-	(2,811,468)	-	6,410,450	3,598,982
Balance as at 31 March 2019	192,937,500	57,344,171	15,761,637	3,678,559	-	(6,037,346)	34,816,345	6,410,450	304,911,316

*The Central Bank of Jordan issued circular No. 10/1/7702 dated 6 June 2018, in which it requested the transfer of the general banking risk reserve balance to the retained earnings to offset the effect of IFRS 9 on the opening balance of the retained earnings as at 1 January 2018. The circular also instructs for the balance of the general banking risk reserve to be restricted and not distributed as dividends to the shareholders or used for any other purposes without prior approval from the Central Bank of Jordan. The restricted balance is JD 3,125,029 at 31 March 2020.

- As at 31 March 2020 JD 9,538,865 for the retained earnings balance is restricted against deferred tax assets accordance with the Central Bank of Jordan regulations.
- The Pro-cyclicality reserve is restricted to use without prior approval of the Central bank of Jordan and Palestinian Monetary Authority.
- The use of the fair value reserve negative balance of JD 7,314,168 is prohibited, according to the instructions of Jordan Securities Commission.

The accompanying notes from 1 to 26 form part of these interim condensed consolidated financial statements and should be read with them

JORDAN AHLI BANK
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)

	Notes	For the Three months period ended 31 March 2020	2019
Operating Activities		JD	JD
Profit for the period before tax		6,198,648	10,143,172
Adjustments of non-monetary items			
Depreciation and amortisation		2,881,188	2,797,722
Provision on expected credit losses, net	17	4,429,614	1,338,457
Bank's share of associate companies' profit		(2,694,853)	-
Other provisions		157,130	240,461
Gain from sale of property and equipment		-	(111,594)
Net interest		(2,975,462)	(2,935,359)
Effect of exchange rate changes on cash and cash equivalents		(245,149)	(174,219)
Operating profit before changes in assets and liabilities		7,751,116	11,298,640
Changes in assets and liabilities			
Balances and deposits at banks and financial institutions (maturing within a period exceeding 3 months)		(7,544,457)	19,394,090
Direct credit facilities		(111,156,998)	(556,020)
Other assets		19,358,987	2,513,339
Increase (decrease) in banks' and financial institutions' deposits (maturing within a period exceeding 3 months)		11,712,725	(4,554,179)
Customers' deposits		23,978,775	(16,159,871)
Margin accounts		(2,873,113)	2,254,239
Other liabilities		(3,226,526)	(12,918,455)
Sundry provisions paid		(59,460)	(39,678)
Net cash flows (used in) from operating activities before income tax		(62,058,951)	1,232,105
Income tax paid	13	(4,713,332)	(2,356,945)
Net cash flows used in operating activities		(66,772,283)	(1,124,840)
Investing Activities			
Financial assets at fair value through OCI		6,654	5,862
Decrease in associate's paid in capital		4,962,962	-
Financial assets at amortized cost		(54,522,232)	(54,561,515)
Purchases of property and equipment, projects under construction, and intangible assets		(1,493,668)	(2,037,426)
Proceeds from sale of properties and equipment		-	218,749
Net cash flows used in investing activities		(51,046,284)	(56,374,330)
Financing Activities			
Increase (decrease) in loans and borrowings		62,189,771	(3,796,323)
Net cash flows from (used in) financing activities		62,189,771	(3,796,323)
Effect of exchange rate changes on cash and cash equivalents		245,149	174,219
Net decrease in cash and cash equivalents		(55,383,647)	(61,121,274)
Cash and cash equivalents, beginning of the period		212,841,708	324,493,872
Cash and cash equivalents, end of the period	19	157,458,061	263,372,598

The accompanying notes from 1 to 26 form part of these interim condensed consolidated financial statements and should be read with them

(1) GENERAL

Jordan Ahli Bank was established in the year 1955 as a public shareholding company under registration No. (6) on 1 July 1955 in accordance with the companies' law for the year 1927, with headquarters in Amman. Its address is Queen Noor Street, P.O Box 3103, Amman 11181 Jordan. The Business Bank was merged with the Bank effective from 1 December 1996. Moreover, Philadelphia Investment Bank was merged with Jordan Ahli Bank PLC effective from 1 July 2005.

The General Assembly resolved in its meeting held on 29 April 2019 to increase paid-in capital by 4% to become JD 200,655,000 divided into 200,655,000 shares at par value of 1 JD each. Through the distribution of stock dividend to shareholders from the retained earnings balance. The capital increase was approved by the Companies Controller on 19 May 2019 and the Board of Jordan Securities Commission on 7 July 2019.

The Bank provides all banking and financial services related to its business through its headquarters, branches in Jordan (53 branches), foreign branches in Palestine and Cyprus (9 branches) and subsidiaries in Jordan.

The Bank 's shares are listed in Amman Stock Exchange – Jordan.

The interim condensed consolidated financial statements have been approved by the Bank 's Board of Directors in its meeting number (3) held on 11 May 2020.

The fiscal year of the Bank ends on 31 December of each year. However, the accompanying interim condensed consolidated financial statements have been prepared for the use of management and Jordan Securities Commission only.

(2.1) BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting).

The interim condensed consolidated financial statements are prepared on a historical cost basis, except for financial assets and liabilities at fair value as of the date of the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements have been presented in Jordanian Dinars ("JD"), which is the functional currency of the Bank.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full-consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Bank 's annual report as at 31 December 2019. In addition, results for the three months period ended 31 March 2020 do not necessarily indicate the expected results for the financial year ending 31 December 2020. No appropriation of the profit has been made for the three months ended 31 March 2020 which is made at the end of the financial year.

(2.2) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Bank 's annual consolidated financial statements for the year ended 31 December 2019, except for the followings adoption of new standards effective as at 1 January 2020:

Amendments to IFRS 3: Definition of a Business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, the Bank does not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Bank will not be affected by these amendments on the date of transition.

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an "RFR"). The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project.

The Group has not early adopted the amendments and has concluded that the uncertainty arising from IBOR reform is not affecting its hedge relationships to the extent that the hedge relationships need to be discontinued.

Amendments to IAS 1 and IAS 8: Definition of "Material"

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. 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.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments must be applied prospectively. Early application is permitted and must be disclosed.

The amendments to the definition of material is not expected to have a significant impact on the Bank 's consolidated financial statements.

(3) BASIS OF CONSOLIDATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiaries where the Bank holds control over the Companies. 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 and has the ability to affect those returns through its power over the subsidiaries. All balances, transactions income, and expenses between the Bank and subsidiaries are eliminated.

The Bank 's subsidiaries as at 31 March 2020 are as follows:

Name	Paid-in Capital	Ownership	Company's operation	Date	Country
	JD	%			
Ahli Financial Brokerage Company	3,000,000	100	Brokerage	2006	Jordan
Ahli Financial Leasing Company	17,500,000	100	Finance and loans	2009	Jordan
Ahli Microfinance Company	6,000,000	100	Finance and loans	1999	Jordan
Ahli Financial Technology	600,000	100	Finance Technology	2017	Jordan

- The results of the subsidiaries are incorporated into the interim condensed consolidated statement of income from the effective date of acquisition, which is the date on which actual control over the subsidiaries is assumed by the Bank. Moreover, the operating results of the disposed subsidiaries are incorporated into the consolidated statement of income up to the effective date of disposal, which is the date on which the Bank loses control over the subsidiaries.
- The financial statements of the subsidiaries are prepared for the same financial year, using the same accounting policies adopted by the Bank. If the accounting policies adopted by the subsidiaries are different from those used by the Bank, the necessary adjustments to the financial statements of the subsidiaries are made to comply with the accounting policies followed by the Bank.
- Non – controlling interests represent the portion of owners' equity not owned by the Bank in the subsidiaries.

(4) USE OF ESTIMATES

- **Provisions for impairment on direct credit facilities**

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

The Bank computes the provision for impairment of financial assets according to the International Financial Reporting Standards (IFRSs) which are in line with the Central Bank of Jordan regulations.

IFRS (9) – Financial Instruments Methodology: Inputs, assumptions and techniques used for ECL calculation

Risk Management System

Risk management at the Bank reports to the Board of Directors according to Corporate Governance Instructions issued by the Central Bank of Jordan. The Board of Directors takes the responsibility of reviewing and approving risk management's strategy, policies and procedures illustrating the general risk management's framework on an annual basis. The Board of Directors delegates powers of monitoring all risk management activities to the Risk Management Committee established as part of the Board of Directors.

Risks Management

The Bank 's risk management approach is based on experience, knowledge and culture of risks in which each employee is responsible for the potential risks in their scope of work.

Risk management provides independent monitoring and support to establish and disseminate risk management concept at all administrative levels. It also helps proactively in identifying potential losses and setting reactive plans and procedures to be implemented to encounter such risks if they occurred and reduce potential losses.

Risk management Activities are listed in a general risk management policy enabling the Bank to identify risks and set appropriate limits for such risks. The said policy serves as a general framework for managing main risks along with a number of separate policies for all types of risk, including:

- Policies for managing credit risks, market risks and operational risks;
- Liquidity risks policy, interest rates risk policy for the Bank portfolio.
- Policy of internally assessing capital adequacy.
- Stress Testing Policy.
- Credit policies and investment policies complement risks management policy for the purposes of risks control.

The Bank Management pays special attention to Basel Requirements and International best practices for managing risks as they serve as a framework for enhancing the Bank capacity in upgrading the controlling environment and encountering all risks (including operational risks, market risks and credit risks). All practical steps were taken. Specialized units were established to manage all risks. Such units will take the responsibility of recognizing, measuring, managing and controlling all types of risks and determining the extent of compliance with regulations, laws and standards issued by local and international bodies and recognized practices, size of the Bank operations and types of the risks it may encounter.

The risk management team is responsible for performing the following functions:

- Developing the Bank 's Risks Management Framework.
- Developing and implementing risk management's strategy and developing policies and strategies which determine roles and responsibilities of all parties at all administrative levels.
- Developing and reviewing risk management's policies regularly to ensure their effectiveness and amend them accordingly.
- Developing a methodology for internally evaluating the Bank 's capital adequacy. The evaluation methodology must be comprehensive, effective and capable of identifying the risks the Bank may encounter, considering the Bank strategic plan and capital plan.
- Developing a document on the Bank 's acceptable risks.

- Monitoring the level of the Bank 's executive departments' compliance with the specified levels of the acceptable risks.
- Ensuring a business continuity plan is in place and reviewing it regularly.
- Reporting risks resulting from any expansion in the Bank activities to the risks management committee established by the Board of Directors.
- Performing stress tests regularly to measure the Bank 's resilience to shocks and encountering high risks and obtaining the approval of the Board of Directors.
- Submitting regular reports to risks management committee containing information on actual profile risks for all activities of the Bank compared to risk appetite document and following-up addressing negative deviations.
- Verifying the integration of risk measurement mechanisms with the used management information systems.
- Raising awareness on risks management in the Bank units to enhance controlling environment and help staff of all administrative levels in gaining a deep understanding of the risks the Bank encounters.
- Reviewing strategic decisions and making recommendations to avoid risks and optimally utilizing the capital.
- Coordinating with all control departments of the Bank to ensure that the controls are in place or delegating risk management to external parties or insuring them.

Levels of Acceptable Risks

- The process of identifying levels of acceptable risks is performed according to the quantitative measurement methods, nature and risks' distinctiveness. The said process aims to identify the risk levels accepted by the Bank to achieve its strategic objectives. Such limits are reflected in the risk appetite document approved by the Bank and regularly controlled, And the Mechanism to address deviations and violations are conducted, if any.
- The general acceptable risks framework is developed based on the Bank strategic plan, instructions of controls bodies, proper of credit and liquidity risks and the capital is managed in a manner that supports growth and development of the Bank business.

Stress Tests

- Stress tests at the Bank level is an integral part of the risks review and evaluation process. Stress tests provide information on the financial integrity and risks management system at the Bank. Stress tests provide early warning indicators concerning the Bank capital.
- The stress testing is an integral part of the corporate governance system and risks management process as they notify the Bank departments on the impact of unexpected negative events associated with various risks. The stress testing significantly impacts making administrative and strategic decisions and provide the board of directors and the executive management with indicators on the size of the capital required to encounter any losses resulting from shocks and the resulting changes that impact the Bank position

and creditworthiness. Stress testing is particularly important owning to their future-oriented nature in evaluating risks, contrary to the forms dependent on historical data that do not consider expected future events.

- Stress testing is carried out at the levels of sensitive and analytical scenarios and their impact is reflected on capital adequacy ratio, profits and losses in a set of levels, including: moderate, medium and severe.
- The results of stress testing are analyzed and evaluated to identify their impact on the type of the Bank assets and financial position either through the size of the expected losses and/or their impact on the Bank reputation and capital adequacy. The results of stress testing are used in capital planning and identification of their impact on generating additional capital according to the Internal Capital Adequacy Assessment Process (ICAAP).
- Assuming scenarios proportionate to the nature and type of risks encountering the Bank from the least influential to the most influential, including scenarios determining size of losses the Bank may bear in order identify uncovered risks. The scenarios' scope is identified accurately, reviewed periodically and amended as per developments at the Bank level, banking industry level and economy level in general.
- Stress testing is performed semi-annually to meet the requirements of the controlling authorities and can be performed more based on the recommendations of the risks management committee based on the conditions of the Banking industry and economy in general.

Internal Assessment of Capital Adequacy

The process of internally assessing capital adequacy intends to:

- Use best techniques to manage risks to ensure capital adequacy.
- Identify the responsibilities of the board of directors and the executive management in developing the internal capital assessment process and setting capital objectives that are consistent with the Bank risks and control environment.
- Conduct a comprehensive evaluation of the quantitative and qualitative components of risks the Bank may encounter in current conditions and in stress conditions.
- Address the risks not covered in the first pillar (liquidity risks, interest, concentration, reputation, strategy and business cycle).
- Understand the nature and level of risks the Bank may encounter and the method of associating risks with capital levels.
- Ensure that the Bank 's management is responsible for availability of adequate capital that exceed approved limits to encounter risks.

Non-Performance and Mechanism of Processing by the Bank :

For the purposes of classifying accounts as non-performing or defaulted debts, the instructions of the Central Bank of Jordan or Control Bodies at the branches hosting countries or subsidiary banks concerning debts classification are adhered to.

Irregular/ non-performing facilities are defined as credit facilities that meet the following requirements:

- 90 days or more elapsed upon the maturity of all or one of its installments, irregular payment of the principal and/or interest rates or freezing status of overdraft account.
- Overdraft balance exceeding the allowed limit by 10% or more and for 90 days or more.
- Credit facilities that were expired and not renewed 90 days ago or more.
- Credit facilities granted to any client who declared bankruptcy or to any company that was put in liquidation.
- Credit facilities structured three times within a year.
- Current accounts and overdrawn accounts for 90 days or more.
- The value of guarantees paid on behalf of clients and not debited to their accounts for 90 days or more.

Internal Credit Rating System

The Bank uses Moody's System for Internal Credit Rating to evaluate business clients, identify credit risks and evaluate default probability of the counterparty. The Bank applies internal rating models designed for various categories of clients based on exposure nature, type of borrower and banking sector managed by the borrower. The Credit Rating System consists of three main models used by business departments to analyze and classify clients based on financial and non-financial data of the clients. Credit Departments review, archive and approve the financial and non-financial data. The System allows selecting one model out of the three models. The model is selected based on availability and clarity of the financial data provided by the client and a set of questions relating to the client activity, including:

Model I: Fundamental Analysis Financials (only):
This model is used if clear, adequate and detailed financial statements (audited or non-audited) are available. They can be used to reflect the client's financial situation. The highest weight is devoted to the financial statements and the client's financial situation in the classification process.

Model II: SME Rating Model- Financial Statements Provided:
This model is used if the provided financial statements are non-detailed (containing some items). They are devoted a lower weight in the classification process and the highest weight is devoted to the quality aspects in classification.

Model III : SME Rating Model- No Financial Statements Provided:
This model is used when the client has not provided financial statements. and risks classification is completely dependent on the quality aspects.

The system is applied to clients' portfolio including large firms, small and medium enterprises in JAB's branches at Jordan, Palestine and Cyprus.

The ratings are detailed below:
The Credit Rating System consists of 10 credit ratings. The default risks increase upward depending on the risk degree. There is a definition for each credit rating as internally approved by the Bank.

Working Mechanism of the System:

- Full details of clients are entered by business departments as they can contact the clients and learn about their conditions and activities.
- Credit Review Department reviews the input data and credit ratings of the clients to ensure the accuracy, objectivity and compatibility of the data entered to the system with the credit data and study provided to the client in general. Override feature may be used by users with credit-related powers to increase or decrease risks degrees according to specified information to estimate the borrower conditions.
- The Credit Rating System maintains a complete record of the risk degrees of the archived accounts for clients, starting from establishment of the credit relationship and regular updates conducted annually at least or reclassifying the client's rating if required.

Application and Initial Recognition

Existing Credit Exposures:

To rate credit exposures through internal rating system, the existing rating of the credit exposure is compared to the rating upon initial recognition by internally prepared studies to document historical information of the risks of each debt to identify risk degree in initial recognition. As for unrated credit exposures in the date of the financial statements, they are included in Phase II until they are duly classified.

New Credit Exposures:

The new accounts must be rated using the internal rating system and their ratings are considered as an initial recognition in the classification date.

Approved Mechanism to Measure Expected Credit Losses (ECL)

- IFRS 9 requirements include measuring expected credit losses (impairment losses/provisions) of credit exposures and debt instruments within the scope of IFRS 9 by considering information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. In addition, IFRS 9 requirements includes a general approach and framework for ECL calculation through a 3-phase approach. As defined by the new standard, recognition of credit impairment is dependent on significant changes affecting the quality of credit risks since initial recognition. Assets are transferred between the three phases according to the changes in the credit risks. ECL is recognized based on the phase the assets are classified under.
- The ECL calculation model for debt instruments was applied to all Jordan branches, subsidiaries and external branches in line with the instructions of the Central Bank of Jordan as well as IFRS 9 requirements.
- The Bank followed an approach to measure ECL on case-by-case basis for credit exposures and debt instruments without identifying common components and specifications on a collective basis. ECL are calculated on the single contract (account) level that shows the impact of an individual details for each contract through identifying ECL formula variables by calculation of Exposure at Default (EAD), Probability of Default (PD), Loss Given Default (LGD), time of maturity according to the detailed information in each individual contract.

The following formula was used to calculate ECL:

Expected Credit Loss (ECL) = Probability of Default (PD) % X Exposure at Default (EAD) X Loss Given Default (LGD)%

Probability of Default (PD)

- The Transition Matrix is developed for the facilities sector (including large firms and small-sized and medium-sized enterprises) as reflected using the rating data in Moody's System for Internal Credit Rating for one year. The data covers two periods for credit exposures for the Jordan, Palestine and Cyprus branches for each individual client. Probability of default for the Bank ing Sector is determined using Moody's System for Internal Credit Rating and available annual updates which are integrated in the approved ECL model.
- Retail banking transition matrix for branches in Jordan, external branches and subsidiaries is developed based on Delinquency Buckets information for the past 24 Months. Transition matrix is developed based on product type (secured or unsecured products).
- The Transaction Matrix is prepared at the consolidation level for Palestine and Cyprus branches as a result of insufficient individual customer data.
- The Transition Matrix in addition to gathering the Point in Time (PiT) PD rate, Long-Term Default Rates (LTDR) from the Bank 's statements are used in line with Vasicek Model to link macroeconomic variables (growth rates of Gross Domestic Product (GDP) and unemployment rates as per the Bank ing sector) based on 10-year historical data and 5-year economic variable data are used to develop PiT PD for 12 months. PiT PD is modified to reflect the impact of the economic factors for developing Life Time PD by using Markov Chain Model that take statistical variables and past default rates into account.
- The default probability matrix for credit exposures and debt instruments owed by sovereign bodies and banks in all regions of the world is developed by using the transition matrix for sovereign bodies and banks based on reports prepared by Standard & Poor's. PiT PD is extracted through Vasicek Model in which macroeconomic variables are linked (growth rates of Gross Domestic Product (GDP) and as per the region) and based on 10-year historical data and 5-year economic variable data are used to develop PiT PD for 12 months. PiT PD is modified to reflect the impact of the economic factors for developing Life Time PD by using Markov Chain Model which takes statistical variables and past default rates into account.
- PD of degree 5 of risks was applied for all unrated exposures according to the opinion of the consulting firm responsible for its application.

Exposure at Default (EAD)

- EAD is followed based on credit limits available for clients or utilized EAD whichever is greater for direct or indirect exposures. Amounts that may be withdrawn by the debtor in future are considered. The Credit Conversion Factor (CCF) of 100% is applied to indirect facilities (including bank guarantees and documentary credits) and to unutilized credit ceilings.
- The expected life time for debt is considered using behavioral analysis for the period during which the debt remains outstanding, especially revolving exposures, such as overdrafts and credit cards for which a 3-year maturity has been applied.
- The value of unutilized ceilings is proportionately distributed to contracts relating to this ceiling. In other words, the unutilized EAD for the contracts within this ceiling is divided to the total value for utilized contracts within the same ceiling. This mechanism is also applied when guarantees are distributed to ensure proper distribution of credit exposures to corresponding guarantees.

Loss Given Default (LGD)

Portion Not Covered with Guarantees
The historical data of the non-performing credit exposures for portions covered and not covered with guarantees and collections made in the upcoming periods and in 4 years Cut-in Time from default date are used to study and analyze recovery rate for all banking sectors (large firms, small-sized enterprises and medium-sized enterprises) and to individually specify LGD percentages. LGD for portions not covered with guarantees for various banking sectors was applied in accordance with the approved procedure by the Bank.

Portion Covered with Guarantees
The managerial LGD model is applied to the portion covered with guarantees. Acceptable financial and non-financial guarantees deemed as credit mitigate such exposures that are legally documented in credit contracts and in contracts where there is no legal impediment preventing access, taking into consideration Hair-cut percentages for each type of acceptable guarantee according Central Bank of Jordan regulations. The following formula is applied to calculate LGD for the portion covered with guarantee as follows:
LGD=1 - (Exposure After Mitigation / Exposure Before Mitigation x 100%)

The expected period of time for redemption of collateral for real estate, cars and shares has been taken into consideration and in accordance with the mechanism approved by the Bank.

The loss percentage were identified by assuming defaulting for some banking sectors within the branches of Jordan, the Bank ing group, subsidiaries and foreign branches according to the methodology used in the Bank.

Application Scope

According to the followed approach, credit exposures and financial instruments fall within ECL and in a manner that meet IFRS 9 requirements:

Loans as well as direct and indirect credit facilities

ECLs are calculated based on credit ceilings or utilized exposure whichever is higher to identify EAD by using CCF at 100%. As for Probability Default (PD), matrices developed for banking sectors in the upcoming 12 months or residual lifetime for the credit exposure. Phases required by IFRS 9 are considered to rate credit exposures based on the significant change determinants in credit risks. LGD for the portion uncovered with guarantee is applied as per the review of recovery rate for banking sectors. The acceptable financial and non-financial guarantees will be taken after application of standard hair-cut rates for all types of guarantees.
The current value of the cash flows for the lifetime of the credit are calculated through Effective Interest Rate (EIR) given at the calculation date. It is noteworthy that one-year was used on average for all exposures with no outstanding date.

Debt instruments recorded at the amortized cost or at fair value through the other comprehensive income

- The ECLs are calculated by using the balances of debt instruments and interest is applied to the total debt instrument to calculate EAD. As for PD, the matrices developed for all types of debt instruments are applied and an LGD of 45% was applied.
- The current value of the cash flows for the lifetime of the debt instruments are calculated using Effective Interest Rate (EIR).
- It should be noted that debt instruments (treasury bills) of the Jordanian Government have been treated without calculation of ECL.

Credit exposures by banks, sovereign bodies and financial institutions

The ECLs are calculated by using the balances of credit exposures to calculate EAD. As for PD, the matrices developed for banks, sovereign bodies and financial institutions according to their geographical distribution at local, regional and international levels. An LGD of 45% was applied.

The current value of the cash flows for the lifetime of the credit are calculated through Effective Interest Rate (EIR).

Determinants for significant changes in credit risks

All credit exposures and financial instruments subject to ECL measurement must have specific determinants to be considered as a significant increase in credit risks. Financial instrument and credit exposures are moved through the three phases using the following change determinants at as per the Banking sector:

Variable	Criteria for transitioning to Phase II	Criterion for transitioning to Phase III
Change in the debt instrument/credit exposure credit rating.	- Decline in the credit rating of the credit exposure and debt instruments by two degrees in the credit rating system. Significant or expected decline in the external credit rating.	- Accounts that meet the definition of non-performing debts. - Cases of bankruptcy or companies under liquidation. - The internal credit rating (8-9-10)
Debts without credit rating.	- Absence of a credit rating for credit exposure or debt instrument that subject to internal credit rating.	
Degree of default probability	Clients with credit rating 7	
Accruals	Presence of accruals for duration ranging from 40 to 89 days (Gradually decreased to 30 days)	
Account status/condition	- Accounts meeting the definition of watch list debts.	

All credit exposures that are classified as retail must be treated by individual portfolio method and must have determinants to be considered as a significant increase in credit risks. Credit exposures are moved through the three phases using the following change determinants:

Variable	Criteria for transitioning to Phase II	Criterion for transitioning to Phase III
Accruals	Presence of accruals for duration ranging from 40 to 89 days (Gradually decreased to 30 days)	Accounts meeting the definition of non-performing debts.
Account Status/condition	Accounts meeting the definition of watch list Debts	

Taking into consideration other indicators that are considered appropriate to evaluate the increase in credit risk level or indicate the presence of default in this case the debt should be classified in stage 3 /2 in reference to IFRS 9 and Central Bank of Jordan regulation no. (47/2009).

Application Governance of IFRS 9

Corporate governance is one of the modern management requirements of companies. It plays a fundamental role in identifying responsibilities and relations between parties to achieve the Bank vision and objectives. It also provides the board of directors and the executive management with appropriate tools and means to achieve strategic objectives and ensure creating an effective control environment.

The Bank adheres to corporate governance requirements according to the instructions of the Central Bank of Jordan and best international practices set by Basel Committee. To achieve application governance of IFRS 9, the responsibilities of the board of directors, executive management, involved business units are detailed below.

The Responsibilities of the Board of Directors

- Identifying the Bank 's strategic objectives, directing executive management to formulate and approve strategies that aim at achieving objectives and approving action plans consistent with such strategies.
- Evaluating existing infrastructure, taking decisions concerning changes and improvements to ensure ECLs calculation according to the relevant legislation.
- The executive management supervision committees established by the Board of Directors ensure that internal control systems are in place, ensure availability of policies, plans and procedures and verify compliance with the Bank 's internal policies and application of international standards and relevant legislation.
- Taking procedures for effective monitoring of the IFRS 9 sound application and protection of the systems used in application.
- Ensuring that oversight units (including Risks Management Department and Internal Audit Department) take the necessary actions to validate approaches and systems used in IFRS 9 application and provide necessary support.
- Approving business models used in identifying of objectives of financial instruments' acquisition and classification.
- Adopting appropriate policies and procedures related to IFRS application, exceptional cases and system outputs. An independent party will be responsible for deciding upon exceptions or changes. Such exceptions or changes must be presented to the Board of Directors or the Audit Committee.
- Ensuring that credit rating systems and ECLs calculation systems are in place.

Executive Management

- Providing appropriate infrastructure, making recommendations on changes or improvements that support the through and accurate application of IFRS 9 by qualified professionals and through adequate database and appropriate information system.
- Reviewing regulations, policies, procedures and any relevant standards and identify how appropriate they are for the standard application.
- Distributing tasks and responsibilities and business units' involvement in proper application of the international accounting standard.
- Following up regular reports related to the findings of IFRS 9 application and identifying the impact of its application on the Bank 's financial condition from quantitative and qualitative aspects.
- Setting corrective procedures approved by the Board of Directors.
- Protecting systems used in application process.
- Reflecting IFRS 9 impact on pricing strategies and policies.

Risks Management Department

- Validating the integrity of the approach and system used in IFRS 9 application.
- Regular update of PD matrices at the Bank 's group level and for all sectors and reflecting amendments to the system used in ECLs calculation.
- Regular update of LGD matrix at the Bank 's group level and for all sectors and reflecting outputs to the system used in ECLs calculation.
- Reviewing ICAAP and stress tests to meet IFRS 9 requirements.
- Preparing regular qualitative and quantitative disclosures to meet IFRS 9 requirements.
- Ensuring the validity of the calculated provisions.

Auditing Department

- Validating the integrity of approaches and systems used in the application of IFRS 9 and using sampling to confirm the integrity of the results extracted.
- Ensuring that ECLs are measured for all debt instruments and credit exposures and ensuring adequacy of ECL (impairment loss) monitored by the Bank is measured on each financial statement.
- Verifying the presentation of the required disclosures in accordance with IFRS 9 and as instructed by the Central Bank of Jordan.

Compliance Department

Ensuring compliance with laws, regulations and instructions relating to the preparation of the financial statements, and the application of IFRS 9 and disclosures required under IFRS 7.

Business Department

Setting risk rating degrees in the internal rating system, ensuring that credit ratings defined for credit facilities are updated regularly to reflect the client's credit condition and identifying credit ratings and economic situation in which customer operates.

Credit Group

- Setting indicators to evaluate increase in the credit risks related to credit exposures' ratings in accordance with the Central Bank of Jordan's regulations and the related accounting standards.
- Ensuring the existence of appropriate credit ratings, accurately reflecting client's credit condition, defining the credit ratings and economic situation of the client's activities and verifying inputs to Moody's System for Internal Credit Rating and ensuring regular updates and archives are made.
- Reviewing and documenting the historical information of the risks of each debt to identify rating in initial recognition.
- Ensuring that the system outputs reflect staging and client's credit risks and reviewing calculated provisions and their changes.
- Ensuring validity of transfer between stages.
- Preparing sheet of transfer between stages (ECL change).
- Preparing regular quantitative disclosures to meet IFRS requirements.

Financial Department

- Identifying financial instruments subject to credit risks allocation according to IFRS 9.
- Distributing portfolios and ratings in banking sectors and inserting them in ECL template.
- Reconciling balances of the calculable financial instruments and the Bank 's general ledger and comparing results of IFRS 9 application with the allocations required under the Central Bank of Jordan regulation no. (47/2009), applying the more conservative approach.
- Participating in the preparation and review of the regular disclosures to comply with applying IFRS 9.

Treasury and Investment Department

- Reviewing and updating the external credit ratings of banks and financial institutions.
- Ensuring that the system outputs reflect staging and client's credit condition and reviewing calculated allocations.
- Developing business model/models specifying objectives and rules of acquisition and rating of financial instruments in manner that meets working requirements and IFRS 9 requirements.
- Participating in the regular disclosures relating to investments to comply with IFRS 9.

Information Technology Department

- Running the download of financial and non-financial information and folders from the Banking systems and supporting the system to perform calculation.
- Managing the system and communicating with the provider in case any errors or malfunctions in the system.
- Managing features and powers of the users in the user profile and according to the approved authority's matrix.

Key Economic Indicators Used in Calculating Expected Credit Losses (ECLs)

Key economic indicators are considered in measuring probability default (PD) for several sectors. Historical information, current conditions and future events expected according to information or meaningful conclusions may be relied upon.

A statistical model with economic single variable is used and macroeconomic variables are relied upon. Macroeconomic variables represent growth rates in GDP and difference in unemployment rates for the past ten years. They are linked with the forecasted economic variable in future for the next five years to reflect the impact of changes to the annual PD rates expected in future. Due to the recent developments and the abnormal situation resulted from COVID-19, the Bank has updated the macroeconomic factors (i.e. GDP and unemployment rates) used for calculating the ECL for the period ended 31 March 2020 in addition to revising the probability weightings assigned to macroeconomic scenarios by assigning more weight to the worst scenario. GDP for the following sectors and geographical areas were relied upon:

- Jordan: Exposures of debt instruments owed by large firms, small-sized enterprises and medium-sized enterprises.
- Palestine: Exposures of debt instruments owed by large firms, small-sized enterprises and medium-sized enterprises.
- Cyprus: Exposures of debt instruments owed by large firms, small-sized enterprises and medium-sized enterprises.
- North America: Exposures of debt instruments owed by sovereign bodies and banks.
- Europe & Central Asia: Exposures of the debt instruments owed by sovereign bodies and banks.
- East Asia & Pacific: Exposures of the debt instruments owed by sovereign bodies and banks.
- Arab World: Exposures of the debt instruments owed by sovereign bodies and banks.

Differences in annual un-employment rates for the following sectors and geographical areas were relied upon:

- Jordan: exposures given to retail banking sector.
- Subsidiaries in Jordan: Exposures given by the subsidiaries.
- Palestine: Exposures given to retail banking sector.
- Cyprus: Exposures given to retail banking sector.

(5) CASH AND BALANCES AT CENTRAL BANKS

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Cash in treasury	46,035,907	58,230,973
Balances at Central Banks:		
- Current accounts	6,301,440	5,377,533
- Time and notice deposits	11,856,065	38,445,126
- Statutory cash reserve requirements	112,123,560	110,271,156
Total balances with central banks	130,281,065	154,093,815
Total cash and balances with central banks	176,316,972	212,324,788

- Except for the cash reserve at central banks and the capital deposit with the Palestinian Monetary Authority in the amount of JD 10,635,000 presented within time and notice deposit, there are no restricted cash balances as at 31 March 2020 and 31 December 2019.
- There are no balances, maturing within a period exceeding three months as at 31 March 2020 and 31 December 2019.

(6) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

	Banks and financial institutions					
	Local		Foreign		Total	
Item	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)
Current accounts	320,738	108,761	43,280,008	40,683,675	43,600,746	40,792,436
Deposits maturing within 3 months or less	5,000,000	2,118,000	56,099,907	92,906,050	61,099,907	95,024,050
Total	5,320,738	2,226,761	99,379,915	133,589,725	104,700,653	135,816,486
Less: ECL charged for the period/ year	861	1,250	28,247	27,901	29,108	29,151
	5,319,877	2,225,511	99,351,668	133,561,824	104,671,545	135,787,335

- Non-interest-bearing balances held at banks and financial institutions amounted to JD 43,600,746 as at 31 March 2020 (31 December 2019: JD 40,792,436).
- There are no restricted balances as at 31 March 2020 and 31 December 2019.

The movement on the provision for expected credit losses for balances at banks and financial institutions is as follows:

	31 March 2020 (Unaudited)				2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at 1 January	29,151	-	-	29,151	26,982
ECL charged for the period	(43)	-	-	(43)	2,169
Balance at the end of the period	29,108	-	-	29,108	29,151

(7) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

	Banks and financial institutions					
	Local		Foreign		Total	
Item	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)
Deposits maturing within a period:						
From 3 months to 6 months	-	5,000,000	16,089,500	3,545,000	16,089,500	8,545,000
Total	-	5,000,000	16,089,500	3,545,000	16,089,500	8,545,000
Less: ECL	-	6,877	24,074	17,197	24,074	24,074
Total	-	4,993,123	16,065,426	3,527,803	16,065,426	8,520,926

There are no restricted deposits as at 31 March 2020 and 31 December 2019.

The movement on the provision for expected credit losses for deposits at banks and financial institutions is as follows:

	31 March 2020 (Unaudited)				2019 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at 1 January	24,074	-	-	24,074	24,074
ECL charged for the period	-	-	-	-	-
Balance at the end of the period	24,074	-	-	24,074	24,074

(8) DIRECT CREDIT FACILITIES – NET

The details of this item are as follows:

	31 March 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Individuals (Retail):		
Overdrafts	3,328,475	1,762,455
Loans and bills *	317,756,920	325,235,548
Credit cards	11,996,680	11,277,737
Real estate loans	314,268,075	314,887,921
Corporations:		
A- Large corporations		
Overdrafts	171,910,395	139,797,925
Loans and bills *	545,687,161	479,649,797
B- Small and Medium Enterprises "SMEs"		
Overdrafts	42,622,968	37,487,368
Loans and bills *	127,355,717	130,614,170
Governmental and public sector	23,056,027	22,980,641
Total	1,557,982,418	1,463,693,562
Less: Provision for expected credit losses	(62,817,018)	(70,601,047)
Less: Suspended interests	(18,585,998)	(23,354,932)
Direct credit facilities, net	1,476,579,402	1,369,737,583

* Net of interest and commission received in advance amounted to JD 19,807,653 as at 31 March 2020 (31 December 2019: JD 15,612,939).

- Non-performing credit facilities amounted to JD 111,127,649 representing 7.13% of total direct credit facilities as at 31 March 2020 (31 December 2019: JD 91,879,675 representing 6.28% of total direct credit facilities).

- Non-performing credit facilities, net of suspended interests and commissions, amounted to JD 94,852,545 representing 6.15% of total direct credit facilities excluding the suspended interests and commissions as at 31 March 2020 (31 December 2019: JD 75,289,469 representing 5.20% of total direct credit facilities excluding the suspended interests and commissions).

- Non-performing credit facilities transferred to off consolidated statement of financial position items, amounted to JD 126,993,680 as at 31 March 2020 (31 December 2019: JD 109,807,682). These credit facilities are fully covered with the suspended interests and provisions.

- There are no credit facilities granted to and guaranteed by the Jordanian government as at 31 March 2020 and 31 December 2019.

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

	31 March 2020 (Unaudited)					
Item	Individuals	Real estate	Corporate	SMEs	Governmental and public sectors	Total
	JD	JD	JD	JD	JD	JD
Balance as at 1 January	21,145,775	6,496,955	29,568,205	13,297,535	92,577	70,601,047
Provision for expected credit losses on new facilities during the period	417,318	233,556	3,181,250	260,365	-	4,092,489
Reversal of provision for expected credit losses	(602,680)	(348,823)	(302,667)	(279,405)	-	(1,533,575)
Transfer to stage 1	426,894	265,455	22,541	21,254	-	736,144
Transfer to stage 2	(581,980)	(292,804)	(1,850,995)	(18,055)	-	(2,743,834)
Transfer to stage 3	155,086	27,349	1,828,454	(3,199)	-	2,007,690
Transferred to off consolidated statement of financial position	(5,499,754)	(722,890)	(2,132,139)	(3,404,153)	-	(11,758,936)
Effect on provision-resulting from reclassification among three stages for the period	814,074	217,124	15,249,342	1,698	-	16,282,238
Changes resulting from adjustments	(2,571,514)	(2,403,363)	(7,504,854)	(2,046,635)	393	(14,525,973)
Written-off facilities	(117,857)	(1,853)	(30,503)	(757)	-	(150,970)
Foreign exchange adjustments	(61,836)	(41,050)	(47,990)	(38,426)	-	(189,302)
Balance at the end of the period	13,523,526	3,429,656	37,980,644	7,790,222	92,970	62,817,018
Re- allocation:						
Individual	13,523,526	3,429,656	37,980,644	7,790,222	92,970	62,817,018
Collective	-	-	-	-	-	-

	31 December 2019 (Audited)					
Item	Individuals	Real estate	Corporate	SMEs	Governmental and public sectors	Total
	JD	JD	JD	JD	JD	JD
Balance as at 1 January	18,971,978	4,788,116	37,421,934	13,882,271	84,994	75,149,293
Provision for expected credit losses on new facilities during the year	3,784,103	736,334	2,749,925	1,646,201	-	8,916,563
Reversal of provision for expected credit losses	(2,324,689)	(833,648)	(4,712,592)	(2,545,219)	-	(10,416,148)
Transfer to stage 1	648,705	108,459	(7,519)	116,149	-	865,794
Transfer to stage 2	(910,057)	(102,515)	(118,084)	(116,019)	-	(1,246,675)
Transfer to stage 3	261,352	(5,944)	125,603	(130)	-	380,881
Transferred off consolidated statement of financial position	(162,797)	(335,929)	(8,903,240)	(632,095)	-	(10,034,061)
Effect on provision-resulting from reclassification among three stages for the year	1,866,086	308,298	2,654,991	882,247	-	5,711,622
Changes resulting from adjustments	(806,672)	1,792,904	(70,660)	199,278	7,583	1,122,433
Written-off facilities	(126,572)	(7,777)	(150)	(68,370)	-	(202,869)
Foreign exchange adjustments	(55,662)	48,657	427,997	(66,778)	-	354,214
Balance at the end of the year	21,145,775	6,496,955	29,568,205	13,297,535	92,577	70,601,047
Re- allocation:						
Individual	21,145,775	6,496,955	29,568,205	13,297,535	92,577	70,601,047
Collective	-	-	-	-	-	-

- The provisions no longer needed due to settlements or repayments and transferred against other facilities amounted to JD 1,533,575 for the three months ended 31 March 2020 (JD 10,416,148 for the year ended 31 December 2019).

Suspended Interests

The movement on suspended interests is as follows:

	Individuals	Real estate loans	Corporates	SMEs	Total
	JD	JD	JD	JD	JD
For the three months ended 31 March 2020 (Unaudited)					
Balance at the beginning of the period	4,179,429	2,461,294	10,827,332	5,886,877	23,354,932
Add: Interests in suspense for the period	396,299	327,740	899,507	554,378	2,177,924
Less: Interests transferred to revenues	(24,446)	(110,814)	(295,046)	(40,098)	(470,404)
Transferred to off-consolidated statement of financial position items	(2,269,386)	(566,385)	(1,135,957)	(2,266,522)	(6,238,250)
Interests in suspense written-off	(155,485)	-	-	(82,719)	(238,204)
Balance at the end of the period	2,126,411	2,111,835	10,295,836	4,051,916	18,585,998
For the year ended in 31 December 2019 (Audited)					
Balance at the beginning of the year	2,634,502	1,894,601	11,306,976	5,021,311	20,857,390
Add: Interests in suspense for the year	1,833,846	1,189,930	4,329,314	1,993,488	9,346,578
Less: Interests transferred to revenues	(90,622)	(178,745)	(71,778)	(587,942)	(929,087)
Transferred to off-consolidated statement of financial position items	(76,011)	(428,288)	(4,611,342)	(144,005)	(5,259,646)
Interests in suspense written-off	(122,286)	(16,204)	(125,838)	(395,975)	(660,303)
Balance at the end of the year	4,179,429	2,461,294	10,827,332	5,886,877	23,354,932

(9) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The details of this item are as follows:

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Quoted shares	9,019,509	8,945,265
Unquoted shares	16,062,123	16,068,777
Total	25,081,632	25,014,042

- There are no cash dividends distributions for the above-mentioned financial assets for the period ended 31 March 2020 (JD 89,750 for the period ended 31 March 2019).

(10) FINANCIAL ASSETS AT AMORTIZED COST

The details of this item are as follows:

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Treasury bonds and bills	686,041,181	636,518,949
Corporate bonds and debentures	123,795,000	118,795,000
	809,836,181	755,313,949
Provision for expected credit losses	(435,272)	(419,976)
	809,400,909	754,893,973
With fixed return	809,400,909	754,893,973
Total	809,400,909	754,893,973
Unquoted bonds and bills	809,400,909	754,893,973

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

	31 March 2020 (Unaudited)				2019 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
At 1 January	419,976	-	-	419,976	388,812
ECL charged for the period	15,296	-	-	15,296	33,392
Recoveries	-	-	-	-	(2,228)
At the end of the period	435,272	-	-	435,272	419,976

(11) OTHER ASSETS

The details of this item are as follows:

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Real estate foreclosed by the Bank against debts, net	91,279,711	89,610,670
Accrued interest and commissions	15,248,728	16,818,483
Checks and transfers under col lection	3,550,320	11,553,716
Foreclosed assets sold, net	11,012,778	11,681,294
Prepaid expenses	7,750,378	3,508,779
Various debtors	3,003,300	3,098,050
Refundable deposits, net	284,743	275,434
Temporary advances	1,973,578	1,728,695
Others	138,945	77,619
	134,242,481	138,352,740

(12) LOANS AND BORROWINGS

The details of this item are as follows:

		Number of instalments					
	Amount	Total	Remaining	Instalment maturity frequency	Collaterals	Interest rate	Relending interest rate
	JD					%	
31 March 2020 – (Unaudited)							
Central Bank of Jordan	3,000,000	30	25	Semi - annual instalments	-	2,54	6,79
Central Bank of Jordan	441,393	30	30	Semi - annual instalments	-	3	6,143
Central Bank of Jordan	437,986	30	30	Semi - annual instalments	-	3	6,143
Central Bank of Jordan	1,566,000	14	8	Semi - annual instalments	-	2,5	6,143
Central Bank of Jordan	2,305,000	20	20	Renewed monthly	-	2,59	6,166
Central Bank of Jordan	15,203,794	-	-	Renewed monthly	-	1,87	4,692
Central Bank of Jordan	35,000,000	-	-	One payment	-	2,25	-
Central Bank of Jordan	25,152,000	-	-	Renewed monthly		1,87	4,692
European Bank for Reconstruction and Development	5,064,286	7	5	Semi - annual instalments	-	4/18	9-12
Jordan Mortgage Refinance Company	65,000,000	1	1	One payment	-	4/75-6/35	4/5-8/5
Local Bank (loan to a Subsidiary)	5,704,280	24	24	31 March 2022	-	6,1	10,17
Local Bank (loan to a Subsidiary)	7,610,762	24	24	28 February 2022	-	6	10,17
Jordan Mortgage Refinance Company (loan to a Subsidiary)	35,000,000	8	8	3 May 2020, 12 May 2020, 3 October 2020, 1 July 2021, 24 September 2021, 30 December 2021 17 June 2021,25 August 2020	-	4/75-6/2	10/17
Local Bank (loan to a Subsidiary)	5,125,104	-	-	36 monthly installments effective from the withdrawal date	-	7	15-18
Local Bank (loan to a Subsidiary)	588,892	-	-	36 monthly installments effective from the withdrawal date	-	6/7	15-18
Total	207,199,497						

	Amount	Number of instalments Total	Remaining	Instalment maturity frequency	Collaterals	Interest rate	Relending interest rate
	JD					%	
31 December 2019 -							
Central Bank of Jordan	3,200,000	30	26	Semi - annual instalments	-	3/85	6/79
Central Bank of Jordan	441,393	30	30	Semi - annual instalments	-	3	6/143
Central Bank of Jordan	437,986	30	30	Semi - annual instalments	-	2	6/143
Central Bank of Jordan	1,755,000	14	9	Semi - annual instalments	-	2/5	6/143
Central Bank of Jordan	2,305,000	20	20	Renewed monthly	-	3/9	6/166
Central Bank of Jordan	15,300,841	-	-	Renewed monthly		1/870	4/692
European Bank for Reconstruction and Development	5,064,286	7	5	Semi - annual instalments	-	4/18	9-12
Jordan Mortgage Reference Company	65,000,000	1	1	One payment	-	4/3-6	4/5-8/5
Local Bank (loan to a Subsidiary)	2,287,613	24	15	30 June 2021	-	6/5	10/17
Local Bank (loan to a Subsidiary)	8,919,844	24	24	30 May 2021	-	6	10/17
Jordan Mortgage Reference Company (loan to a Subsidiary)	35,000,000	8	8	3 May 2020, 12 May 2020, 3 October 2020, 1 July 2021, 24 September 2021, 30 December 2021 17 June 2021,25 August 2020	-	4/75-6/2	10/17
Local Bank (loan to a Subsidiary)	5,191,236	-	-	36 monthly installments effective from the withdrawal date	-	7	15-18
Local Bank (loan to a Subsidiary)	106,527	-	-	36 monthly installments effective from the withdrawal date	-	6/7	15-18
Total	145,009,726						

- Loans with fixed-interest rates amounted to JD 207,199,497 as at 31 March 2020 (31 December 2019: JD 145,009,726).

(13) INCOME TAX PROVISION

The movement on the income tax provision was as follows:

	31 March 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	10,097,921	7,222,551
Income tax paid during the period/ year	(4,713,332)	(11,001,932)
Income tax for the period/ year	1,327,667	12,709,854
Income tax for the previous year	-	1,167,448
Balance at the end of the period/ year	6,712,256	10,097,921

Income tax in the interim condensed consolidated income statement represents the following:

	31 March 2020	31 March 2019
	JD	JD
	(Unaudited)	(Unaudited)
Income tax for the period	1,327,667	3,778,448
Deferred tax assets for the period	(27,086)	(56,201)
Amortization of deferred tax assets for the period	28,975	10,475
	1,329,556	3,732,722

- The statutory tax rate for the Bank's in Jordan was amended effective from 1 January 2019 to become 35%+ 3% national contribution which represent 38% according to income tax law no. (34) for the year 2014, amended by law no. (38) for the year 2018 and the statutory tax rates for the foreign branches and subsidiaries range between 12.5% to 28.79%.
- The Bank has reached a final settlement with the Income and Sales Tax Department up to the year 2014 for Jordan Branches.
- Financial years 2015 and 2016: The Income and Sales Tax Department has reviewed the Bank 's records for both years and imposed an additional amount of JD 1,479,310 and JD 805,719, respectively. The Bank appealed the decision and filed a lawsuit against the Income and Sales Tax Department. The case is still pending at the Tax Court of First Instance. In the opinion of the Bank 's management and the tax consultant, there is no need to book any additional provision.
- Financial year 2017: the income tax return was submitted for the year 2017. However, the Income and Sales Tax Department did not review the records until the date of these interim condensed consolidated financial statements.
- Financial year 2018: the income tax return was accepted.
- Palestine Branches reached to a final settlement with the Income and Value-Added Tax Department up to the year 2018.
- Cyprus Branch reached to a final settlement up to the year 2017.

- Ahli Financial Brokerage Company (subsidiary) reached to a final settlement with the Income and Sales Tax Department up to the year 2014. In addition, tax returns were submitted for the years 2015, 2016, 2017 and 2018. Noting that an objection was raised by the Income and Sales Tax Department for the year 2015 along with a claim amounting to JD 43,000. In the opinion of the subsidiary's management and the tax consultant, there is no need to book any additional provision for the year 2015 as the decision is against the law.
- Ahli Finance Leasing Company (subsidiary) – reached to a final settlement with the Income and Sales Tax Department up for the year 2015. The Company submitted its tax return for the year 2016, however, the Income and Sales Tax Department did not review the Company's records up to the date of these interim condensed consolidated financial statements. The Company submitted its tax return for 2017 and was accepted by the Income and Sales Tax Department without amendments. The Company submitted its tax return for the year 2018, however, the Income and Sales Tax Department did not review the Subsidiary's records up to the date of these interim condensed consolidated financial statements.
- Ahli Microfinance Company (subsidiary) reached to a final settlement up to the year 2017. Tax return was submitted for the year 2018. the Income and Sales Tax Department did not review the Subsidiary's records up to the date of these interim condensed consolidated financial statements.

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Income tax rate		
Jordan Branches	38%	38%
Palestine Branches	28.79%	28.79%
Cyprus Branch	12.5%	12.5%

- A provision for income tax for the period ended 31 March 2020 has been booked for the Bank, its branches and its subsidiaries.

(14) OTHER LIABILITIES

The details of this item are as follows:

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Accepted checks and transfer	12,943,083	4,924,118
Accounts payable to financial brokerage customers	496,824	719,509
Accrued interests	12,273,265	10,280,665
Temporary deposits	5,980,398	5,566,853
Various creditors	2,764,454	2,663,284
Accrued expenses	4,761,491	4,525,161
Commissions and interests received in advance	1,765,090	1,819,550
Un-received dividends checks	1,757,574	1,846,261
Board of directors' remuneration	79,668	99,585
Provision for expected credit losses on indirect credit facilities and unutilized facilities limits*	3,473,135	3,373,953
Lease contract obligations	8,197,853	9,214,391
Other	57,771	371,354
	54,550,606	45,404,684

* The movement on provision for expected credit losses for indirect credit facilities is as follows:

	31 March 2020 (Unaudited)				2019 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at 1 January	1,188,274	1,173,890	1,011,789	3,373,953	1,833,319
Net expected credit losses for the period / year	(6,283)	93,734	11,731	99,182	1,495,807
Transfer to stage 1	29,899	(29,899)	-	-	-
Transfer to stage 2	(5,430)	7,985	(2,555)	-	-
Transfer to stage 3	(36)	(5,981)	6,017	-	-
Changes resulting from adjustments	242	(89,903)	3,818	(85,843)	2,814,549
Total impact from transfers between stages	(24,675)	35,798	74,720	85,843	(2,769,722)
Total balance at the end of period / year	1,181,991	1,185,624	1,105,520	3,473,135	3,373,953

(15) FAIR VALUE RESERVE, NET

The movement on this item is as follows:

	31 March 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	(7,388,412)	(3,225,878)
Shares sold	-	68
Net unrealized profit (losses)	74,244	(4,162,602)
Balance at the end of the period/ year	(7,314,168)	(7,388,412)

(16) RETAINED EARNING AND DISTRIBUTED DIVIDENDS

The details of this item are as follows:

	31 March 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the year	34,138,598	34,816,345
Profit for the period/ year	-	22,236,385
(Loss) from sale of financial assets at fair value through other comprehensive income	-	(68)
Distributed dividends	-	(19,293,750)
Transferred to reserves	-	(3,620,314)
Balance at the end of the period/ year	34,138,598	34,138,598

- The General Assembly resolved in its ordinary meeting held on 29 April 2019 to distribute 6% of the paid in capital as cash dividends amounting to JD 11,6 million and 4% of paid in capital amounting to JD 7,7 million as stocks dividends from the retained earnings balance for the year 2018.

(17) PROVISION FOR EXPECTED CREDIT LOSSES, NET

The details of this item are as follows:

	31 March 2020 JD (Unaudited)	31 March 2019 JD (Unaudited)
Expected credit losses on:		
Balances and deposits at Banks and financial institutions	(43)	146
Direct facilities	4,315,179	1,341,898
Financial assets at amortized cost	15,296	(4,264)
Indirect credit facilities and unutilized facilities	99,182	677
	4,429,614	1,338,457

(18) EARNINGS PER SHARE ATTRIBUTED TO THE SHAREHOLDERS OF THE BANK

	31 March 2020 JD (Unaudited)	31 March 2019 JD (Unaudited)
Profit for the period	4,869,092	6,410,450
Weighted average number of shares	200,655,000	200,655,000
Basic and diluted earnings per share	0.024	0.032

(19) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	31 March 2020 JD (Unaudited)	31 March 2019 JD (Unaudited)
Cash and balances with central banks maturing within three months	176,316,972	196,270,614
Add: Balances at banks and financial institutions maturing within three months	104,671,545	178,041,030
Less: Banks and financial institutions' deposits maturing within three months	(112,895,456)	(100,304,046)
Less: Capital deposit at Palestine Monetary Authority	(10,635,000)	(10,635,000)
	157,458,061	263,372,598

(20) SEGMENT INFORMATION

1- Information on Bank Activities

The Bank is organized for administrative purposes through six main operating segments, also brokerage and consulting services the Bank 's subsidiary (Ahli Financing Brokerage Company).

1- Individual accounts: Principally following up on individual customers accounts real estate loans overdrafts credit cards facilities and transfer facilities.

2- SMEs: Principally "SMEs' transactions on loans credit facilities and deposits and whom classified according to the volume of deposits and facilities in accordance with the instructions and policies existing in the Bank and commensurate with the instructions of the regulatory authorities.

3- Corporate accounts: Principally corporate transactions on loans credit facilities and deposits, whom classified according to the volume of deposits and facilities in accordance with the instructions and policies existing in the Bank and commensurate with the instructions of the regulatory authorities.

4- Treasury: principally providing money market trading and treasury services as well as management of the Bank 's funding operations through treasury bills government securities placements and acceptances with other banks and that is through treasury and banking services.

5- Investment and foreign currency management: The activity of this sector is related to local and foreign bank investment as well as those restricted at fair value, in addition services for trading in foreign currency.

6- Others: This sector includes all non-listed accounts in the above sectors, for example equity and investments in associates, receivables, equipment, and general management.

The following represents information about the Bank 's sector activities:

	Individuals	SMEs	Corporate	Treasury & Institutional Financing	Others	31 March 2020	31 March 2019
	JD	JD	JD	JD	JD	JD	JD
						(Unaudited)	(Unaudited)
Gross Income	8,689,009	4,675,595	8,830,514	4,208,414	382,858	26,786,390	29,219,151
Expected credit losses allowance	(255,692)	(436,022)	(3,722,647)	(15,253)	-	(4,429,614)	(1,338,457)
Segment results	8,433,317	4,239,573	5,107,867	4,193,161	382,858	22,356,776	27,880,694
Net distributed segment expenses						(18,852,981)	(17,737,522)
Bank's share of profit in associate companies'						2,694,853	-
Income for the period before tax						6,198,648	10,143,172
Income tax						(1,329,556)	(3,732,722)
Income for the period						4,869,092	6,410,450
Other matters							
Capital expenditures						1,493,668	2,037,426
Depreciation and amortization						2,881,188	2,797,722
						31 March 2020	31 December 2019
						JD	JD
						(Unaudited)	(Audited)
Total segment assets	598,337,562	207,616,131	702,454,169	1,100,073,761	248,411,364	2,856,892,987	2,762,823,525
Total segment liabilities	1,207,391,062	347,998,914	540,990,222	357,844,546	89,915,040	2,544,139,784	2,455,013,658

2- Geographical distribution information

This sector represents the geographical distribution of the Bank 's operation. The Bank operates mainly in Jordan, which represents the local business. The Bank also carries out international activates in the Middle East, Europe, Asia, America and the Near East representing international business.

	Inside Jordan		Outside Jordan		Total	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Bank's Assets	2,509,122,489	2,395,279,886	347,770,498	367,543,639	2,856,892,987	2,762,823,525

Following is the geographical distribution of the Bank 's gross income and capital expenditure:

	Inside Jordan		Outside Jordan		Total	
	31 March		31 March		31 March	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross income	24,153,439	26,549,890	2,632,951	2,669,261	26,786,390	29,219,151
Capital Expenditure	1,174,066	998,787	319,602	1,038,639	1,493,668	2,037,426

(21) RELATED PARTIES TRANSACTIONS

The Bank entered into transactions with major shareholders, Board of Directors and executive management. Within the normal banking practices according to the commercial interest and commission rates. All credit facilities granted to related parties are classified under Stage 1 whereby a provision for expected credit losses was calculated in accordance with IFRS 9 requirements.

A. The following related party transactions took place during the period:

						Total	
	Associates	Subsidiaries	Board of Directors	Executive management	Other*	31 March 2020	31 December 2019
	JD	JD	JD	JD	JD	JD	JD
						(Unaudited)	(Audited)
Statement of interim consolidated financial position items:							
Credit facilities	-	2,121,373	12,737,743	4,704,878	76,467,282	96,031,276	98,954,294
Deposits	4,803,363	1,783,513	40,341,094	2,617,697	25,956,791	75,502,458	65,041,106
Cash margin	-	-	200,600	440,143	5,993,393	6,634,136	7,312,824
Financial assets at amortized cost	-	-	-	-	-	3,585,806	3,576,776
Off-balance sheet items:							
Indirect facilities	50,000	854,000	51,000	3,350	2,904,839	3,863,189	3,855,261

						For the three months of 31 March	
						2020	2019
						JD	JD
						(Unaudited)	(Unaudited)
Interim consolidated statement of income items							
Interest and commissions income	-	45,065	309,064	60,434	1,073,064	1,487,627	1,450,281
Interest and commissions expense	62,653	7,782	523,227	13,793	188,885	796,340	853,165

* This item represents companies partially owned by members of the Bank 's Board of Directors, Board of Directors' relatives, and the Bank 's employees.

- Interest expenses rates range from 3.4% to 10.5%.
- Interest income rates range from 0% to 6.5%.

B. Top management salaries and bonuses for the Bank and its subsidiaries amounted JD 880,786 for the three months ended 31 March 2020 (JD 878,531 for the Three months ended 31 March 2019).

(22) CAPITAL AND SHARE PREMIUM

The Bank 's authorized and paid-up capital amounted to JD 200,655,000 divided into 200,655,000 shares of one Jordanian Dinar each as of 31 March 2020 (JD 200,655,500 as of 31 December 2019).

The General Assembly resolved in its meeting held on 29 April 2019 to distribute by 6% of the paid in capital as cash dividends amounting to JD 11,6 million and 4% of paid in capital as stock dividends amounting to JD 7,7 million from retained earnings balance for the year 2018.

(23) RESERVES

The Bank did not make any appropriation to the legal reserves for the period, as these financial statements are interim financial statements.

(24) COMMITMENTS AND CONTINGENT LIABILITIES

The details of this item are as follows:

	31 March 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Letter of credit:		
Letter of credit-outgoing	69,720,606	60,127,006
Letter of credit-incoming	35,572,000	36,181,958
Acceptances	67,668,174	71,564,782
Letter of guarantees:		
-Payment	113,289,664	115,548,667
-Performance bonds	84,029,592	85,175,801
-Others	34,116,806	29,768,194
Unutilized direct credit facilities ceilings	148,405,961	161,950,853
	552,802,803	560,317,261

(25) LITIGATION

Lawsuits filed against in the amount of JD 3,290,020 as at 31 March 2020 (31 December 2019: JD 3,334,078). In the opinion of the Bank 's management and the legal advisor, no further liabilities exceeding the provision of JD 442,354 as at 31 March 2020 (31 December 2019: JD 442,354).

(26) COMPARATIVE FIGURES

Some of 2019 balances were reclassified to correspond with those of 2020 presentation, the reclassification has no effect on profit and equity for the year 2019.