للاوضاع
* بورصة عمان
* السيد محمد
السيد عبدالله
السيد خالد
١٩/٥

نموذج رقم (1-2) Form No. (1-2)

Jordan Islamic Bank	البنك الإسلامي الأردني
To: Jordan Securities Commission **Amman Stock Exchange** Date:- 19/5/2020 **Subject: Audited Financial Statements for the fiscal year ended 31/12/2019**	السادة هيئة الاوراق المالية السادة بورصة عمان **التاريخ:- 2020/5/19** **الموضوع : البيانات المالية السنوية المدققة للسنة المنتهية في 2019/12/31**
Attached the Audited Financial Statements of (Jordan Islamic Bank) English Version for the fiscal year ended 31/12/2019.	مرفق طيه نسخة من البيانات المالية المدققة لشركة (البنك الاسلامي الأردني) باللغة الانجليزية عن السنة المالية المنتهية في 31/12/ 2019 .
Kindly accept our high appreciation and respect **General Manager's Signature**	وتفضلوا بقبول فائق الاحترام،،، توقيع المدير العام

* نسخة إلى:
- الدائرة المالية.
- أمين سر مجلس الادارة

هيئة الأوراق المالية
الدائرة الادارية / الديوان
١٩ أيار ٢٠٢٠
الرقم المتسلسل ١٩٠٩
الجهة المختصة

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2019

Building a better working world

Ernst & Young Jordan
P.O. Box 1140
Amman 11118
Jordan

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Jordan Islamic Bank
Public Shareholding Company
Amman - Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Jordan Islamic Bank (the "Bank") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and consolidated statement of sources and uses of funds of Al Qard Al Hasan fund for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank and in accordance with Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Basis for Opinion

We conducted our audit in accordance with Auditing Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). 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 Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of 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.

<table>
<tr><td colspan="2">Expected credit loss of receivables and financing (Deferred sales receivables, Ijarah Muntahia Bittamleek receivables, Al Qard Al Hasan and other receivables), balances and investment accounts at banks and financial institutions and financial assets at amortized cost.

Disclosures related to the expected credit loss of receivables and financing (Deferred sales receivables, Ijarah Muntahia Bittamleek receivables, Al Qard Al Hasan and other receivables), balances and investment accounts at banks and financial institutions and financial assets at amortized cost are detailed in notes (5), (6), (7), (9), (12) and (15) of the consolidated financial statements.</td></tr>
<tr><td>The expected credit loss of customer receivables and financing (Deferred sales receivables, Ijarah Muntahia Bittamleek receivables, Al Qard Al Hasan and other receivables), balances and investment accounts at banks and financial institutions and financial assets at amortized cost is one of the most significant matters which affect the results of the Bank's business; Due to the significance of the judgments used in classifying receivables and financing into various stages stipulated in IFRS 9 and determining related provision requirements, this audit area is considered a key audit risk.</td><td>Our audit procedures included the assessment of controls over the granting, booking and monitoring processes of receivables and financing, and measuring the expected credit loss including consideration of Central Bank of Jordan (CBJ) requirements, to validate the operating effectiveness of the key controls in place, which identify the expected credit loss of receivables, financing and financial assets at amortized cost and the required expected credit loss against them. As part of the control testing procedures, we assessed whether the key controls in the above processes were designed, implemented and operated effectively.</td></tr>
</table>

The Bank appropriates 10% of net revenues from jointly financed financing, which is then transferred to the investment risk fund in accordance with Central Bank of Jordan regulations. Judgment is applied on the inputs of impairment measurement process including the customer's risk of default, valuation of collaterals and the determination of the default date, and accordingly calculating the expected credit loss starting from the date thereof.	In addition, we performed procedures to evaluate the following: - Appropriateness of the bank's staging. - Appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations - Appropriateness of the PD, EAD, LGD and EIR used for different exposures at different stages. - Appropriateness and objectivity of the internal rating. - Soundness and mathematical integrity of the ECL Model. - For exposures moved between stages, we have checked the appropriateness of the Bank's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. We also checked the timely identification of exposures with a significant deterioration in credit quality. - For exposures determined to be individually impaired we re-preformed the ECL calculation we also obtained an understanding of the latest developments in the counterparty's situation of the latest developments in estimate of future cash flows, current financial position any rescheduling or restructuring agreements. We inspected legal agreements and supporting documentation to confirm the existence and legal right to collateral. We assessed collateral valuation techniques against the group's valuation guidelines. We have recalculated the amounts transferred to the investment risks fund in accordance with Central Bank of Jordan regulations. We also assessed whether the consolidated financial statement disclosures appropriately reflect the requirements of the Accounting and Auditing Organization for Islamic Financial Institutions (AAIOFI).

Other information included in the Group's 2019 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2019 annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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 Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank and in accordance with the Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), 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 Group'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 Group's 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 the Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), 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 Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), 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.

- 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 Group'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 Group'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 Group's 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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 Group maintains proper books of accounts which are in agreement with the consolidated financial statements

The partner in charge of the audit resulting in this auditor's report was Waddah Issam Barkawi; license number 591.

Amman – Jordan Ernst + Young
6 February 2020

JORDAN ISLAMIC BANK – PUBLIC SHAREHOLDING COMPANY

AMMAN – JORDAN

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Jordan Islamic Bank - Public Shareholding Company
Consolidated Statement of Financial Position
As at 31 December 2019 **Statement (A)**

	Notes	31 December 2019	31 December 2018
		JD	JD
Assets			
Cash and balances with central bank	4	906,069,815	876,086,318
Balances at banks and financial institutions	5	69,991,662	93,915,490
Investment accounts at banks and financial institutions	6	17,681,535	17,642,298
Deferred sales receivables and other receivables –net	7	2,252,319,691	2,053,781,286
Ijarah Muntahia Bittamleek assets – net	8	629,600,753	605,801,762
Financing – net	9	31,874,382	32,703,789
Financial assets at fair value through owner’s equity – self financed	10	12,042,273	10,692,694
Financial assets at fair value through joint investment accounts holders’ equity	11	36,923,829	36,594,760
Financial assets at amortized cost	12	199,360,095	191,673,379
Investments in associates	13	8,211,186	8,355,201
Investments in real estate	14	111,190,169	107,340,284
Al Qard Al Hasan – net	15	16,356,549	11,725,757
Property and equipment – net	16	93,102,868	83,311,212
Intangible assets	18	2,536,389	2,299,136
Right of use assets	2	14,279,403	-
Other assets	19	47,631,549	28,718,844
Total Assets		4,449,172,148	4,160,642,210
Liabilities, Joint Investment Accounts Holders’ Equity, Non-Controlling interests and Owner’s Equity			
Liabilities			
Banks and financial institutions’ accounts	20	4,670,837	8,241,356
Customers’ current and on demand accounts	21	1,204,999,670	1,076,008,070
Cash margins	22	46,510,226	45,210,218
Accounts payable	23	462,318	400,227
Other provisions	24	13,549,609	13,987,106
Income tax provision	25A	29,999,703	22,459,373
Deferred tax liabilities	26B	1,370,697	843,026
Lease obligations	2	13,777,285	-
Other liabilities	27	27,984,067	25,206,770
Total Liabilities		1,343,324,412	1,192,356,146

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them

Jordan Islamic Bank - Public Shareholding Company
Consolidated Statement of Financial Position
As at 31 December 2019

Statement (A)

	Notes	31 December 2019	31 December 2018
		JD	JD
Joint Investment Accounts Holders' Equity			
Unrestricted investment accounts	28A	2,624,431,578	2,508,970,280
Investment accounts holders' reserve in subsidiaries and associates	28B	16,765,391	18,144,902
Fair value reserve – net	29A	6,625,649	7,111,635
Provision for contingent liabilities	29E	760,429	1,042,517
Deferred tax liabilities	26A	4,060,883	4,358,744
Total Joint Investment Accounts Holders' Equity		2,652,643,930	2,539,628,078
Non-controlling interests	28B	132,814	153,866
Total joint investment accounts holders' equity and non-controlling interest		2,652,776,744	2,539,781,944
Provision for future expected investement risks	30B	30,016,131	-
Investment risk fund	30B	-	31,654,580
Provision for income tax on investment risk fund	30A	1,450,853	3,455,761
Equity			
Owner's equity			
Paid-in capital	31	200,000,000	180,000,000
Statutory reserve	32	92,879,300	84,018,397
Voluntary reserve	32	37,093,762	38,234,085
Fair value reserve	29B	2,236,401	1,375,464
Retained earnings	33	89,394,545	89,765,833
Total Owner's Equity – Bank's shareholders		421,604,008	393,393,779
Total Liabilities, Joint Investment Accounts Holders' Equity, Non-Controlling Interests and Owner's Equity		4,449,172,148	4,160,642,210
Accounts Managed for Others:			
Restricted investments	55	43,558,349	35,574,317
Al Wakala Bi Al Istithmar (Investments portfolio)	56	415,969,375	358,148,482
Al Wakala Bi Al Istithmar	57	61,431,719	63,215,370

M.S. Lishadeh

General Manager | **Chairman**

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them

Jordan Islamic Bank - Public Shareholding Company
Consolidated Income Statement
For the year ended 31 December 2019 **Statement (B)**

	Notes	31 December 2019	31 December 2018
		JD	JD
Deferred sales revenues	34	139,995,864	138,792,646
Financing revenues	35	545,759	442,805
Gain from financial assets at fair value through joint investment accounts holders' equity	36	776,629	918,795
Gain from financial assets at amortized cost	37	8,138,703	3,740,043
Dividends from subsidiaries and associates	38	1,904,452	1,252,026
Revenues from Investments In Real Estate	39	953,271	1,511,676
Revenues from Ijarah Muntahia Bittamleek assets	40	42,249,023	43,075,593
Revenues from other investments	41	2,167,442	2,024,904
Revenues from joint investment accounts		196,731,143	191,758,488
Net income of subsidiaries	42	1,312,539	2,038,994
Share of profit from investments in associates		639,634	602,678
Total revenues from joint investment accounts		198,683,316	194,400,160
Deposits gurantee fees – Joint Investment accounts	2	(2,793,987)	-
Share of unrestricted investment account holders'	43	(52,486,088)	(51,628,569)
Share of investment accounts holders' from income of subsidiaries		(1,308,556)	(2,034,088)
Share of non-controlling interests from income of subsidiaries		(3,983)	(4,906)
Share of profit from investments in associates		(639,634)	(602,678)
Share of investment risk fund	30A	(6,468,523)	(19,175,849)
Bank's share of the joint investment accounts revenues as Mudarib and Rab AL - Mal	44	134,982,545	120,954,070
Bank's self-financed revenues	45	31,223	25,964
Bank's share of restricted investments revenues as Mudarib	46	367,744	222,187
Bank's share of restricted investments revenues as Wakeel	46	5,455,357	3,276,373
Banking services revenues	47	20,293,179	19,097,286
Foreign currency gain	48	2,078,802	1,567,093
Other income	49	2,292,091	1,907,853
Gross income		165,500,941	147,050,826
Employees expenses	50	(41,437,917)	(40,818,032)
Depreciation and amortization	17	(8,842,934)	(7,453,939)
Other expenses	51	(24,770,466)	(22,549,850)
Provision for expected credit loss –self		(1,177,862)	(300,000)
Other provisions	52	(717,731)	(525,000)
Total Expenses		(76,946,910)	(71,646,821)
Profit before income tax		88,554,031	75,404,005
Income tax	25B	(34,204,739)	(25,596,078)
Profit after income tax		54,349,292	49,807,927
		JD/Fils	JD/Fils
Basic Earnings per Share for the Year	53	0/272	0/249

M. Shihadeh

General Manager **Chairman**

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them

Jordan Islamic Bank - Public Shareholding Company
Consolidated Statement of Other Comprehensive Income
For the year ended 31 December 2019 **Statement (C)**

	31 December 2019	31 December 2018
	JD	JD
Profit after income tax	54,349,292	49,807,927
Other comprehensive income items, net after tax:		
Change in fair value reserve of financial assets – net	860,937	167,342
Total other comprehensive income for the year	55,210,229	49,975,269

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them

Jordan Islamic Bank - Public Shareholding Company
Consolidated Statement of Changes in Owner's Equity
For the year ended 31 December 2019 **Statement (D)**

	Paid-in capital	Statutory reserve	Voluntary reserve	Fair value reserve*	Retained earnings**	Total
For the year ended 31 December 2019	JD	JD	JD	JD	JD	JD
Balance at 1 January 2019	180,000,000	84,018,397	38,234,085	1,375,464	89,765,833	393,393,779
Profit after income tax	-	-	-	-	54,349,292	54,349,292
Change in fair value reserve	-	-	-	860,937	-	860,937
Total comprehensive income for the year after tax	-	-	-	860,937	54,349,292	55,210,229
Income in capital***	20,000,000	-	(10,000,000)	-	(10,000,000)	-
Transferred to (from) reserves	-	8,860,903	8,859,677	-	(17,720,580)	-
Distributed dividends***	-	-	-	-	(27,000,000)	(27,000,000)
Balance at 31 December 2019	200,000,000	92,879,300	37,093,762	2,236,401	89,394,545	421,604,008

* The fair value reserve balance of JD 2,236,401 as at 31 December 2019 is restricted from use.

** An amount of JD 1,000,000 from retained earnings, which was transferred from general banking risk reserve, is restricted from use without prior approval from the Central Bank of Jordan

*** The General Assembly approved on 29 April 2019 the distribution of cash dividends to shareholders at a rate of 15% from the paid in capital of JD 180 milion/ share, amounted to JD 27 milion and approved the distribution of share dividends with an amount of JD 20 milion/ share through the distribution of 10 milion from the retained earnings and 10 milion from the voluntary reserve.

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them

Jordan Islamic Bank - Public Shareholding Company
Consolidated Statement of Changes in Owner's Equity
For the year ended 31 December 2019 **Statement (D)**

	Paid-in capital	Statutory reserve	Voluntary reserve	General banking risk reserve*	Fair value reserve**	Retained earnings	Total
For the year ended 31 December 2018	JD	JD	JD	JD	JD	JD	JD
Balance at 1 January 2018	180,000,000	76,471,380	30,701,752	1,000,000	1,208,122	85,577,364	374,958,618
Effect of IFRS (9) adoption	-	-	-	-	-	(4,540,108)	(4,540,108)
Transfer from General Banking Risk Reserve	-	-	-	(1,000,000)	-	1,000,000	-
Balance after IFRS (9) adoption	180,000,000	76,471,380	30,701,752	-	1,208,122	82,037,256	370,418,510
Profit for the year after tax	-	-	-	-	-	49,807,927	49,807,927
Change in fair value reserve	-	-	-	-	167,342	-	167,342
Total comprehensive income for the year after tax	-	-	-	-	167,342	49,807,927	49,975,269
Increase in capital	-	-	-	-	-	-	-
Transferred to (from) reserves	-	7,547,017	7,532,333	-	-	(15,079,350)	-
Distributed dividends***	-	-	-	-	-	(27,000,000)	(27,000,000)
Balance at 31 December 2018	180,000,000	84,018,397	38,234,085	-	1,375,464	89,765,833	393,393,779

* The Central Bank of Jordan issued regulations No.(13/2018) dated 6 June 2018. In which it requested the transfer of the general banking reserve balance (calculated in accordance with the central bank of Jordan regulations) to the retained earnings to offset the effect of IFRS 9 in the opening balance of the retained earning as of 1 January 2018. The regulation also instructs that the balance of general banking risk reserve should be restricted and may not be distributed as dividend to the shareholders or used for any other purposes without prior approval from the Central Bank of Jordan amounting to JD 1,000,000.

** The fair value reserve balance of JD 1,375,464 as at 31 December 2018 is restricted from use.

*** The General Assembly approved on 26 April 2018 the distribution of cash dividends at a rate of 15% from the paid in capital of JD 180 Million/ share capital amounted to JD 27 million from the retained earnings.

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them

Jordan Islamic Bank - Public Shareholding Company
Consolidated Statement of Cash Flows
For the year ended 31 December 2019 **Statement (E)**

	Notes	31 December 2019 JD	31 December 2018 JD
Cash flows from Operating Activities			
Profit before tax		88,554,031	75,404,005
Adjustments to non-cash items:			
Depreciation and amortization	17	8,842,934	7,453,939
Cost of lease obligation	2	748,158	-
Investment risk fund		(1,224,458)	15,065,409
Employees' vacation provision	52	100,000	150,000
Employees' end of services provision	52	617,731	300,000
Provision expected credit loss- self		1,177,862	300,000
Provisions for contingent liabilities and litigations		-	75,000
Gain on sale of property and equipment		(4,175)	(6,348)
Effect of exchange rate fluctuations on cash and cash equivalents		(1,488,856)	(858,242)
Profit before change in assets and liabilities		**97,323,227**	**97,883,763**
Change in assets and liabilities			
Decrease in investment accounts at banks and financial institutions maturing after 3 months		-	4,254,000
Increase in deferred sales receivables and other receivables		(202,673,198)	(48,730,268)
Decrease (increase) in financing		757,958	(2,216,591)
Increase in Ijarah Muntahia Bittamleek Assets		(23,798,991)	(14,957,327)
Increase in Al Qard Al Hasan		(5,833,722)	(782,959)
(Increase) decrease in other assets		(3,665,832)	538,098
Increase (decrease) in customers' current and on demand accounts		128,991,600	(51,708,997)
Increase (decrease) in accounts payable		62,091	(412,772)
Increase (decrease) in cash margins		1,300,008	(2,696,759)
Increase in other liabilities		2,777,297	5,837,099
Net change in assets and liabilities		(102,082,789)	(110,876,476)
Net cash flows used in operating activities before income tax and other payments		(4,759,562)	(12,992,713)
Income tax paid	25	(26,664,409)	(26,897,671)
End of service provision	24	(1,067,731)	-
Payment of lease liabilities and financing cost	2	(2,103,263)	-
Net cash flows used in operating activities		(34,594,965)	(39,890,384)
Cash flows from Investing Activities			
Proceeds from sale of financial assets at fair value through owner's equity - self		101,566	400,000
Purchase of financial assets at fair value through owner's equity - self		(57,423)	(204,029)
Proceeds from sale of financial assets at fair value through joint investment accounts holders' equity		42,859	2,562,815
Purchase of financial assets at fair value through joint investment account holders' equity		(4,156,866)	(3,433,805)
Purchase of financial assets at amortized cost - net		(39,636,701)	(122,226,436)
Proceeds from sale of financial assets at amortized cost - net		32,999,880	7,129,224
Proceeds from sale of real estate investments		57,812	734,633
Purchase of real estate investments		(788,875)	33,376
Purchase of repossessed assets		(15,840,367)	(7,584,138)
Proceeds from sale of repossessed assets		229,886	1,076,846
Proceeds from sale of property and equipment		99,566	7,724
Purchase of property and equipment		(16,190,413)	(11,986,236)
Purchase of intangible assets		(1,175,023)	(1,502,383)
Net cash flows used in investing activities		(44,314,099)	(134,992,409)
Cash flows from Financing Activities			
Increase (decrease) in unrestricted investment accounts holders' equity		114,052,715	(24,904,434)
Distributed dividends		(27,000,000)	(27,000,000)
Net cash flow from (used in) financing activities		87,052,715	(51,904,434)
Net increase (decrease) in cash and cash equivalents		8,143,651	(226,787,227)
Effect of exchange rate on cash and cash equivalents		1,488,856	858,242
Cash and cash equivalents at the beginning of the year	54	961,850,558	1,187,779,543
Cash and cash equivalents at the end of the year	54	971,483,065	961,850,558

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them

Jordan Islamic Bank - Public Shareholding Company
Consolidated Statement of Sources and Uses of Al Qard Al Hasan Fund
For the year ended 31 December 2019 **Statement (F)**

	31 December 2019	31 December 2018
	JD	JD
Balance at the beginning of the year	14,280,494	13,497,535
Sources of the Fund:		
Sources the Bank is authorized to use	(12,717,686)	(11,367,227)
Sources outside the Bank	(1,822,430)	(2,255,054)
Total sources of the fund's assets for the year	(14,540,116)	(13,622,281)
Uses of the Fund:		
Education	1,897,157	2,561,155
Medical treatment	862,210	858,680
Marriage	624,780	621,980
Overdraft accounts	14,515,380	7,948,562
Social advances for the Bank's employees	2,474,311	2,414,863
Total uses for the year	20,373,838	14,405,240
Balance at the end of year	20,114,216	14,280,494
Less: Provision for expected credit loss – self	(3,757,667)	(2,554,737)
Balance at the end of year – net	16,356,549	11,725,757

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them

(1) General Information

Jordan Islamic Bank (“the Bank’) was established as a Jordanian public shareholding company on 28 November 1978 pursuant to the provisions of the companies law No. (12) of 1964. Head office is located in Amman.

The Bank offers banking, financial, and investment services in compliance with the rules and principles of the Islamic Shari’a through its head office, 80 branches and 28 banking offices in the Kingdom as well as its subsidiaries. The Bank’s transactions are governed by the applicable Bank’s Law.

The General Assembly decided in its extraordinary meeting held on 29 April 2019, to increase its capital by JD 20,000,000 by capitalizing JD 10,000,000 from the retained earnings account and JD 10,000,000 from the voluntary reserve account to reach an authorized paid in capital of JD 200,000,000.

Jordan Islamic Bank shares are listed on the Amman Stock Exchange – Jordan.

The consolidated financial statements were authorized for issue by the Bank’s Board of Directors in their meeting No. (1) held on 6 February 2020 and it is subject to the approval of the General Assembly and the Central Bank of Jordan.

The Bank’s Shari’a Supervisory Board reviewed the consolidated financial statements on its meeting No. (1/2020) held on 20 January 2020 and issued their annual report thereon.

According to the Bank’s articles of association and in compliance with the principles and rules of the Islamic Shari’a and the general Banks’ Laws, the Bank has appointed the Shari’a Supervisory Board which constitutes of four members according to the shareholder’s General Assembly decision. The opinion of Shari’a Supervisory Board shall be binding to the Bank, and it is responsible for monitoring the Bank’s activities and operations in terms of compliance with Shari’a principles and is responsible for furnishing a Shari’a opinion on the format of contracts necessary to undertake the Bank’s activities, and issue an annual report for the shareholder’s General Assembly.

(2) Significant Accounting Policies

Basis of preparation of the financial statements:

The accompanying consolidated financial statements of the Bank and its subsidiaries financed from the Bank’s funds and the joint investment funds have been prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and in conformity with applicable laws and regulations of the Central Bank of Jordan. And in the absence of Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions relating to financial statements items, the International Financial Reporting Standards and related interpretations are applied in conformity with the Shari’a standards, pending the promulgation of Islamic Standards therefor.

The consolidated financial statements are prepared on the historical cost basis except for the financial assets at the fair value through owner's equity, the financial assets at the fair value through the joint investment account holders' equity, financial assets at amortized cost and investment in real estate.

The consolidated financial statements are presented in Jordanian Dinars (JD) which is the functional currency of the Bank.

A distinction should be made between owner's equity and joint investment accounts holders'.

The term unrestricted investment accounts, wherever mentioned, refers to joint investment accounts.

Basis of consolidation of the financial statements:

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries financed from the Bank's funds and the joint investment funds and subject to the Bank's control. Control exists when the Bank has power to govern the financial and operational policies of subsidiaries in order to obtain benefit from their activities. All intra-company transactions, balances, revenues and expenses are eliminated.

The financial statements of subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies.

The results of subsidiaries operations are consolidated in the consolidated income statement from the acquisition date, being the date the Bank obtains control over subsidiaries. The results of operations for disposed subsidiaries shall be consolidated within the consolidated income statement until the date of disposal, which is the same date on which the Bank's loses control over subsidiaries.

The non-controlling interests represent the portion not owned by the Bank or by the unrestricted investment accounts of the subsidiaries owner's equity.

Investments in subsidiaries are accounted for at cost when the Bank issues separate financial statements.

The Bank has the following subsidiaries as at 31 December 2019:

Company name	Paid-in capital	Bank's ownership percentage	Nature of business	Country of incorporation	Acquisition date
	JD				
Al Omariah Schools Company Ltd.	16,000,000	99.4%	Education	Amman	1987
Al Samaha Financing and Investment Company Ltd.	12,000,000	100%	Financing	Amman	1998
Future Applied Computer Technology Company Ltd.	5,000,000	100%	Services	Amman	1998
Sanabel Al-Khair for Financial Investments Company Ltd.	5,000,000	100%	Brokerage	Amman	2005

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Bank's consolidated financial statements for the year ended 31 December 2018, except for the adoption of the following new standards effective as of 1 January 2019:

International Financial reporting standards number (16) "leases"

The Group has implemented International Financial Reporting Standard No. (16) in a modified application method retroactively on the date of application on 1 January 2019, and accordingly the consolidated financial statements for the previous year was not modified. The Group decided to use the practical transfer method that allows the standard to be applied only for contracts which previously identified as lease contracts. The Group also decided to use exemptions related to the recognition of lease contracts of 12 months or less, as at the date of application, which do not contain a purchase option ("short-term lease contracts") and lease contracts in which the leased asset is of low value ("low value assets").

The Group has applied International Financial Reporting Standard No. (16) in compliance with the Central Bank of Jordan regulations. The Accounting Standard for Islamic Financial Institutions No. (32) "Lease Contracts" has been issued recently effective from 1 January 2020 with the ability of early adoption and the impact of the standard will be studied later, the management believes there is no major difference between the two standards.

The effect of adoption IFRS 16 is as follows:

Effects on the consolidated statement of financial position (increase/(decrease)) as at 1 January 2019:

	1 January 2019
	JD
Assets	
Right of use assets	13,482,026
Prepaid rent	(751,091)
Liabilities	
Lease obligations	12,730,935
Total equity	-

A) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various offices. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other current assets and other current liabilities, respectively.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases contracts, except for short-term leases contracts and leases contracts of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

• Leases contracts previously accounted for as operating leases

The Group recognized right-of-use assets and lease obligations for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The bank has also used the available practical solutions according to the standard so that :

- Use a single discount rate (finance costs) for any group of lease contracts that have similar characteristics.
- The bank relies on its previous evaluation prior to the date of application and related to lease contracts that will result in a loss.
- The bank used short-term lease exemptions for short-term contracts that expire within 12 months from the date of application.
- The bank excludes the initial direct costs when measuring the asset use right at the date of application.
- The bank used subsequent information when determining the term of the lease for contracts that contain options for extending or terminating the lease.

B) Amounts recognized at Balance sheet and Income statement

Set out below, are the carrying amounts of the Bank's right-of-use assets and lease obligations and the movements during the year ended 31 December 2019:

	Right of use assets	Lease obligations
	JD	JD
As at 1 January 2019	13,482,026	12,730,935
Additions	2,524,494	2,524,494
Depreciation	(1,727,117)	-
Lease obligations	-	797,251
Payments	-	(2,275,395)
As at 31 December 2019	14,279,403	13,777,285

The Impact on the income statement (increase/(decrease)) for the year ended 31 December 2019 is as follows:

	2019
	JD
Rent expense	(2,033,134)
Depreciation	1,601,798
Lease obligation costs	748,158
Profit for the year	316,822
Net income of subsidiaries	(54,683)

The Impact on the consolidated statement of cash flows (increase/(decrease)) for the year ended 31 December 2019 is as follows:

	2019
	JD
Operating lease payments	1,601,798
Lease obligation	748,158
Net cash flows from operating activities	2,349,956
Payment of lease liabilitiy	(1,284,977)
Payment of lease obilgation costs	(748,158)
Net cash flows used in financing activities	(2,033,135)

Amendments to IAS 28: Murabaha and other Deferred Payment Sales

The Group has adopted FAS 28 which is effective on the financial statements on or after 1 January 2019.

This standard prescribes the accounting and reporting principles and requirements for Murabaha and deferred payment sales transactions and different elements of such transaction. This standard supersedes the earlier FAS 2 “Murabaha and Murabaha to the Purchase Orderer” and FAS 20 “Deferred Payment Sale”. This standard has been applied on a prospective basis for transaction executed on or after the effective date. The standard did not have any significant impact on the consolidated financial statements.

Segment Information:

Business segment represents a group of assets and operations of the Bank that are engaged together in providing products or services that are subject to risks and rewards different from those related to other business sectors, and are measured in accordance with the reports used by the General Manager and operating decision maker of the Bank.

Geographical segments are associated to products and services in a specific economic environment subject to risks and rewards different from those sectors operating in other economic environments.

Basis of distributing joint investments profit between owner's equity, unrestricted investment accounts holders' , restricted investments accounts holders' and Al-Wakala Bi Al Istithmar accounts holders' (Investment portfolio):

On 1 April 2019, article number (55) of the banks law was cancelled in accordance to the law amending banking law Number (28) for the year of 2000, accordingly the bank stopped providing for the investment risk fund starting 1 May 2019, maintaining the surplus of the fund as a provision for facing future expected investment risks continue from for the assets or the assets that are financed by joint investment account according to the CBJ instructions Number (10/1/9173) dated 27 June 2019 and Number (10/1/14348) dated 15 October 2019.

The Bank share as Mudarib was 45% for Jordanian dinar and 50% for foreign currency from total joint investment profit. Starting from 1 May 2019 the bank share as mudarib was amended to be 50% for Jordanian dinars and 55% for foreign currency from total joint investment profit as result to the suspension the deduction from the investment risk fund (2018: 45% for Jordanian Dinar, 50% for foreign currency).

The remaining balance is distributed between the unrestricted investment accounts and the Bank's invested funds, each according to its percentage of contribution, taking into consideration that the priority for funds investment relates to the unrestricted investment accounts holders'.

The bank waived a portion of its share as Mudarib and/or Rab Mal to improve the overall share of profits distributed to all of the joint investment accounts holders with an amount of JD 370,000 and some of the joint investment accounts holders with an amount of JD 2,402,699 based on tiers (segments) in accordance with the Central Bank instructions Number (10/1/9173) dated of 27 June 2019.

The joint investment accounts share in the investment profits, which are distributed to all investors each by its percentage of participation and conditions of the account agreement signed between the Bank and the investor.

Joint investment accounts participate in the profit as follows:

- 40% of the annual average balance of saving accounts.
- 70% of the annual average balance of notice accounts.
- 90% of the minimum balance of term deposit accounts.

The Bank bears all administrative expenses except for the insurance expense of Ijarah Muntahia Bittamleek assets which are allocated to the joint investment accounts profit.

The bank fees as an agent (wakeel) was deducted at a rate of 1.5% of the Al Wakala Bi Al Istithmar account's Capital (Investment Portfolio) as at 30 June 2019. The bank waived an amount of JD 826,769 which represent a portion of its share as an agent (Wakeel) and it's share of the increase in net profit over 3.5% after deducting the income tax on the agreed distributed dividends.

The bank fees as an agent (wakeel) was deducted at a rate of 1.5% of the Al Wakala Bi Al Istithmar account's Capital (Investment Portfolio) on 31 December 2019. The bank waived a portion of its share as agent (Wakeel) with an amount of JD 778,858.

Profit was distributed to Al Wakala Bi Al Istithmar (Investment Portfolio) accounts holders' after deducting the Bank's fees as an agent (wakeel).

Restricted investment accounts are managed through Mudaraba contracts.

Bank's share as Mudarib was deducted at a rate ranging between 7.7% - 25% of restricted investment accounts in Jordanian Dinars profit and at a rate of 45% of restricted investment accounts' in foreign currencies profit. Additionally, general profit rate distributed to restricted investment accounts in Jordanian Dinars was 2% and foreign currencies restricted investments accounts was between 1% - 1.25% as at 31 December 2019 (2018: 2% and 0.9% respectively).

Profit was distributed after deducting the Bank's share as Mudarib on the restricted investment accounts each according to its contribution percentage.

Shari'a non-compliant revenues, gains, expenses and losses:

The Bank recognize these amounts in a separate account within the other liabilities and shall be distributed to charitable activities as determined by the Shari'a Supervisory Board.

Zakah:

The responsibility of Zakah payment rests on the shareholders, unrestricted and restricted investment accounts holders' and participants in Al Wakala Bi Al Istithmar (Investments Portfolio) upon the fulfilment of Zakah required conditions.

<u>Deferred sales receivables:</u>

1- Murabaha Contracts:

Murabaha: is selling a commodity for the same purchase price plus an agreed predetermined profit margin computed based on a percentage of the price or fixed amount, and it represent one of Boy'ou Amanah types that depends on disclosing the purchase price or cost.

Murabaha to the purchase orderer: is the transaction whereby the Bank sells a commodity to its customer (purchase orderer) with a markup on its purchase price (or cost) after identifying that increment (Murabaha profit). It's also called Banking Murabaha.

The Bank applies the commitment to the promise principle in Murabaha to the purchase orderers contracts in accordance with the standards issued by Accounting and Auditing Organization for Islamic Financial Institutions.

Deferred sales profit (by which the buyer will pay a lump sum price that matures at a future date or instalments paid at various subsequent dates) is recognized through the proportional allocation of this profit to the future financial periods until the maturity date of the contract, regardless whether the payment is settled or not.

Deferred sales receivables are recognized when the transaction takes place at its face value, and are measured at the end of the financial period on the basis of the net realizable expected cash value, which is the amounts owed by customers at the end of the financial period less expected credit loss.

2- Istisna'a contracts:

Istisna'a: is a sale contract between Al-Mustasni' (the buyer) and Al-Sani' (the seller) whereby Al-Sani' based on the order of Al-Mustasni' under takes to have manufactured or otherwise acquire a prescribed commodity (Al- Masnoo') upon delivery in return for an agreed upon price and method of settlement, whether at the time of contracting, by instalments or deferred to specific future time. It's a condition that Al- Sani' provide the material and/or labor of Al - Masnoo'.

Parallel Istisna'a: is conducting two separate contracts, one with the customer in which the Bank represents Al-Sani' and the other with Al-Sani' (contractor) in which the Bank represent Al-Mustasni'. Profit is achieved through the price difference in the two contracts, in most cases one contract is immediately effective (with Al-Sani') and the second is deferred (with the customer).

Istisna'a costs include direct and indirect costs of the Istisna'a activities that can be allocated on objective basis for certain contracts. General and administrative expenses, marketing expenses, and research and development costs shall not be included in Istisna'a costs.

Istisna'a costs incurred during the financial period, as well as pre-contract costs shall be recognized in Istisna'a in progress account in (Istisna'a) or in Istisna'a cost account (in Parallel Istisna'a).

In cases where Al-Mustasni' (the buyer) fails to settle the agreed upon price in full and agree to make repayment through instalments during the execution of the contract or after the completion of the contract, deferred profit shall be recognized and offset against Istisna'a receivables balance in the Bank's statement of financial position. This treatment shall be applied whether the percentage of completion method or completed contract method is used in recognising Istisna'a revenues. Deferred profit recognized shall be allocated over the future financial periods whereby each financial period shall carry its portion of profit irrespective of whether cash is received or not.

Istisna'a contracts are presented in the total amounts paid by the Bank since contract inception, while parallel Istisna'a contracts are presented in the net contractual value. impairment provision is calculated as expected credit loss with forward looking charactaristics in relation to obligors and financial environment.

Any additional costs paid by the Bank in Parallel Istisna'a as a result of breaching the contractual obligations are recognized as losses in the consolidated income statement and shall not be recognized in the calculation of the Istisna'a costs account.

In case the bank retains Al- Masnoo', the asset is measured at the lower of expected realizable cash value or cost. Any difference between these values shall be recognized in consolidated income statement for period in which it was occurred.

Assets available for deferred sale:
This item represent assets acquired by the Bank for the purpose of selling these assets on a deferred basis (instalments). This type of selling assets is also called instalment-bargain sale to distinguish it from Murabaha to the purchase orderer.

At contract inception, the assets available for deferred sale shall be recognized and measured at cost (purchase price and any direct expenses related to acquisition of the assets).

Assets available for deferred sales shall be revaluated at fair value at the end of the financial period, the change in the value, if any shall be measured as the difference between the book value and the fair value. Unrealized profits (losses) shall be recognized in the fair value reserve account.

Profits of the deferred sales shall be recognized on an accrual basis and proportionally allocated over the period of the contract. Profits related to future financial periods shall be recognized in deferred sales profit account.

Deferred sales receivables shall be recognized at contract inception and measured at their face value (contracted value).

Musharaka financing:

It is the provision of funds by the Bank and customer equally or differently in order to set up a new project or participate in an existing one, whereby each of them would own a share in the capital either on a fixed or diminishing basis and would been titled to its share of the gains. Losses are divided proportionate to the partner's share in capital, whereby it would be inappropriate to stipulate otherwise, Musharke is divided into fixed or diminishing Musharke muntahia b tamleek.

The Bank's share in Musharaka capital is recorded upon delivery to the managing partner or when it is deposited in Musharaka account, as it is measured at the cash paid value or at fair value if in-kind. If a difference results from the evaluation of the in-kind item between fair value and book value, it is recognized as a profit (loss) in the statement of income.

The capital in the diminishing Musharaka is measured at the end of the financial year at the historical value less the historical value of the share sold at the agreed upon fair value, and the difference between both values is recorded as a profit or loss in the statement of income.

The Bank's share of the gains or (losses) of Musharaka financing which arises or expires during the financial year is recorded after settlement. In the event that Musharaka continues for more than a financial year, the Bank's share of the profits is recorded upon their realization by accounting for them, in whole or any part thereof, between the Bank and the partner in the financial year in which the profits occur to the extent of the distributed profits. Moreover, losses for a financial year are recorded in that year to the extent of the losses by which the Bank's share in the Musharaka capital is reduced.

An Additional provision of expected credit losses for Deferred Sale Receivable and Other Receivables in case there is an indication of a significant increase in credit risk.

At the end of the financial year, the financing assets are recorded at cost or at cash value expected to be realized, whichever is lower, and the difference is recorded as a financings impairment provision.

The income from future sales and non-performing financing granted to customers is held in suspense in accordance with the Central Bank instructions.

The deferred sales receivables and funding financed from the joint investment accounts are written off in case efforts relating to their collection are not successful against the Investment Risks Fund (except for what has been granted / financed and then written off of the deferred sales receivables and finances in the same year whereby they are recorded in the statement of income within investment income). Any amounts collected from the previously written-off receivables and finances are added to the Investment Risks Fund, except for what has been recorded in the statement of income within investment income. Moreover, deferred sales receivables and funding financed from the Bank's own funds for which an impairment provision is taken are written off, if the related collection procedures are not successful, and deducted from the impairment provision. Any surplus in the total impairment provision is transferred to the statement of income, and any amounts of the previously written-off receivables and finances collected are added to income.

Financial assets at fair value through profit or loss:
Financial assets at fair value through profit or loss, are those purchased with the intent to resell in the near future to generate gains as a result of changes in market prices of such investments.

They are initially recognized at the fair value of consideration given (transaction costs are recorded in the consolidated income statement) and subsequently re-measured at fair value. All realized and unrealized gains or losses are transferred to the consolidated income statement including any gains or losses resulting from the translation of such assets held in foreign currencies to the functional currency.

Profits realized and dividends received are recorded in the consolidated income statement.

Financial assets at fair value through owner's equity– self financed:
These assets represent investments in equity instruments funded by the Bank's self funds in order to hold them in the long term.

These assets are initially recognized at fair value plus acquisition expenses, and subsequently measured at fair value. The change in fair value is presented in the fair value reserve within owner's equity.

Gains and losses resulting from the sale of these assets is recognized within the retained earnings in accordance with Central Bank of Jordan regulations.

Any impairment loss in the value of these assets shall be recognized within the consolidated income statement.

Impairment losses previously recognized in the consolidated income statement can be retrieved if it is objectively evidenced that the increase in the fair value occurred in the period subsequent to the recording of impairment losses through the fair value reserve within the shareholders' equity.

Gains derived from these financial assets is recognized within the consolidated income statement at the date of distribution.

Gains and losses resulting from foreign currency translation differences for these assets are recognized within the fair value reserve.

Financial assets which fair value cannot be determined reliably are stated at cost, and tested for impairment at the end of each financial period and any impairment is recognized in the consolidated income statement, and cannot be retrieved in subsequent periods.

Financial assets at fair value through joint investment account holders' equity:
These assets represent investments in equity instruments and funded by joint investments accounts in order to hold them in the long term.

These assets are initially recognized at fair value plus acquisition expenses, and subsequently measured at fair value. The change in fair value is presented in the fair value reserve within joint investment account holders' equity.

Gains and losses resulting from the sale of these assets and impairment losses is recognized within the consolidated income statement including amounts previously recognized in joint investments accounts holders' equity.

The impairment losses previously recognized in the consolidated income statement can be retrieved if it is objectively evidenced that the increase in the fair value occurred in the period subsequent to the recording of impairment losses through the fair value reserve within the joint investment accounts.

Gains derived from these financial assets is recognized within the consolidated income statement at the date of distribution.

Gains and losses resulting from foreign currency translation differences for these assets are recognized within the fair value reserve.

Financial assets which fair value cannot be determined reliably are stated at cost, and tested for impairment at the end of each financial period and any impairment is recognized in the consolidated income statement, and cannot be retrieved in subsequent periods.

Financial assets at amortized cost:
This item represent financial assets invested based on contractual cash flows and is not held for trading or recognized as financial assets at fair value through income statement. Cash flows constituting of variable or constant return on the outstanding principal amount and profit.

These instruments are initially measured at cost plus acquisition expenses.

These assets are measured using the effective profit method at the end of financial period. All gains and losses arising from amortization process are recognized in the consolidated income statement.

Financial assets at amortized cost book value are reduced by the expected credit loss and are recognized within the consolidated income statement (in case the investment is self-financed) and within investment risk fund revenues (in case the investment is jointly financed).

Investments in associates:
An associate is an entity in which the Bank has significant influence over its financial and operating policies and is not controlled by the Bank, where the Bank hold a rate between 20% to 50% of the voting rights.

The Bank’s investment in associates is accounted for using the equity method of accounting.

In case of preparing the Bank’s separate financial statements, the investment in associates is presented at fair value.

Ijarah and Ijarah Muntahia Bittamleek:
Ijarah is the transfer of ownership of the right to benefit of using an asset for a consideration and is divided into:

Operating Ijarah: is Ijarah contract that do not end up with the transfer of ownership of leased assets to the lessee.

Ijarah Muntahia Bittamleek: is Ijarah contract that end up with the transfer of ownership of the leased assets to the lessee and might take more than one form in accordance with the Financial Accounting Standard issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

Assets acquired for Ijarah shall be recognized upon acquisition at historical cost including all expenditures necessary to bring the asset to its intended use. Leased assets are depreciated according to the depreciation policy used by the Bank.

When the recoverable amount from assets acquired for Ijarah is lower than its carrying amount, the assets are written down to its recoverable amount, and an impairment is recognized in the consolidated income statement.

Ijarah revenues shall be allocated proportionately to the financial periods of the Ijarah contract.

Maintenance expenses incurred in relation to the leased assets are recognized when incurred.

Investments in real estate:
This item represent a property held to earn periodical income or for capital appreciation or both.

Investments in real estate held for use shall be recognized either at cost model or at fair value model.

Investments in real estate “held for use” are recorded at cost in accordance with the cost model less the accumulated depreciation and any impairment provision. Fair value is measured for investments in real estate “held for use” under fair value model, any unrealized gains arising from the change in the fair value of investment in real estate shall be recognized in the fair value reserve.

Any unrealized losses resulting from the revaluation of the fair value of investments in real estate carried using fair value model shall be recognized in the fair value reserve, to the extent of the available balance of this reserve. In case such losses exceed the available balance, the unrealized losses shall be recognized in the consolidated income statement.

In cases where unrealized losses has been recognized in previous financial periods and unrealized gains were achieved during subsequent periods, unrealized gains shall be recognized in the consolidated income statement to the extent of previously recognized losses in the consolidated income statement, any surplus shall be recognized in the fair value reserve.

Repossessed assets by the Bank against debts

It’s the assets that was repossessed by the bank against debts with no intentions to own it by the bank, Also the bank has no intention to hold the repossessed assets in order to earn income or for capital appreciation.

Repossessed items appears in the balance sheet items in order assets items.

Deposit insurance corporations law

On 1 April 2019, an amendment was issued for the Deposit Insurance Corporations law to include Islamic banks to the Jordan Depository insurance company’s laws and regulations, the amendment specified that the contribution fees related to the bank’s self-deposits (Credit accounts and it’s equivalent and the Bank’s share of the unrestricted investment accounts) shall be borne by the Bank- self and contribution fees related to the joint investment accounts are borne by the investors – joint accounts.

IFRS 9 Financial Instruments

The Bank has adopted IFRS (9) (2014) Financial Instruments on the required effective date 1st January 2018, the date on which the Bank has assessed the requirements of the new expected credit loss impairment model, hedge accounting, and the revised guidance on the classification and measurement requirements of financial instruments. The Bank had previously implemented the first phase of IFRS (9) (classification and measurement) as issued during 2009, The date of initial implementation of the first phase of IFRS (9) was 1 January 2011, by implementing the Islamic Accounting Standard No.(25) – Investments in Sukuk, Shares and Similar Instruments.

In conformity with Central Bank of Jordan regulation No. (13/ 2018) dated 6 June 2018 regarding the application of IFRS (9) for Islamic Banks, the expected credit loss is to be applied. The remaining aspects are subject to the requirements of Islamic Accounting Standard No. (25) until the issuance of the Islamic Accounting Standard No. (30) and No. (33).

Provision for future expected investment risks

The bank deducts 10% from the joint investment accounts net profit and it was transferred to investment risk fund in accordance to banking law no 55 until 30 April 2019 only, the deduction was suspended according to law amending banking law no 28 for the year 2000 starting from 1 May 2019 which states the suspension of the article 55 from the original law.

Refering to central bank circular no (10/1/9173) dated on 27 June 2019 and no (10/1/14348) dated on 15 October 2019 the investment risk fund balance was distributed to required provisions as at 30 April 2019. And the prior year's losses retrieved will be recorded to joint investment accounts (before dirstibuting the share of Mudarib and Rab Mal)

The investment risk fund surplus was held as a provision for future expected investment risks.

When an additional provision is needed the additional provision will be charged against the assets financed by the joint investment accounts on the joint investment profit and on the consolidated income statement if the assets were self financed by the Bank. it shall be by the financial assets from joint investment accounts, and on income statements if the asset was Bank-self shares.

Fair value of financial assets:

Closing prices (purchasing assets/ selling liabilities) on the date of consolidated financial statements in active markets represents the fair value of quoted financial instruments. In the absence of quoted prices or when there is no active market, fair value is normally based on comparison with the current market value of a highly similar financial instruments. When the fair value of an investment cannot be reliably measured, it is stated at cost after the writing down any impairment.

Fair value of non-financial assets measured at fair value:

Market prices represent the fair value for non-financial assets at the date of consolidated financial statements (when active markets of such assets are available). In cases where market prices are not available, they are assessed by taking average value of three assessments of experienced and certified parties.

Depreciation:

A- Depreciation of assets available for investment

Assets available for investment shall be depreciated in accordance with the Bank's adopted policy for the investment in these assets. These assets shall be depreciated over its useful life using straight-line basis.

B- Property and Equipment

Property and equipment are measured at cost less accumulated depreciation and any impairment. Depreciation is calculated (except for lands) using the straight-line method over their estimated useful lives when property and equipment are ready for use

Item	Depreciation rate
Buildings	2%
Equipment, furniture and fixtures	5%-20%
Vehicles	15%
Computers	35%

The useful lives of property and equipment are reviewed annually. If expected useful lives vary from the estimated ones; the change in estimate is adjusted prospectively.

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 any 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 recorded in the consolidated income statement.

Intangible assets:

Intangible assets are classified based on the assessment of their useful lives to definite and indefinite. Intangible assets with definite lives are amortized over the useful economic life, and amortization is recognized in the consolidated income statement, while intangible assets with indefinite useful lives are assessed for impairment at the date of consolidated financial statements and any impairment in their value is recorded in the consolidated income statement.

Intangible assets arising from the Bank's operations are not capitalized and are recorded in the consolidated income statement for the same year.

Any indications of impairment of intangible assets are reviewed at the date of consolidated financial statements; in addition, the useful lives of these assets are reviewed annually. If expected useful lives vary from the estimated ones; the change in estimate is adjusted prospectively.

Item	Amortization rate
Software	50%

Provisions:

Provisions are recognized when the Bank has a present obligation (legal or constructive) at the date of the consolidated financial statements arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

- **End of service indemnity provision**

  End of service indemnity provision shall be calculated pursuant to the provisions of the labor law and the Bank's bylaws.

- **Employees' vacation provision**

  Employees' vacation provision shall be calculated pursuant to the Bank's bylaws, and shall be calculated in accordance with the accrual basis.

Income tax:

Tax expense comprises current taxes and deferred taxes.

Current tax is calculated based on taxable profits, which may differ from accounting profits published in the consolidated financial statements. Accounting profits may include non-taxable profits or non-deductible expenses which may be exempted in the subsequent financial years.

Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations and instructions of the Hashemite Kingdom of Jordan.

Deferred tax is the amounts expected to be paid or received as a result of temporary timing differences at the consolidated financial statements date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on laws that have been enacted or substantially enacted at the reporting date.

The carrying values of deferred income tax assets are reviewed at each reporting date 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 income tax asset to be utilized.

Costs of issuing or purchasing the Bank's Stocks:

Any costs resulting from issuing or purchasing the Bank's stocks shall be charged to the retained earnings (on a net basis after the tax effect of these costs, if any). If the issuance or purchasing is not completed, these costs shall be recorded as expenses in the consolidated income statement.

Accounts managed for customers:

This item represent the accounts managed by the Bank on behalf of its customers and shall not be recognized as part of the Bank's assets. Charges and commissions of managing these accounts shall be recognized in the consolidated income statement.

Offsetting:

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

Revenues and expenses recognition:

Revenues and expenses are recognized based on accrual basis except for revenue on non-performing deferred sales and non-performing facilities which transferred to the revenue in suspense account and not recognized within the consolidated income statement.

The commissions shall be recognized as revenues when service is rendered, and the dividends of companies' stocks shall be recognized upon realization (approved by the General Assembly of Shareholders).

Timing of financial assets recognition:

Sale or purchase of financial assets is recognized at the trade date (the date that the Bank commits to purchase or sell the asset).

Foreign Currencies:

Transactions in foreign currencies during the year shall be recorded at the prevailing exchange rate at the date of the transaction (Al Taqabud).

Monetary assets and liabilities in foreign currencies are translated to the functional currencies at the rates of exchange prevailing at the consolidated statement of financial position date as published by the Central Bank of Jordan.

Non-monetary assets and liabilities in foreign currencies carried at fair value are translated at the date in which the fair value was determined.

Any gains or losses are recognized within the consolidated income statement.

Translation gains or losses on non-monetary items carried at fair value (such as shares) are recognized within the fair value reserve.

Cash and cash equivalents:

Cash and cash equivalents consists of cash and balances with central banks and balances at banks and financial institutions with a maturity of three months, net of due to banks and financial institutions that matures within three months and restricted balances.

(3) Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in shareholders' equity and unrestricted account holders' equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ as a result of changes in conditions and circumstances of those estimates in the future.

We believe that our estimates in consolidated financial statements are reasonable and detailed as follows:

- Impairment provision of deferred sales receivables and financing: in determining impairment of financial assets, judgment is required in the estimation of the amount and timing of future cash folws as well as an assessment of whether the credit risk on the financial assets has increased significantly since initial recognition and incorporation of forward looking information in the measurement of ECL. The inputs assumptions and techniques for ECL calculation is disclosed in note (61).

- Income tax provision: the fiscal year is charged with its related income tax according to the laws and accounting standards. Also, the deferred tax assets and liabilities as well as the required tax provision are estimated and recorded.

- Management periodically revaluates the financial assets carried at cost in order to assess any impairment. Impairment on financial assets is allocated in accordance to the financing party.

- Fair value measurement: The standard requires determination and disclosure of the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRSs. The difference between level (2) and level (3) of the fair value measurements, i.e., assessing whether the inputs are observable and whether the unobservable inputs are significant. This may require judgement and careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

- Useful lives of tangible and intangible assets: Management estimates the useful lives of tangible and intangible assets upon initial recognition. Moreover, Management periodically re-assesses the useful lives of tangible and intangible assets to calculate annual depreciation and amortization based on the general status of such assets and the estimates of the productive activities expected in the future. The impairment loss (if any) is charged to the statement of income.

- A provision is set for the lawsuits raised against the Bank. This provision is based to an adequate legal study prepared by the Bank's legal advisor. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.

Important estimates related to determining the duration of the lease contract for contracts that include the option to renew the contract.

- The Group determines the duration of the lease contract as the non-cancellable period, taking into account the periods covered by the option to extend the lease if this option is certain to be exercised, or any periods related to the option to terminate the lease, if it is certain that the Group does not exercise This option.

- Under some lease contracts, the Group has the right to lease the assets for additional periods, The Bank makes some estimates when assessing whether it is certain to exercise the renewal option.

- This means that the Group takes into account all relevant factors that constitute an economic incentive to exercise the option of renewal. Subsequently, the Group reassesses the term of the lease in the event of a significant event or change in the conditions under its control, which may affect its ability to exercise (or not exercise) the renewal option (for example, a change in the business strategy).

- The Group has included the renewal period as part of the lease duration due to the importance of these assets in its operating operations. The contract term that is not subject to termination for some of these assets is considered to be relatively short and in the event that these contracts are canceled, the operational process will be negatively affected in the absence of alternatives to these assets .

(4) Cash and balances with central bank

This item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Cash in vaults	163,859,470	159,304,752
Balances at the Central Bank of Jordan:		
Current accounts	483,605,361	470,144,768
Statutory cash reserve	258,604,984	246,636,798
Total balances at the Central Bank of Jordan	742,210,345	716,781,566
Total	906,069,815	876,086,318

In compliance with Islamic Shari'a rules and the Bank's Articles of Association and bylaws, the Bank does not earn any interest on balances and current accounts held with the Central Bank of Jordan.

Amounts of JD 40,613,181 and JD 22,479,102 were deducted as at 31 December 2019 and as at 31 December 2018 respectively, which represent cash balances for accounts managed on behalf of others.

There are no balances maturing within more than three months as at 31 December 2019 and 31 December 2018.

There were no restricted balances except for the statutory cash reserve as at 31 December 2019 and 31 December 2018.

(5) Balances at banks and financial institutions

This item consists of the following:

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	JD	JD	JD	JD	JD	JD
Current and on demand accounts	1,419,560	1,560	31,158,107	41,572,535	32,577,667	41,574,095
Less:provision for expected credit loss	(2,137)	-	(25,506)	(70,702)	(27,643)	(70,702)
Net Current and on demand accounts	1,417,423	1,560	31,132,601	41,501,833	32,550,024	41,503,393
Unrestricted accounts maturing within 3 months or less	-	-	37,506,420	52,431,501	37,506,420	52,431,501
Less: provision for expected credit loss	-	-	(64,782)	(19,404)	(64,782)	(19,404)
Net unrestricted accounts maturing within 3 months or less	-	-	37,441,638	52,412,097	37,441,638	52,412,097
Total	1,417,423	1,560	68,574,239	93,913,930	69,991,662	93,915,490

In compliance with Islamic Shari'a rules and the Bank's Articles of Association bylaws, the Bank does not earn any interest on current and on demand accounts at local and foreign banks and financial institutions.

There were no restricted balances at the local and foreign banks and financial institutions as at 31 December 2019 and 31 December 2018.

(6) Investment accounts at banks and financial institutions

This item consists of the following:

	Foreign banks and financial institutions	
	31 December 2019	31 December 2018
	JD	JD
Maturing within more than one year	17,725,000	17,725,000
Less: expected credit loss	(43,465)	(82,702)
Total	17,681,535	17,642,298

There were no restricted balances at the foreign banks and financial institutions as at 31 December 2019 and 31 December 2018.

A. Movement on balances and accounts with banks and financial institutions Notes (5,6):

As of 31 December 2019:	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Beginning balance	111,730,596	-	-	111,730,596
New balances and accounts during the year	104,960,470	-	-	104,960,470
Balances and accounts paid	(128,881,979)	-	-	(128,881,979)
Ending balance	87,809,087	-	-	87,809,087

As of 31 December 2018:	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Beginning balance	76,103,633	-	-	76,103,633
New balances and accounts during the year	48,801,098	-	-	48,801,098
Balances and accounts paid	(13,174,135)	-	-	(13,174,135)
Ending balance	111,730,596	-	-	111,730,596

B. Movement on expected credit loss:

As of 31 December 2019:	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Beginning balance	172,808	-	-	172,808
Expected credit loss on new balances and accounts during the year	103,621	-	-	103,621
Expected credit loss recovered from balances and accounts paid	(140,539)	-	-	(140,539)
Ending balance	135,890	-	-	135,890

As of 31 December 2018:	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Beginning balance (Adjusted)	197,488	-	-	197,488
Expected credit loss on new balances and accounts during the year	18,881	-	-	18,881
Expected credit loss recovered from balances and accounts paid	(43,561)	-	-	(43,561)
Ending balance	172,808	-	-	172,808

(7) Deferred sales receivables and other receivables –Net

This item consists of the following:

	Joint		Self		Total	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	JD	JD	JD	JD	JD	JD
Individuals (Retail):						
Murabaha to the purchase orderer	663,840,916	686,314,870	-	-	663,840,916	686,314,870
Deferred sales	9,012,319	6,307,089	-	-	9,012,319	6,307,089
Ijarah Mawsoofa Bil Thimma	5,675,826	4,337,505	-	-	5,675,826	4,337,505
Ijarah Muntahia Bittamleek receivables	6,603,421	5,346,892	-	-	6,603,421	5,346,892
Istisna'a	280,004	320,000	-	-	280,004	320,000
Customers' receivables	5,007,706	4,461,335	5,006,529	4,699,616	10,014,235	9,160,951
Real estate financing	455,538,029	482,224,820	100,000	150,000	455,638,029	482,374,820
Corporate:						
International Murabaha	26,298,815	62,535,408	-	-	26,298,815	62,535,408
Istisna'a	16,306,663	11,175,144	-	-	16,306,663	11,175,144
Murabaha to the purchase orderer	420,430,463	379,980,825	-	-	420,430,463	379,980,825
Deferred sales	6,354	9,533	-	-	6,354	9,533
Ijarah Muntahia Bittamleek receivables	324,604	258,460	-	-	324,604	258,460
Musharaka receivables	504,125	-	-	-	504,125	-
Small and Medium Enterprises (SME's):						
Murabaha to the purchase orderer	165,484,425	153,554,195	-	-	165,484,425	153,554,195
Customers' receivables	18,840	-	2,046,313	2,220,946	2,065,153	2,220,946
Ijarah Mawsoofa bil Thimma	190,270	-	-	-	190,270	-
Ijarah Muntahia Bittamleek receivables	174,249	-	-	-	174,249	-
Istisna'a	193,000	-	-	-	193,000	-
Deferred sales	36,800	31,240	-	-	36,800	31,240
Government and public sector	879,184,944	601,486,612	176,972	9,380	879,361,916	601,495,992
Total	2,655,111,773	2,398,343,928	7,329,814	7,079,942	2,662,441,587	2,405,423,870
Less: deferred revenues*	(291,681,762)	(241,676,931)	(6,000)	(12,000)	(291,687,762)	(241,688,931)
Less: suspended revenues**	(11,035,839)	(11,380,096)	-		(11,035,839)	(11,380,096)
Less: deferred mutual insurance***	(10,609,414)	(5,919,469)	-	-	(10,609,414)	(5,919,469)
Less: expected credit loss	(96,065,775)	(92,013,250)	(723,106)	(640,838)	(96,788,881)	(92,654,088)
Net deferred sales and other receivables	2,245,718,983	2,047,354,182	6,600,708	6,427,104	2,252,319,691	2,053,781,286

* Deferred revenues include the deferred revenues of Murabaha to the purchase orderer, deferred sales, Ijarah Mawsoofa Bil Thimma and Istisna'a.

** Suspended revenues include the suspended revenues of Murabaha to the purchase orderer, deferred sales, Ijarah Mawsoofa Bil Thimma and Istisna'a.

*** Deferred mutual insurance includes insurance installments of Murabaha to the purchase orderer, deferred sales and deferred Ijarah Mawsoofa Bil Thimma.

Movements on deferred sales receivables, other receivables and financing - self:

	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Government and public sector	Total
As at 31 December 2019	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	643,323	-	-	-	-	643,323
Transfer to during the year	105,487	-	-	-	-	105,487
Used during the year (write-offs)	(23,046)	-	-	-	-	(23,046)
Balance at the end of the year	725,764	-	-	-	-	725,764

	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Government and public sector	Total
As at 31 December 2019	JD	JD	JD	JD	JD	JD
Expected credit loss of non-performing receivables on individual customer basis	259,206	-	-	-	-	259,206
Expected credit loss of watch list receivables based on individual customer basis	277,546	-	-	-	-	277,546
Expected credit loss of watch list receivables on portfolio basis	189,012	-	-	-	-	189,012
Balance at the end of the year	725,764	-	-	-	-	725,764

	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
For the year ended 31 December 2018						
Balance at beginning of the year	640,760	-	-	-	-	640,760
Transfer to during the year	2,563	-	-	-	-	2,563
Balance at the end of the year	643,323	-	-	-	-	643,323

	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Government and public sector	Total
As at 31 December 2018	JD	JD	JD	JD	JD	JD
Expected credit loss of non-performing receivables on individual customer basis	284,257	-	-	-	-	284,257
Expected credit loss of watch list receivables based on individual customer basis	267,330	-	-	-	-	267,330
Expected credit loss of watch list receivables on portfolio basis	91,736	-	-	-	-	91,736
Balance at the end of the year	643,323	-	-	-	-	643,323

There are no provisions no longer required as a result of settlement or repayment transferred to other receivables, financing, and Ijarah as at 31 December 2019 and 31 December 2018.

Movements on the deferred sales receivables were as follow:

	31 December 2019	
	Deferred sales receivables	Deferred revenues
	JD	JD
Balance at the beginning of the year	6,347,862	530,574
Additions	8,982,974	981,838
Disposals	(6,275,363)	(763,061)
Balance at the end of the year	9,055,473	749,351

Movements on the suspended revenues were as follows:

	Joint				
	For the year ended 31 December 2019				
	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	5,072,691	2,434,091	2,295,464	1,577,850	11,380,096
Add: suspended revenues during the year	2,847,028	1,366,124	1,288,320	885,562	6,387,034
Less: revenue in suspense reversed to income	(1,972,172)	(1,822,782)	(1,036,262)	(959,133)	(5,790,349)
Less: suspended revenues written off	(361,993)	-	(361,975)	(216,974)	(940,942)
Balance at the end of the year	5,585,554	1,977,433	2,185,547	1,287,305	11,035,839

	Joint				
	For the year ended 31 December 2018				
	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	2,820,964	4,140,350	2,890,168	1,850,852	11,702,334
Add: suspended revenues during the year	2,944,325	185,993	367,492	419,578	3,917,388
Less: revenue in suspense reversed to income	(384,991)	(1,892,252)	(838,863)	(391,512)	(3,507,618)
Less: suspended revenues written off	(307,607)	-	(123,333)	(301,068)	(732,008)
Balance at the end of the year	5,072,691	2,434,091	2,295,464	1,577,850	11,380,096

(8) Ijarah Muntahia Bittamleek assets - Net

This item consists of the following:

	Joint		
	31 December 2019		
	Cost	Accumulated Depreciation	Net Book Value
	JD	JD	JD
Ijarah Muntahia Bittamleek assets - real estate	815,312,778	(185,712,025)	629,600,753

	Joint		
	31 December 2018		
	Cost	Accumulated Depreciation	Net Book Value
	JD	JD	JD
Ijarah Muntahia Bittamleek assets - real estate	788,709,559	(182,907,797)	605,801,762

The accrued Ijarah instalments amounted to JD 7,102,274 as at 31 December 2019 (2018: JD 5,605,352) were included in deferred sales receivables and other receivables (Note 7).

(9) Financing - Net

This item consists of the following:

	Joint		Self		Total	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	JD	JD	JD	JD	JD	JD
Individuals (Retail):						
Diminishing Musharaka	32,417,488	31,041,161	234,183	256,148	32,651,671	31,297,309
Corporate						
Musharaka	-	2,112,320	-	-	-	2,112,320
Total	32,417,488	33,153,481	234,183	256,148	32,651,671	33,409,629
Less: provision for expected credit loss	(774,631)	(703,355)	(2,658)	(2,485)	(777,289)	(705,840)
Net Financing	31,642,857	32,450,126	231,525	253,663	31,874,382	32,703,789

Non-performing deferred sales receivables, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan amounted to JD 117,038,239 as at 31 December 2019, representing 4.31% of deferred sales receivable, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan balance compared to JD 113,149,841 as at 31 December 2018, representing 4.61% of the utilized balance.

Non-performing deferred sales receivables, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan after deducting suspended revenues amounted to JD 107,313,727 as at 31 December 2019, representing 3.97% of deferred sales, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan balance, compared to JD 102,842,456 as at 31 December 2018, representing 4.21% of the utilized balance.

Deferred sales, other receivables, and financing granted to and guaranteed by the Government of Jordan amounted to JD 882,357,000 as at 31 December 2019, representing 32.5% of deferred sales, other receivables and financing balance, compared to JD 604,491,076 as at 31 December 2018, representing 24.76 % of the utilized balance.

A. Cumulative movement on direct facilities:

As of 31 December 2019	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	786,899,683	889,259,974	355,273,752	29,342,304	133,349,784	2,194,125,497
New facilities during the year	651,768,495	347,412,449	118,646,928	6,582,536	6,012,008	1,130,422,416
Settled facilities	(329,683,023)	(432,945,410)	(110,296,556)	(12,977,453)	(29,096,240)	(914,998,682)
Transferred to stage 1	122,931,905	15,011,153	(119,108,198)	(10,109,559)	(8,725,301)	-
Transferred to stage 2	(61,873,141)	(14,216,429)	68,306,886	17,674,243	(9,891,559)	-
Transferred to stage 3	(13,257,343)	(14,702,665)	(40,662,089)	(6,738,587)	75,360,684	-
Written of facilities	-	-	-	-	(7,674,772)	(7,674,772)
Balance at the end of the year	1,156,786,576	789,819,072	272,160,723	23,773,484	159,334,604	2,401,874,459

As of 31 December 2018	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	705,716,391	638,987,899	650,299,780	26,495,310	120,896,299	2,142,395,679
New facilities during the year	429,367,219	591,183,441	16,980,230	6,250,194	6,262,450	1,050,043,534
Settled facilities	(321,510,887)	(315,970,129)	(306,600,645)	(6,323,700)	(40,661,125)	(991,066,486)
Transferred to stage 1	114,494,855	14,659,652	(114,494,855)	(12,231,692)	(2,427,960)	-
Transferred to stage 2	(131,588,485)	(21,396,510)	135,310,923	23,103,459	(5,429,387)	-
Transferred to stage 3	(9,579,410)	(18,204,379)	(26,221,681)	(7,951,267)	61,956,737	-
Written off facilities	-	-	-	-	(7,247,230)	(7,247,230)
Balance at the end of the year	786,899,683	889,259,974	355,273,752	29,342,304	133,349,784	2,194,125,497

Distribution of large corporate facilities according to the bank internal credit rating:

	As of 31 December 2019				As of 31 December 2018
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual	Individual			
	JD	JD	JD	JD	JD
Internal Rating from 1 to 6-	192,633,556	56,520,994	-	249,154,550	216,729,632
Internal Rating from 7+ to 7-	-	119,264,634	-	119,264,634	64,362,484
Internal Rating from 8 to 10	-	-	42,162,678	42,162,678	23,540,404
External Credit Rating	26,298,816	-	-	26,298,816	62,535,407
Total	218,932,372	175,785,628	42,162,678	436,880,678	367,167,927

Cumulative movement on large corporate facilities:

	Stage 1	Stage 2	Stage 3	Total
As of 31 December 2019	Individual	Individual		
	JD	JD	JD	JD
Balance at the beginning of the year	128,167,694	215,164,153	23,836,080	367,167,927
New facilities during the year	207,019,984	87,628,026	1,120,900	295,768,910
Settled facilities	(144,989,614)	(71,839,910)	(5,052,997)	(221,882,521)
Transferred to stage 1	66,364,133	(64,339,251)	(2,024,882)	-
Transferred to stage 2	(33,486,526)	35,056,102	(1,569,576)	-
Transferred to stage 3	(4,143,299)	(25,883,492)	30,026,791	-
Adjustments	-	-	-	-
Written off facilities	-	-	(4,173,638)	(4,173,638)
Adjustments from exchange rates effect	-	-	-	-
Balance at the end of the year	218,932,372	175,785,628	42,162,678	436,880,678

Distribution of SME's facilities according to the bank internal credit rating:

	As of 31 December 2019						As of 31 December 2018
	Stage 1		Stage 2		Stage 3	Total	
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Internal Rating from 1 to 6-	58,351,519	-	14,598,304	-	-	72,949,823	69,583,348
Internal Rating from 7+ to 7-	-	-	26,439,460	-	-	26,439,460	23,838,236
Internal Rating from 8 to 10	-	-	-	-	22,400,344	22,400,344	19,166,985
Collective portfolio	-	27,125,527	-	1,788,428	9,050,736	37,964,691	34,530,501
Total	58,351,519	27,125,527	41,037,764	1,788,428	31,451,080	159,754,318	147,119,070

Cumulative movement on SME's facilities:

	As of 31 December 2019					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	54,930,849	18,790,772	42,725,248	2,490,190	28,182,011	147,119,070
New facilities during the year	59,553,211	20,337,463	28,398,344	1,300,736	1,182,047	110,771,801
Settled facilities	(53,224,160)	(10,450,341)	(28,166,252)	(1,444,264)	(3,517,450)	(96,802,467)
Transferred to stage 1	14,790,447	1,577,018	(14,021,868)	(1,092,019)	(1,253,578)	-
Transferred to stage 2	(14,318,938)	(1,270,621)	17,208,949	1,357,187	(2,976,577)	-
Transferred to stage 3	(3,379,890)	(1,858,764)	(5,106,657)	(823,402)	11,168,713	-
Written off facilities	-	-	-	-	(1,334,086)	(1,334,086)
Adjustments from exchange rates effect	-	-	-	-	-	-
Balance at the end of the year	58,351,519	27,125,527	41,037,764	1,788,428	31,451,080	159,754,318

Distribution of individuals facilities according to the bank internal credit rating:

	As of 31 December 2019						As of 31 December 2018
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Internal Rating from 1 to 6-	49,278,531	-	7,719,663	-	-	56,998,194	119,002,116
Internal Rating from 7+ to 7-	-	-	9,806,800	-	-	9,806,800	10,527,513
Internal Rating from 8 to 10	-	-	-	-	20,562,542	20,562,542	15,572,525
Collective portfolio	-	488,029,230	-	14,305,951	37,006,004	539,341,185	557,752,492
Total	49,278,531	488,029,230	17,526,463	14,305,951	57,568,546	626,708,721	702,854,646

Cumulative movement on individuals facilities:

	As of 31 December 2019					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	33,526,422	579,653,911	19,873,132	18,662,872	51,138,309	702,854,646
New facilities during the year	34,970,321	236,653,607	499,074	4,948,902	3,568,966	280,640,870
Settled facilities	(12,799,343)	(319,267,809)	(2,742,594)	(9,584,912)	(10,225,089)	(354,619,747)
Transferred to stage 1	4,567,906	8,554,986	(4,567,906)	(5,713,219)	(2,841,767)	-
Transferred to stage 2	(7,404,663)	(8,352,327)	9,129,726	10,534,730	(3,907,466)	-
Transferred to stage 3	(3,582,113)	(9,213,138)	(4,664,969)	(4,542,421)	22,002,641	-
Adjustment	-	-	-	-	-	-
Written off facilities	-	-	-	-	(2,167,048)	(2,167,048)
Adjustments from exchange rates effect	-	-	-	-	-	-
Balance at the end of the year	49,278,530	488,029,230	17,526,463	14,305,952	57,568,546	626,708,721

Distribution of real estate facilities according to the bank internal credit rating:

	As of 31 December 2019						As of 31 December 2018
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Internal Rating from 1 to 6-	80,303,469	-	8,684,380	-	-	88,987,849	82,356,324
Internal Rating from 7+ to 7-	-	-	29,126,488	-	-	29,126,488	37,519,487
Internal Rating from 8 to 10	-	-	-	-	15,955,743	15,955,743	17,895,855
Collective portfolio	-	270,699,795	-	7,679,104	11,864,517	290,243,416	308,533,914
Total	80,303,469	270,699,795	37,810,868	7,679,104	27,820,260	424,313,496	446,305,580

Cumulative movement on real estate facilities:

	As of 31 December 2019					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	43,892,991	286,850,784	77,511,219	8,189,242	29,861,344	446,305,580
New facilities during the year	16,374,979	90,421,379	2,121,484	332,898	140,095	109,390,835
Settled facilities	(8,358,867)	(103,227,273)	(7,547,799)	(1,948,277)	(10,300,703)	(131,382,919)
Transferred to stage 1	37,209,420	4,879,149	(36,179,173)	(3,304,322)	(2,605,074)	-
Transferred to stage 2	(6,663,013)	(4,593,481)	6,912,108	5,782,327	(1,437,941)	-
Transferred to stage 3	(2,152,041)	(3,630,763)	(5,006,971)	(1,372,764)	12,162,539	-
Adjustment	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments from exchange rates effect	-	-	-	-	-	-
Balance at the end of the year	80,303,469	270,699,795	37,810,868	7,679,104	27,820,260	424,313,496

Distribution of government and public sector facilities according to the bank internal credit rating:

	As of 31 December 2019				As of 31 December 2018
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual	Individual			
	JD	JD	JD	JD	JD
Internal Rating from 1 to 6-	754,217,246	-	-	754,217,246	530,678,274
Total	754,217,246	-	-	754,217,246	530,678,274

Cumulative movement on government and public sector facilities:

	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
As at 31 December 2019	JD	JD	JD	JD
Balance at the beginning of the year	530,678,274	-	-	530,678,274
New facilities during the year	333,850,000	-	-	333,850,000
Settled facilities	(110,311,028)	-	-	(110,311,028)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Adjustments	-	-	-	-
Written off facilities	-	-	-	-
Adjustments from exchange rates effect	-	-	-	-
Balance at the end of the year	754,217,246	-	-	754,217,246

B. Cumulative movement on the expected credit loss for direct facilities:

As of 31 December 2019	Large corporates	SMEs	Individuals	Real estate financing	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	20,825,179	12,888,275	26,639,617	11,187,497	71,540,568
Expected credit loss on the new facilities during the year	21,165,022	3,690,721	6,768,910	2,439,641	34,064,294
Expected credit loss recovered from settled facilities	(22,415,785)	(6,361,479)	(12,977,359)	(6,784,601)	(48,539,224)
Transferred to stage 1	382,188	55,185	52,553	83,866	573,792
Transferred to stage 2	499,635	234,322	216,919	129,267	1,080,143
Transferred to stage 3	21,648,823	4,150,523	8,347,708	2,347,790	36,494,844
Impact on ending balance provision due to change in staging classification	-	-	-	-	-
Adjustments	-	-	-	-	-
Written off facilities	(3,846,665)	(1,334,086)	(1,322,842)	-	(6,503,593)
Adjustments from exchange rates effect	-	-	-	-	-
Balance at the end of the year	38,258,397	13,323,461	27,725,506	9,403,460	88,710,824
Reallocated:					
Individual level provision	38,258,397	10,243,806	8,330,094	2,616,952	59,449,249
Collective level provision	-	3,079,655	19,395,412	6,786,508	29,261,575

As of 31 December 2018	Large corporates	SMEs	Individuals	Real estate financing	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	16,487,271	16,299,890	30,842,908	9,474,552	73,104,621
Expected credit loss on the new facilities during the year	14,392,057	1,490,235	5,502,711	5,970,890	27,355,893
Expected credit loss recovered from settled facilities	(17,449,542)	(5,167,077)	(13,833,595)	(8,611,413)	(45,061,627)
Transferred to stage 1	163,716	50,160	49,218	124,731	387,825
Transferred to stage 2	1,591,976	166,495	136,063	1,715,115	3,609,649
Transferred to stage 3	8,747,133	699,462	4,733,762	2,513,622	16,693,979
Written off facilities	(3,107,432)	(650,890)	(791,450)	-	(4,549,772)
Balance at the end of the year	20,825,179	12,888,275	26,639,617	11,187,497	71,540,568
Reallocated:					
Individual level provision	20,825,179	9,501,867	7,366,000	4,136,294	41,829,340
Collective level provision	-	3,386,408	19,273,617	7,051,203	29,711,228

(10) Financial assets at fair value through owner's equity – self financed

This item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Quoted financial assets		
Companies shares	4,210,885	2,911,479
Total financial assets – quoted	4,210,885	2,911,479
Unquoted financial assets		
Companies shares	1,891,480	1,781,215
Al Wakala Bi Al Istithmar (investment portfolio)	5,939,908	6,000,000
Total financial assets - unquoted	7,831,388	7,781,215
Total financial assets at fair value through owner's equity – self financed	12,042,273	10,692,694

(11) Financial assets at fair value through investment accounts holders' equity - joint

This item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Quoted financial assets:		
Companies shares	17,834,665	19,746,863
Total quoted financial assets	17,834,665	19,746,863
Unquoted financial assets:		
Companies shares	6,399,800	4,638,897
Islamic banks portfolio	709,000	709,000
Al Wakala Bi Al Istithmar (investment portfolio)	11,980,364	11,500,000
Total unquoted financial assets	19,089,164	16,847,897
Total financial assets at fair value through the investment accounts holders' equity - joint	36,923,829	36,594,760

Financial assets stated at cost, as their fair value cannot be reliably measured amounted to JD 3,076,921 as at 31 December 2019 compared to JD 16,847,897 at of 31 December 2018.

(12) Financial assets at amortized cost

This item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Quoted financial assets		
Islamic Sukuk	12,762,000	9,908,984
Provision for expected credit losses	(441,028)	(1,453,352)
Net quoted financial assets	12,320,972	8,455,632
Unquoted financial assets		
Islamic Sukuk	182,792,530	178,682,600
Islamic banks portfolio	6,106,684	6,432,809
Total unquoted financial assets	188,899,214	185,115,409
Provision for expected credit loss for financial assets	(1,860,091)	(1,897,662)
Net unquoted financial assets	187,039,123	183,217,747
Total Financial Assets at amortized cost	199,360,095	191,673,379

Islamic Sukuk rate of return ranges between 2.8% - 5.47% payable on a semi-annual basis, with a maturity of 4 years.

Islamic Sukuk in US Dollars rate of return ranges between 6.5% - 10.5% payable on a semi annual basis,with a maturity of 6 years.

Short term Islamic Sukuk in US Dollars rate of return ranges between 2.3% - 2.9%,with a maturity of 3 to 6 months.

1. Cumulative movement on investments:

As of 31 December 2019	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Fair value at the beginning of the year	186,116,202	7,090,000	1,818,191	195,024,393
New investments during the year	27,674,027	-	-	27,674,027
Matured investments	(21,037,388)	-	-	(21,037,388)
Adjustments	-	-	182	182
Balance at the end of the year	192,752,841	7,090,000	1,818,373	201,661,214

As of 31 December 2018	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Fair value at the beginning of the year	71,018,989	7,090,000	1,818,191	79,927,180
New investments during the year	121,769,913	-	-	121,769,913
Matured investments	(6,672,700)	-	-	(6,672,700)
Adjustments	-	-	-	-
Balance at the end of the year	186,116,202	7,090,000	1,818,191	195,024,393

2. Cumulative movement on the expected credit loss:

As of 31 December 2019	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	101,584	1,431,239	1,818,191	3,351,014
Expected credit loss on new investments during the year	67,299	-	-	67,299
Expected credit loss recovered from matured investments	(100,763)	-	-	(100,763)
Adjustments	-	(1,016,613)	182	(1,016,431)
Balance at the end of the year	68,120	414,626	1,818,373	2,301,119

As of 31 December 2018	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	111,060	2,198,698	1,818,191	4,127,949
Expected credit loss on new investments during the year	60,521	-	-	60,521
Expected credit loss recovered from matured investments	(69,997)	-	-	(69,997)
Adjustments	-	(767,459)	-	(767,459)
Balance at the end of the year	101,584	1,431,239	1,818,191	3,351,014

(13) Investments in associates

This item consists of the following:

	Joint								
Company Name	Country of incorporation	Percentage of ownership	Nature of activity	Date of preparing financial statements	Acquisition date	Cost		Value under equity method	
		%				31 December 2019	31 December 2018	31 December 2019	31 December 2018
Associates						JD	JD	JD	JD
Jordan Center for International Trading Co.	Jordan	28.4	Commercial	31 December	1983	1,070,507	1,070,507	1,478,648	1,582,596
Islamic Insurance Co.	Jordan	33.3	Insurance	31 December	1995	4,625,908	4,625,908	6,732,538	6,772,605
Total associates						5,696,415	5,696,415	8,211,186	8,355,201

Investments in associates are measured using equity method. Fair value of these investments as at 31 December 2019 amounted to JD 6,374,820 compared to JD 6,847,730 as at 31 December 2018.

(14) Investments in real estate

This item consists of the following:

	Joint	
	31 December 2019	31 December 2018
	JD	JD
Investments in real estate *	111,190,169	107,340,284
Total	111,190,169	107,340,284

* Investments in real estate are presented at fair value, with a book value (cost) of JD 95,256,486 as at 31 December 2019 compared to JD 94,525,422 as at 31 December 2018.

(15) Al Qard Al Hasan - Net

This item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Al Qard Al Hasan	20,114,216	14,280,494
Less: provision for expected credit loss - self*	(3,757,667)	(2,554,737)
Al Qard Al Hasan - Net	16,356,549	11,725,757

* Movements on assets expected credit loss - self were as follows:

	Beginning balance	Appropriated during the year	Transferred during the year	Ending balance
	JD	JD	JD	JD
31 December 2019				
Expected credit loss-Self	2,554,737	1,072,576	130,354	3,757,667
Total	2,554,737	1,072,576	130,354	3,757,667

	Beginning balance	Appropriated during the year	Transferred during the year	Ending balance
	JD	JD	JD	JD
31 December 2018				
Expected credit loss-Self	4,500,000	300,000	(2,245,263)	2,554,737
Total	4,500,000	300,000	(2,245,263)	2,554,737

(16) Property and equipment - Net

This item consists of the following:

	31 December 2019					
	Land	Buildings	Equipment, Furniture and Fixtures	Vehicles	Computers	Total
	JD	JD	JD	JD	JD	JD
Cost						
Beginning balance	32,296,206	41,455,814	54,123,294	2,459,399	15,454,249	145,788,962
Additions	4,465,995	6,621,839	2,273,104	22,584	311,750	13,695,272
Disposals	(1,125,983)	-	(856,713)	(496,524)	(58,406)	(2,537,626)
Ending balance	35,636,218	48,077,653	55,539,685	1,985,459	15,707,593	156,946,608
Accumulated Depreciation	-	(7,309,475)	(43,289,995)	(1,072,914)	(12,750,779)	(64,423,163)
Depreciation of the year	-	(925,403)	(3,756,449)	(110,632)	(1,510,882)	(6,303,366)
Disposals	-	-	796,134	135,571	1,976	933,681
Ending balance	-	(8,234,878)	(46,250,310)	(1,047,975)	(14,259,685)	(69,792,848)
Net book value of property and equipment	35,636,218	39,842,775	9,289,375	937,484	1,447,908	87,153,760
Payments on purchase of property and equipment	-	-	933,060	-	2,227,365	3,160,425
Projects in progress	-	2,788,683	-	-	-	2,788,683
Net property and equipment at the end of the year	35,636,218	42,631,458	10,222,435	937,484	3,675,273	93,102,868

	31 December 2018					
	Land	Buildings	Equipment, Furniture and Fixtures	Vehicles	Computers	Total
	JD	JD	JD	JD	JD	JD
Cost						
Beginning balance	30,217,226	33,417,223	49,711,346	2,333,871	15,046,201	130,725,867
Additions	2,078,980	8,386,116	5,468,749	478,052	2,697,151	19,109,048
Disposals	-	(347,525)	(1,056,801)	(352,524)	(2,289,103)	(4,045,953)
Ending balance	32,296,206	41,455,814	54,123,294	2,459,399	15,454,249	145,788,962
Accumulated Depreciation	-	(6,588,002)	(39,559,889)	(1,013,404)	(13,502,368)	(60,663,663)
Depreciation of the year	-	(721,473)	(4,429,676)	(121,665)	(1,429,800)	(6,702,614)
Disposals	-	-	699,570	62,155	2,181,389	2,943,114
Ending balance	-	(7,309,475)	(43,289,995)	(1,072,914)	(12,750,779)	(64,423,163)
Net book value of property and equipment	32,296,206	34,146,339	10,833,299	1,386,485	2,703,470	81,365,799
Payments on purchase of property and equipment	-	-	999,985	-	613,672	1,613,657
Projects in progress	-	331,756	-	-	-	331,756
Net property and equipment at the end of the year	32,296,206	34,478,095	11,833,284	1,386,485	3,317,142	83,311,212

Fully depreciated property and equipment amounted to JD 55,223,480 as at 31 December 2019 compared to JD 51,366,220 as at 31 December 2018.

(17) Depreciation and amortization

This item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Property and equipment depreciation (note 16)	6,303,366	6,702,614
Intangible assets amortization (note 18)	937,770	751,325
Depreciation of right of use assets	1,601,798	-
Total	8,842,934	7,453,939

(18) Intangible assets

This item consists of the following:

	31 December 2019	31 December 2018
	Computer systems and softwares	Computer systems and softwares
	JD	JD
Beginning balance	529,225	520,471
Additions	1,431,088	760,079
Amortization	(937,770)	(751,325)
Total	1,022,543	529,225
Payments on softwares purchases	1,513,846	1,769,911
Ending balance	2,536,389	2,299,136

(19) Other assets

This item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Accrued revenues	214,450	146,637
Prepaid expenses	338,862	297,742
Temporary debit accounts	5,966,519	4,808,445
Stationery and publications	610,689	656,291
Prepaid rent	-	751,091
Stamps	634,042	826,791
Credit card accounts	4,891,020	1,434,322
Settlement guarantee fund deposits	25,000	25,000
Refundable deposits	318,988	303,267
Acceptable notes	39,714	124,178
Repossessed assets by the Bank against debts*	34,286,450	19,039,577
Others	305,815	305,503
Total	47,631,549	28,718,844

* the following is a summary of the movement in the assets owned by the bank in settlement of Repossessed assets by the Bank against debts:

	31 December 2019	31 December 2018
	JD	JD
Beginning balance for the year	20,466,440	13,959,148
Additions	15,840,367	7,584,138
Disposals	(229,886)	(1,076,846)
Ending balance for the year	36,076,921	20,466,440
Provision for acquired assets *	(12,363)	(12,363)
provision for impairment in acquired assets	(1,778,108)	(1,414,500)
Total	34,286,450	19,039,577

* Provision for acquired assets was calculated accordance to the letter of the Central Bank of Jordan No. (10/1/2510) dated 14 February 2017 and its amendments.

(20) Banks and financial institutions accounts

This item consists of the following:

	31 December 2019			31 December 2018		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current and on demand accounts	88,555	4,582,282	4,670,837	88,555	8,152,801	8,241,356
Total	88,555	4,582,282	4,670,837	88,555	8,152,801	8,241,356

(21) Customers' current and on demand accounts

This item consists of the following:

	31 December 2019				
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD
Current accounts	706,247,317	21,015,941	204,038,550	48,674,042	979,975,850
On demand accounts	224,328,421	95,038	600,361	-	225,023,820
Total	930,575,738	21,110,979	204,638,911	48,674,042	1,204,999,670

	31 December 2018				
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD
Current accounts	640,984,406	15,946,995	184,769,776	30,962,143	872,663,320
On demand accounts	201,949,458	2,720	1,392,274	298	203,344,750
Total	842,933,864	15,949,715	186,162,050	30,962,441	1,076,008,070

Government and public sector deposits inside the Kingdom amounted to JD 48,674,042 representing 4.04 % of the total customers' current and on demand accounts as at 31 December 2019 compared to JD 30,962,441 representing 2.88 % as at 31 December 2018.

Dormant accounts amounted to JD 37,063,637 as of 31 December 2019 compared to JD 48,071,967 as of 31 December 2018.

The restricted accounts amounted to JD 7,232,462, representing 0.60 % of the total customers' current and on demand accounts as of 31 December 2019 compared to JD 5,639,774 representing 0.52 % as of 31 December 2018 of the total customers' current and on demand accounts.

(22) Cash margins

The item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Cash margins against sales receivables, finances and other receivables	15,271,606	13,994,067
Cash margins against indirect facilities	24,638,357	24,172,828
Other margins	6,600,263	7,043,323
Total	46,510,226	45,210,218

(23) Accounts payable

The item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Customers' accounts payable	462,318	400,227
Total	462,318	400,227

(24) Other provisions

This item consists of the following:

	31 December 2019				
	Beginning Balance	Appropriated during the year	Transferred during the year	Utilized during the year	Ending Balance
	JD	JD	JD	JD	JD
End of service indemnity provision	3,800,000	617,731	-	(1,067,731)	3,350,000
Legal case held against bank provision	75,000	-	-	-	75,000
Employees' vacation provision	3,400,000	100,000	-	-	3,500,000
Contingencies provision	6,712,106	-	(87,497)	-	6,624,609
Total	13,987,106	717,731	(87,497)	(1,067,731)	13,549,609

	31 December 2018				
	Beginning Balance	Appropriated during the year	Transferred during the year	Utilized during the year	Ending Balance
	JD	JD	JD	JD	JD
End of service indemnity provision	3,500,000	300,000	-	-	3,800,000
Legal case held against bank provision	-	75,000	-	-	75,000
Employees' vacation provision	3,250,000	150,000	-	-	3,400,000
Contingencies provision*	4,540,108	-	2,171,998	-	6,712,106
Total	11,290,108	525,000	2,171,998	-	13,987,106

* Beginning balance represents amounts transferred to retained earnings as a result of IFRS (9) implementation.

(25) Income tax provision

A. Bank's income tax provision

Movements on the Bank's income tax provision were as follows:

	31 December 2019	31 December 2018
	JD	JD
Beginning balance for the year	22,459,373	23,760,966
Income tax paid	(20,818,433)	(22,247,035)
Income tax expense	34,204,739	25,596,078
Income tax paid for the years 2019, 2018	(5,845,976)	(4,650,636)
Ending balance for the year	29,999,703	22,459,373

B. Income tax expense shown in the consolidated income statement represents the following:

	31 December 2019	31 December 2018
	JD	JD
Income tax for the profit of the year	34,204,739	25,596,078
Total	34,204,739	25,596,078

Income tax provision for the year ended 31 december 2019 was adjusted starting from 1 January 2019 to reach 35% in addition to a national contribution of 3% for a total of 38% in accordance with the income tax law No. (34) of 2014 amended by law No. (38) of the year 2018.

Al Samaha Financing and Investment Company Ltd:

The Company reached a final income tax settlement up to 2018 except for the year 2015, as the Company submitted the income tax decleration, but the income tax departement has not reviewed the reports up to the date of this consolidated financial sttements.

Sanabel Al-Khai for financial investment Company Ltd:

The Company reached a final settlement with the income tax department up to 2018 except for the year 2015, as the Company submitted the income tax. Decleration, The income tax department has not reviewed the records up to the date of the consolidated financial statement.

Omaryeh school company Ltd:

The Company reached final settlement with the income tax departement up to 2016, the Company submitted the income tax declaration for the years 2018 and 2017, the income tax department has not reviewed the records up to the date of the consolidated financial statements.

Future Applied Computer Technology Company Ltd:

A final settlement was reached with the income tax department up to the year 2018.

(26) Deferred tax liabilities

This item consists of the following:

	31 December 2019					31 December 2018
	Beginning Balance	Amounts released during the year	Additions during the year	Ending Balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
A. Deferred tax liabilities –Joint*						
Financial assets at fair value through the joint investment accounts holders' equity	(1,344,483)	(3,902,668)	-	(5,247,151)	(1,993,917)	(510,904)
Investments in real estate reserve	12,814,862	(289,449)	3,408,270	15,933,683	6,054,800	4,869,648
Total	11,470,379	(4,192,117)	3,408,270	10,686,532	4,060,883	4,358,744
B. Deferred tax liabilities – self financed **						
Financial assets at fair value through owner's equity- self	2,218,490	-	1,388,608	3,607,098	1,370,697	843,026
Total	2,218,490	-	1,388,608	3,607,098	1,370,697	843,026

* Deferred tax liabilities - joint includes an amount of JD 4,060,883 as at 31 December 2019 compared to JD 4,358,744 as at 31 December 2018 resulting from the profits\ (losses) of evaluating financial and non-financial assets within the fair value reserve of the unrestricted investment accounts holders'.

** Deferred tax liabilities - self financed includes an amount of JD 1,370,697 as at 31 December 2019 compared to JD 843,026 as at 31 December 2018 resulting from the profits of evaluating financial assets within the fair value reserve of owner's equity.

Movements on deferred tax liabilities were as follows:

(26-A). Joint

	31 December 2019	31 December 2018
	JD	JD
Beginning Balance	4,358,744	4,137,456
(Disposals)/ Additions	(297,861)	221,288
Ending Balance	4,060,883	4,358,744

(26-B). Self

	31 December 2019	31 December 2018
	JD	JD
Beginning Balance	843,026	650,528
Additions	527,671	192,498
Ending Balance	1,370,697	843,026

(26-C). Reconciliation between tax profit and accounting profit:

	31 December 2019	31 December 2018
	JD	JD
Accounting profit	88,554,031	75,404,005
Non-taxable profit	(1,071,748)	(3,268,452)
Nondeductible expenses	2,619,417	1,022,963
Taxable profit	90,101,700	73,158,516
Attributable to:		
Bank	89,984,211	73,073,037
Subsidiaries	117,489	85,479
Statutory income tax rate - Bank	38%	35%
Statutory income tax rate - Subsidiaries	25%	24%
Effective income tax rate	37,96%	35%

(27) Other liabilities

This item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Accepted cheques	2,866,008	2,434,928
Revenues received in advance	1,861,703	1,769,897
Al Qard Al Hasan Fund	1,822,430	2,255,054
Temporary deposits	905,417	733,473
Miscellaneous credit balances	2,521,949	3,187,982
Cheques against notes payables	5,991,102	4,499,872
Banker’s cheques	4,062,119	6,871,191
Others	7,953,339	3,454,373
Total	27,984,067	25,206,770

(28.A) Unrestricted investment accounts

This item consists of the following:

	31 December 2019					
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Banks	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	558,350,672	351,217	11,100,439	262	16,792,915	586,595,505
Notice accounts	9,006,295	-	3,386,919	602,495	8,840,091	21,835,800
Term accounts	1,885,202,168	4,979,237	44,164,490	29,145,040	23,250	1,963,514,185
Total	2,452,559,135	5,330,454	58,651,848	29,747,797	25,656,256	2,571,945,490
Depositors' share from Investment returns	50,266,993	109,252	1,217,183	609,703	282,957	52,486,088
Total unrestricted investment accounts	2,502,826,128	5,439,706	59,869,031	30,357,500	25,939,213	2,624,431,578

	31 December 2018					
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Banks	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	527,628,610	1,248,540	9,913,534	283	7,273,225	546,064,192
Notice accounts	9,420,541	-	9,586,684	591,906	4,353,361	23,952,492
Term accounts	1,739,495,308	5,747,054	115,230,166	26,852,499	-	1,887,325,027
Total	2,276,544,459	6,995,594	134,730,384	27,444,688	11,626,586	2,457,341,711
Depositors' share from investment returns	47,950,111	147,346	2,848,453	578,059	104,600	51,628,569
Total unrestricted investment accounts	2,324,494,570	7,142,940	137,578,837	28,022,747	11,731,186	2,508,970,280

Unrestricted investment accounts share of profits is calculated as follows:

- 40% of the annual average balance of saving accounts.
- 70% of the annual average balance of notice accounts.
- 90% of the minimum balance of term accounts.

Profit percentage for Jordanian Dinars deposits was (3.0% - 5.0%) as at 31 December 2019 compared to 3.10 % as at 31 December 2018, profit percentage of foreign currencies deposits was (1.5 % - 2.0 %) as at 31 December 2019 compared to 1.10 % as at 31 December 2018.

Unrestricted investment accounts (Government of Jordan and Public Sector) inside the Kingdom amounted to JD 30,357,500, representing 1.16 % of the total unrestricted investment accounts as at 31 December 2019 compared to JD 28,022,747, representing 1.12 % as of 31 December 2018.

The withdrawal restricted investment accounts were amounted to JD 3,117,003 representing 0.12 % of the total unrestricted investment accounts as at 31 December 2019 compared to JD 4,750,541, representing 0.19 % as at 31 December 2018.

(28.B) Investment accounts holders' reserve and non- controlling interest – in subsidiaries and associates

This item consists of the following:

	Joint	
	31 December 2019	31 December 2018
	JD	JD
Investment accounts holders' reserve – Subsidiaries	14,250,620	15,486,116
Investment accounts holders' reserve – Associates	2,514,771	2,658,786
Total	16,765,391	18,144,902
Non-Controlling Interests	132,814	153,866

(29) Fair value reserve

This item consists of the following:

(29-A) Joint

	Joint	
	31 December 2019	31 December 2018
	JD	JD
Financial assets at fair value through joint investment accounts holders' equity reserve	(3,253,234)	(833,579)
Investments in real estate reserve	9,878,883	7,945,214
Total	6,625,649	7,111,635

(29-B) Self

	Self	
	31 December 2019	31 December 2018
	JD	JD
Financial assets at fair value through owner's equity - self	2,236,401	1,375,464
Total	2,236,401	1,375,464

(29-C) Movements on the fair value reserve for the unrestricted investment accounts holders' equity were as following:

	31 December 2019		
	Financial assets at fair value	Investments in real estate	Total
	JD	JD	JD
Beginning Balance*	(1,344,483)	12,814,862	11,470,379
Unrealized (loss) profits	(3,902,668)	3,408,270	(494,398)
Deferred tax (liabilities) assets	1,993,917	(6,054,800)	(4,060,883)
Profits transferred to the consolidated income statement	-	(289,449)	(289,449)
Ending Balance	(3,253,234)	9,878,883	6,625,649

	31 December 2018		
	Financial assets at fair value	Investments in real estate	Total
	JD	JD	JD
Beginning Balance *	315,946	11,505,358	11,821,304
Unrealized loss	(1,660,429)	2,194,683	534,254
Deferred tax (liabilities) assets	510,904	(4,869,648)	(4,358,744)
Profits transferred to the consolidated income statement	-	(885,179)	(885,179)
Ending Balance	(833,579)	7,945,214	7,111,635

* The fair value reserve beginning balance includes the prior year deferred tax liabilities of JD 4,358,744.

(29-D) Movements on the fair value reserve / owner's equity were as follows:

	Financial assets at fair value	
	31 December 2019	31 December 2018
	JD	JD
Beginning Balance*	2,218,490	1,858,650
Unrealized profits	1,388,608	359,840
Deferred tax liabilities	(1,370,697)	(843,026)
Ending Balance	2,236,401	1,375,464

* The fair value reserve beginning balance includes the prior year deferred tax liabilities of JD 843,026.

(29-E) Provision for probable contingencies:

Movements on probable contingent provisions were as follows:

	31 December 2019	31 December 2018
	JD	JD
Beginning balance for the year	1,042,517	-
Effect of IFRS (9) adoption	-	581,915
Adjusted beginning balance	1,042,517	581,915
Movement during the year	(282,088)	460,602
Ending Balance for the year	760,429	1,042,517

(30) Investment risk fund:

A. Movements on the investment risk fund were as follows:

	31 December 2019	31 December 2018
	JD	JD
Beginning Balance	114,435,621	105,233,556
Add: transferred from investment profits during the year (up to 30 april 2019)	6,468,523	19,175,849
Tax settlement - Net	88,390	(1,515)
Transfer to expected credit losses provision	(86,687,900)	-
Amounts recovered from prior years losses	199,426	1,489,269
Less: losses written off during the year*	(10,519)	(6,593,432)
Less: Tax payment for the years 2019, 2018	(1,078,707)	(1,412,345)
Net accrued income tax on investment risk fund**	(1,450,853)	(3,455,761)
Transfers to provision for expected future investment risk	(31,963,981)	-
Ending Balance	-	114,435,621

* The losses charged to the fund as at 31 December 2019 represent debt amortization losses at the sum of JD 10,519 compared to a sum of JD 6,543,067 as at 31 December 2018, no realized losses from sale of investment in shares as at 31 December 2019 and compared to a sum of JD 50,365 as at 31 December 2018, in accordance with Law and the Interpretation issued by the Bureau of Laws Interpretation.

On 1 April 2019, Article (55) of the Banks Law was repealed in accordance with the Banks Law No. (28) for the year 2000, As of 1 May 2019 the appropriation of the investment risk fund was discontinued. In accordance with Central Bank regulations No. (10/1/9173) dated 27 June 2019 and No.(10/1/14348) dated 15 October 2019, the surplus balance of the investment risk fund is set as a provision for any expected future investment risks for the assets funded by joint investments accounts.

** The aforementioned fund income tax item represents:

	31 December 2019	31 December 2018
	JD	JD
Beginning balance for the year	3,455,761	3,746,032
Paid income tax	(3,455,761)	(3,746,032)
Accrued income tax	2,529,560	4,868,106
Tax payment for the years 2019, 2018	(1,078,707)	(1,412,345)
Ending balance for the year	1,450,853	3,455,761

The bank reached a final settlement for joint investment risk fund income tax until the end of 2018, all taxes for the fund were paid in accordance to the shariah rules.

B. The Investment risk fund balance (provision for expected future investment risk) is distributed as follows:

	31 December 2019	31 December 2018
	JD	JD
Ending Balance	-	114,435,621
Expected credit loss for deferred sales receivables – (Note 7)	-	88,833,924
Expected credit loss for Ijarah Muntahia Bittamleek receivables – (Note 7)	-	2,089,881
Expected credit loss for financing – (Note 9)	-	703,355
Repossessed investment in real estate – (Note 19)	-	12,363
Impairment provision for repossessed investment in real estate – (Note 19)	-	1,414,500
Expected credit loss for financial assets – (Note 12)	-	3,351,014
Expected credit loss for investment accounts – (Note 5,6)	-	102,106
Expected credit loss for probable contingencies – (Note 29/E)	-	1,042,517
Total expected credit loss and impairment provision	-	97,549,660
Mutual insurance fund share – deferred sales receivables (expected credit loss)	-	(14,440,599)
Mutual insurance fund share – Ijarah Muntahia Bittamleek receivable (expected credit loss)	-	(328,020)
Remaining Balance *	-	31,654,580

* The remaining balance is related to the joint investment accounts.

Provision for expected future investment risk	31 December 2019	31 December 2018
	JD	JD
Transfered from investment risk fund	31,963,981	-
Transfered to expected credit loss provision	(1,947,850)	-
Ending balance for the year	30,016,131	-

C. Mutual Insurance Fund

Movements on the mutual insurance fund were as follows:

	31 December 2019	31 December 2018
	JD	JD
Beginning balance	75,372,392	80,887,125
Add: profits for the years 2018 and 2017	2,336,439	2,139,556
Add: insurance premiums collected during the year	2,603,011	1,148,010
Add: amounts recovered from prior years losses	94,599	39,737
Less: insurance premiums paid during the year	(4,527,471)	(4,422,911)
Less: income tax fund for the year 2017	-	(3,513,547)
Less: fund's committee members remunerations	(16,000)	(16,000)
Less: consulting fees	(1,740)	(13,340)
Less: Insurance paid for the dissolution of contracts before 2018	(69,458)	(222,440)
Less: losses written off during the year	(726,167)	(653,798)
Ending balance	75,065,605	75,372,392

The mutual insurance fund was established based on Article (54) - paragraph (D/3) of the Banks Law No. (28) for the year 2000.

Prior approval of the Central Bank of Jordan must be obtained in case of any changes to the mutual insurance fund policies.

In case of discontinuing the mutual insurance fund for any reason, the Board of Directors shall determine the way of spending the fund's sources for charity.

The Central Bank of Jordan approved considering the Mutual Insurance Fund as mitigating risk exposure according to its letter No. (10/1/12160) dated 9 October 2014.

Compensation payment for the subscriber is made from the Fund as determined by the Bank from the subscriber's outstanding debt insured in Murabaha or in any other form of deferred sales or as determined by the Bank from the debt and/or the remaining amount from the Ijarah asset in the following cases:

- Death of subscriber.
- The subscriber's physical disability, fully or partially.
- The subscriber's insolvency due to lack of income sources for at least one year, without having an assets or possessing the leased estate to settle his debt and has no opportunity to obtain income source in the upcoming year that enable the debtor to settle his debt or to continue in the finance lease.

Mutual insurance fund balance is allocated as follows:

	31 December 2019	31 December 2018
	JD	JD
Ending balance	75,065,605	75,372,392
Expected credit loss for deferred sales receivables (note 7)	(18,334,955)	(14,440,599)
Expected credit loss for Ijarah Muntahia Bittamleek receivables (note 7)	(665,045)	(328,020)
Expected credit loss of Al wakala Bi Istithmar for deferred receivables and Ijarah Muntahia Bittamleek receivable (Investment Portfolio)	(3,000,000)	-
Excess of mutual insurance fund	53,065,605	60,603,773

The expected credit loss of deferred sales receivables and Ijarah Muntahia Bittamleek receivables included in the mutual insurance fund was computed starting from 31 December 2014 in accordance to the approval of the Central Bank of Jordan.

As of the beginning of 2018, the group has applied the accrual basis instead of cash basis with regards to insurance premiums received from subscribers, additionally, it was approved to increase the ceiling of coverage to become JD 150 thousand instead of JD 100 thousand.

Mutual insurance fund covers financing granted by Bank (financing granted from joint investment account and Al Wakala Bi Al Istithmar accounts (investments portfolio).

D. Subsidiaries expected credit loss

	31 December 2019	31 December 2018
	JD	JD
Al Samaha Funding and Investment Company Ltd. - (Note 7)	485,783	485,327
Al Omariah Schools Company Ltd. - (Note 7)	595,236	604,118
Total	1,081,019	1,089,445

(31) Paid-In Capital:

The authorized and paid-in capital amounted to JD 200 million as at 31 December 2019 (2018: JD 180 million) consisting of 200 million shares (2018: 180 million shares).

(32) Reserves

Statutory reserve:

The accumulated amounts in this account represent the transferred 10% of annual profits before taxes during the current and previous years, in accordance with Banks Law. This reserve is not available for distribution to shareholders.

Voluntary reserve:

The accumulated amounts in this account represent the transferred 20% of annual profits before taxes during the current and previous years and is used for purposes determined by the Board of Directors. General Assembly is entitled to fully or partially distribute the reserve as dividends.

Restricted reserves are as follows:

Description	JD	Nature of Restriction
Statutory reserve	92,879,300	Banks Law

(33) Retained earnings

The item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Balance at the beginning of the year	89,765,833	85,577,364
Effect of IFRS (9) adoption	-	(4,540,108)
Transfer from General Banking Risk Reserve	-	1,000,000
Balance after IFRS (9) adoption	89,765,833	82,037,256
Profit after income tax	54,349,292	49,807,927
Transferred to statutory reserve	(8,860,903)	(7,547,017)
Transferred to voluntary reserve	(8,859,677)	(7,532,333)
Dividends distributed to shareholders	(27,000,000)	(27,000,000)
Transferred to increase capital	(10,000,000)	-
Balance at the end of the year	89,394,545	89,765,833

Proposed Dividends

Proposed cash dividends to be distributed to shareholders for the year is 15 % of the paid-in capital with an amount of JD 30 million. The Central Bank of Jordan issued circular No. 1/1/4693 dated 9 April 2020, in which the central bank of Jordan decided to postpone the Jordanian banks’ distribution of dividends to shareholders for the year 2019. While in the year 2018, the Group distributed 15% of the paid-in capital with amount of JD 27 million and distributed stock dividends with a percentage of 11.11% of the 2018 paid-in capital.

(34) Deferred sales revenues

This item consists of the following:

	Joint		Self-financed		Total	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	JD	JD	JD	JD	JD	JD
Individuals (Retail):						
Murabaha to the purchase orderer	43,666,084	50,852,499	-	-	43,666,084	50,852,499
Deferred sales	677,725	533,958	-	-	677,725	533,958
Ijarah Mawsoofa Bil Thimma	401,251	319,196	-	-	401,251	319,196
Istisna’a	26,670	-	-	-	26,670	-
Real Estate Financing	38,397,816	36,582,571	6,000	8,000	38,403,816	36,590,571
Corporate:						
International Murabaha	977,394	732,223	-	-	977,394	732,223
Istisna'a	666,031	68,340	-	-	666,031	68,340
Murabaha to the purchase orderer	18,612,894	17,469,611	-	-	18,612,894	17,469,611
Deferred sales	759	275	-	-	759	275
Small and Medium Enterprises:						
Murabaha to the purchase orderer	8,802,967	8,416,820	-	-	8,802,967	8,416,820
Istisna’a	16,798	-	-	-	16,798	-
Deferred sales	926	1,788	-	-	926	1,788
Government and public sector	27,748,549	23,815,365	-	-	27,748,549	23,815,365
Total	139,995,864	138,792,646	6,000	8,000	140,001,864	138,800,646

(35) Financing revenues

This item consists of the following:

	Joint		Self-financed		Total	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	JD	JD	JD	JD	JD	JD
Individuals (Retail):						
Diminishing Musharaka	463,995	442,805	3,876	4,580	467,871	447,385
Corporate						
Diminishing Musharaka	81,764	-	-	-	81,764	-
Total	545,759	442,805	3,876	4,580	549,635	447,385

(36) Gain from financial assets at fair value through the joint investment accounts holders' equity

This item consists of the following:

	Joint	
	31 December 2019	31 December 2018
	JD	JD
Dividends income	776,629	918,795
Total	776,629	918,795

(37) Gain from financial assets at amortized cost

The item consists of the following:

	Joint	
	31 December 2019	31 December 2018
	JD	JD
Islamic Sukuk	7,829,918	3,704,657
Islamic banks portfolio revenues	308,785	35,386
Total	8,138,703	3,740,043

(38) Dividends from subsidiaries and associates

This item consists of the following:

			Distributed dividends	
Joint	Ownership percentage	Distribution percentage	31 December 2019	31 December 2018
	٪	٪	JD	JD
Subsidiaries				
Al Samaha Financing and Investment Company Ltd.	100	5.0	600,000	-
Al Omariah Schools Company Ltd	99.4	5.0	637,722	765,266
Future Applied Computer Technology Company Ltd.	100	6.0	299,250	-
Associates				
Jordanian Center for International Trading Co.	28.4	7.0	67,480	86,760
Islamic Insurance Co.	33.3	6.0	300,000	400,000
Total			1,904,452	1,252,026

(39) Revenues from investments in real estate

This item consists of the following:

	Joint	
	31 December 2019	31 December 2018
	JD	JD
Realized gain from investments in real estate	953,271	1,511,676
Total	953,271	1,511,676

(40) Revenues from Ijarah Muntahia Bittamleek assets

This item consists of the following:

	Joint	
	31 December 2019	31 December 2018
	JD	JD
Ijarah Muntahia Bittamleek	42,249,023	43,075,593
Total	42,249,023	43,075,593

(41) Revenues from other investments

The item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Revenue from investment deposits at Islamic financial institutions	2,167,442	2,024,904
Total	2,167,442	2,024,904

(42) Net income of subsidiaries

This item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Revenues		
School instalments and transportation	10,169,413	10,085,865
Al Wakala Bi Al Istithmar (Investment portfolio)	298,719	276,890
Finance revenues	1,259,422	1,389,156
Projects revenues	1,944,802	2,347,123
Other revenues	372,413	376,691
Total Revenues	14,044,769	14,475,725
Expenses		
Administrative expenses	(9,946,253)	(9,826,523)
Depreciation	(1,088,624)	(1,048,911)
Provision for expected credit loss	(456)	(17,143)
Other expenses	(1,696,897)	(1,544,154)
Total expenses	(12,732,230)	(12,436,731)
Net income	1,312,539	2,038,994

(43) Share of unrestricted investment accounts holders':

This item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Banks and financial institutions	282,957	104,600
Customers:		
Saving accounts	5,347,601	5,330,900
Notice accounts	224,893	543,300
Term accounts	46,630,637	45,649,769
Total	52,486,088	51,628,569

(44) Bank's share of the joint investment accounts revenues as Mudarib and Rab Mal

The item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Bank's share as Mudarib	95,490,789	86,494,507
Bank's share as fund owner (Rab Mal)	39,491,756	34,459,563
Total	134,982,545	120,954,070

(45) Bank's self- financed revenues

This item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Deferred sales revenues – (Note 34)	6,000	8,000
Financing revenues – (Note 35)	3,876	4,580
Dividend from financial assets at the fair value through owner's equity	21,347	13,384
Total	31,223	25,964

(46) Bank's share of restricted investment revenues as Mudarib and Wakeel:

This item consists of the following:

	Wakeel	Mudarib	Wakeel	Mudarib
	31 December 2019		31 December 2018	
	JD	JD	JD	JD
Restricted investment revenues	-	1,633,035	-	1,263,897
Less: Share of restricted investment accounts holders'	-	(1,265,291)	-	(1,041,710)
Net	-	367,744	-	222,187
Al Wakala Bi Al Istithmar revenues	3,220,526	-	1,928,179	-
Less: share of Al Wakala Bi Al Istithmar accounts holders'	(2,560,229)	-	(1,205,112)	-
Net	660,297	-	723,067	-
Al Wakala Bi Al Istithmar revenues (Investment portfolio)	20,561,441	-	18,837,521	-
Less: share of Al Wakala Bi Al Istithmar accounts holders' (Investment portfolio)	(15,766,381)	-	(16,284,215)	-
Net	4,795,060	-	2,553,306	-
Total	5,455,357	367,744	3,276,373	222,187

(47) Banking services revenues

This item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Letters of credit commissions	616,572	703,782
Guarantees commissions	2,639,027	2,691,319
Collection bills commission	459,252	466,120
Transfers commission	779,392	675,938
Salary transfer commission	4,626,066	4,387,276
Returned cheques commission	1,974,140	1,542,844
Account management commission	836,853	960,105
Cheques books commission	327,417	299,592
Foreign currencies cash deposits commission	81,120	83,825
Brokerage commission	242,874	288,033
Cheques collection commission	98,544	103,743
Credit cards commission	5,502,233	5,012,065
Other commissions	2,109,689	1,882,644
Total	20,293,179	19,097,286

(48) Foreign currency gain

This item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Resulting from trading	589,946	708,851
Resulting from valuation	1,488,856	858,242
Total	2,078,802	1,567,093

(49) Other incomes

The item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Rents	117,190	71,692
Bonded revenues	269,700	380,207
Postage and telephone	405,174	371,640
Safe box leasing	262,113	237,081
Others	1,237,914	847,233
Total	2,292,091	1,907,853

(50) Employees expenses

This item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Salaries, benefits and allowances	32,034,855	31,594,370
Bank's contribution in Social Security	3,876,367	3,739,606
Medical expenses	3,159,078	3,106,973
Training expenses	148,102	225,514
Per diem	162,614	169,102
Meals	133,947	156,208
End of service benefits	1,681,474	1,588,907
Takaful insurance	241,480	237,352
Total	41,437,917	40,818,032

(51) Other expenses

This item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Postage and telephone	1,744,143	1,512,894
Printings and stationery	1,346,881	1,404,867
System maintenance and licenses	3,087,174	3,381,436
Credit Cards	2,206,978	2,151,266
Paid rent	35,598	2,062,320
Water, electricity and heating	1,484,830	1,844,315
Repair, maintenance and cleaning	1,911,124	1,781,583
Insurance premiums	844,711	809,082
Travel and transportation	1,355,855	1,183,072
Legal and consulting fees	477,792	383,103
Professional fees	126,170	113,770
Subscriptions and memberships	1,339,260	723,343
Donations	810,751	1,032,074
Licenses, governmental fees and taxes	1,001,199	839,395
Hospitality	158,366	180,592
Advertising and promotion	1,317,180	1,582,011
Saving accounts rewards	145,000	144,650
Board committees remunerations	131,000	84,000
Master card and visa accounts rewards	226,309	235,166
Board members remunerations	55,000	66,160
Investor protection fund	-	9,991
Overdraft accounts coverage	286,182	237,068
Deposit insurance subscription fees	2,474,879	-
Cheques collection	197,183	-
Lease obligation cost	748,158	-
Others	1,258,743	787,692
Total	24,770,466	22,549,850

(52) Other provisions

The item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
End of service indemnity provision	617,731	300,000
Legal cases held against bank provision	-	75,000
Employees' vacation provision	100,000	150,000
Total	717,731	525,000

(53) Basic earnings per share (EPS)

The item consists of the following:

	31 December 2019	31 December 2018
Profit for the year after income tax (JD)	54,349,292	49,807,927
Weighted average number of shares	200,000,000	200,000,000
Basic earnings per share (JD/Fils)	0.272	0.249

(54) Cash and cash equivalents

This item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Cash and balances with Central Banks maturing within 3 months	906,069,815	876,086,318
Add: Balances at banks and financial institutions maturing within 3 months	70,084,087	94,005,596
Less: Balances at banks and financial institutions maturing within 3 months	(4,670,837)	(8,241,356)
Total	971,483,065	961,850,558

(55) Restricted investments

This item consists of the following:

	Real estate trading		International Murabaha		Deferred sales receivables		Ijarah Muntahia Bittamleek		Cash balances		Total	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Beginning balance	311,641	311,641	14,404,109	18,117,602	6,284,280	4,275,619	11,865,509	8,022,560	3,932,356	841,341	36,797,895	31,568,763
Deposits	-	-	9,325,613	2,089,331	3,184,697	2,180,535	3,560,134	6,066,261	4,079,458	6,888,627	20,149,902	17,224,754
Withdrawals	-	-	(3,320,227)	(5,939,509)	(1,480,963)	(450,654)	(1,570,679)	(2,849,557)	(6,485,576)	(3,797,612)	(12,857,445)	(13,037,332)
Investment profits	-	-	494,556	243,854	399,895	315,501	738,584	704,542	-	-	1,633,035	1,263,897
Bank's fees as Mudarib	-	-	(238,929)	(107,169)	(46,658)	(36,721)	(82,157)	(78,297)	-	-	(367,744)	(222,187)
Ending balance	311,641	311,641	20,665,122	14,404,109	8,341,251	6,284,280	14,511,391	11,865,509	1,526,238	3,932,356	45,355,643	36,797,895
Less: suspended deferred profits	-	-	-	-	(1,251,138)	(965,346)	-	-	-	-	(1,251,138)	(965,346)
Less: Mutual Insurance fund		-	-	-	(546,156)	(258,232)	-	-	-	-	(546,156)	(258,232)
Ending balance, Net	311,641	311,641	20,665,122	14,404,109	6,543,957	5,060,702	14,511,391	11,865,509	1,526,238	3,932,356	43,558,349	35,574,317

(56) Al Wakala Bi Al Istithmar (Investments Portfolio)

This item consists of the following:

	Financial assets through comprehensive income statement		Financial assets through income statement		Real estate trading		Deferred sales receivables		Ijarah Muntahia Bittamleek		Cash balances		Total	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Beginning balance	-	-	30,820,426	34,195,155	35,475,586	35,307,948	254,502,322	267,062,292	58,328,090	58,256,202	14,748,806	19,816,958	393,875,230	414,638,555
Number of investment units at beginning of the year	**-**	**-**	-	-	-	-	-		-	-	-	-	825,910	703,169
Value of investment units at beginning of the year	**-**	**-**	-	-	-	-	-		-	-	-	-	412,955,000	351,584,500
Deposits	28,813,317	-	1,963,756	195,169	1,238,549	375,040	104,822,970	52,364,179	18,792,184	6,438,187	126,817,459	117,438,348	282,448,235	176,810,923
Withdrawals	(750,067)	-	(31,825,461)	(1,500,300)	(2,715,835)	(471,103)	(73,719,223)	(79,200,928)	(10,854,022)	(10,179,632)	(106,369,802)	(122,506,500)	(226,234,410)	(213,858,463)
Investment profits (losses)	16,677	-	(958,721)	(2,033,050)	405,986	329,626	16,549,258	16,223,494	4,548,241	4,317,451	-	-	20,561,441	18,837,521
Bank's Fees as Wakeel	-	-	-	(36,548)	(187,646)	(65,925)	(3,394,902)	(1,946,715)	(1,212,512)	(504,118)	-	-	(4,795,060)	(2,553,306)
Total	28,079,927	-	-	30,820,426	34,216,640	35,475,586	298,760,425	254,502,322	69,601,981	58,328,090	35,196,463	14,748,806	465,855,436	393,875,230
Less: deferred profits	-	-	-	-	-	-	(39,563,722)	(27,328,217)	-	-	-	-	(39,563,722)	(27,328,217)
Less: Deferred mutual insurance	-	-	-	-	-	-	(1,199,429)	(692,166)	-	-	-	-	(1,199,429)	(692,166)
Less: expected credit loss provision	-	-	-	-	-	-	(9,122,910)	(7,706,365)	-	-	-	-	(9,122,910)	(7,706,365)
Ending balance, Net	28,079,927	-	-	30,820,426	34,216,640	35,475,586	248,874,364	218,775,574	69,601,981	58,328,090	35,196,463	14,748,806	415,969,375	358,148,482
Number of investment units at end of year													825,910	703,169
Value of investment units at end of year													412,955,000	351,584,500
Investment risk reverse	-	-	-	-	-	-	2,221,492	-	-	-	-	-	2,221,492	
Profit reserve	-	-	-	1,963,542	-	-	-	-	-	-	-	-	-	1,963,542
Fair value reserve	(347,224)	-	-	-	812,772	2,826,233	-	-	-	-	-	-	465,548	2,826,233
Deferred tax liabilities	(212,815)	-	-	-	498,150	1,732,207	-	-	-	-	-	-	285,335	1,732,207
Other liability	-	-	-	-	42,000	42,000	-	-	-	-	-	-	42,000	42,000
Ending Balance	(560,039)	-	-	1,963,542	1,352,922	4,600,440	2,221,492	-	-	-	-	-	415,969,375	358,148,482

(57) Al Wakala Bi Al Istithmar

This item consists of the following:

	31 December 2019	31 December 2018
	JD	JD
Al Wakala Bi Al Istithmar accounts – Baraka Group	44,064,464	43,820,455
Al Wakala Bi Al Istithmar accounts – Central Bank of Jordan	16,080,646	18,108,306
Investment in Wakala – Islamic Insurance Company	1,286,609	1,286,609
Total	61,431,719	63,215,370

- Wakala investments accounts represent cash amounts deposited at the Bank that are managed and invested in accordance with Islamic Shari'a compliant investment modes agreed upon with the Muwakkil in exchange of a lump sum or percentage of the invested funds mentioned in Wakala contract. Any losses incurred shall be borne by the Muwakkil unless arising from the Bank's (Wakeel) negligence or misconduct.

- The Bank's fee is 1% - 1.25% annually.

(58) Related parties transactions

A. The consolidated financial statements include the financial statements of the Bank and the following subsidiaries:

		Paid - in Capital	
Company Name	Ownership	31 December 2019	31 December 2018
		JD	JD
Al Omariah Schools Company Ltd.	99.4%	16,000,000	12,825,000
Al Samaha Financing and Investment Company Ltd.	100%	12,000,000	12,000,000
Future Applied Computer Technology Company Ltd.	100%	5,000,000	5,000,000
Sanabel Al-Khair for Financial Investments Company Ltd.	100%	5,000,000	5,000,000

The Bank entered into transactions with the parent Company, subsidiaries, associates, major shareholders, board members and senior executive management within the Bank's ordinary course of business using normal Murabaha rates and commercial commissions. All deferred sales receivables, financing and Ijarah Muntahia Bittamleek granted to related parties are considered performing and within the first stage.

B. Below is a summary of transactions with related parties:

	Related parties				Total	
	Parent Company	Associates	Subsidiaries	Board members and Senior Executive management	31 December 2019	31 December 2018
	JD	JD	JD	JD	JD	JD
Consolidated statement of financial position items:						
Deferred sales receivables	-	1,489,936	2,397,784	8,456,447	12,344,167	9,921,567
Financing of employees housing/ Musharaka	-	-	-	1,245,098	1,245,098	1,493,978
Musharaka financing	-	-	-	-	-	1,437,300
Deposits	79,551	5,965,545	3,451,050	2,017,977	11,514,123	12,717,431
Off consolidated statement of financial position items:						
Guarantees and Letters of credit	-	34,750	773,833	3,129,990	3,938,573	2,840,754

					31 December 2019	31 December 2018
Consolidated income statement items:						
Paid expenses	-	5,043,832	1,249,233	5,204,534	11,497,599	10,794,914
Received revenues	24	145,050	161,423	438,852	745,349	314,051
Paid Profits	-	168,827	3,530	5,590	177,947	160,886

Murabaha rate on granted financing ranged between 4% - 5.5% annually as at 31 December 2019 (2018: 4% - 5.5%).

Musharaka profit rate of financing granted to the employees ranged between 2% - 4.8% annually as at 31 December 2019 (2018: 2% - 4.8%).

Guarantees commission rate ranged between 1% - 4% annually as at 31 December 2019 (2018: 1% - 4%). Letters of credit commission rate ranged between 1/4% - 3/8% quarterly as at 31 December 2019 (2018: 1/4% - 3/8% quarterly).

Individuals and corporate deposits profit’s percentages equals to the related parties profit percentages.

C. Summary of the Bank's senior executive management benefits (salaries, remuneration and other benefits) were as follows:

	31 December 2019	31 December 2018
	JD	JD
Salaries, remunerations and transportation	3,201,282	3,273,462
End of service benefits	1,462,917	212,896
Total	4,664,199	3,486,358

(59) Fair value of financial instruments

The Bank uses the following order of valuation methods and alternatives to determine and present the fair value of the financial instruments:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the inputs are significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the inputs are significant to the fair value measurement is unobservable.

The table below illustrate the analysis of the financial instruments measured at fair value according to the aforementioned order:

31 December 2019	First Level	Second Level	Third Level	Total
Financial assets at fair value through joint investment accounts holders' equity	JD	JD	JD	JD
Financial instruments	17,834,665	16,012,243	-	33,846,908
31 December 2018				
Financial assets at fair value through joint investment accounts holders' equity				
Financial instruments	19,746,863	-	-	19,746,863

(60) Fair value of financial assets and liabilities not measured at fair value in the consolidated financial statements

As disclosed in notes (11), the financial instruments includes unquoted financial assets amount to JD 3,076,921 which are stated at cost as the Bank cannot reliably determine its fair value. No indication of impairment exist.

(61) Risk Management

The Bank undertakes the risk management function through a comprehensive risk management framework approved by the Bank's Board of Directors. The goal of risk management is to establish a safe business environment in order to pursue the Bank's strategic objectives

Our bank manages its various banking risks by following comprehensive risk management procedures, including appropriate oversight by the Board of Directors and senior management in order to identify, measure, follow-up and monitor the relevant risk categories and prepare reports on them, and maintain where necessary capital is sufficient to address these risks. These procedures take into account appropriate steps to comply with the provisions and principles of Islamic Sharia.

The risks that our bank may be exposed to are managed according to the general provisions for managing the risks approved by the Board of Directors according to the following principles:

1. Manage risk t through a central, non-executive, independent of business and business support departments, which is the risk management department.

2. Use the three defense lines model to manage risks in our bank, so that it is the first line of defense from the business and support departments, which is the body responsible for the risks to which our bank may be exposed (Risk Owners) and the application of approved controls, and the second line of defense from the Risk Management Department Which defines the controls necessary for risk management in cooperation with the Compliance Control Department and the Internal Control Department, the third line of defense from the Internal Audit Department and the Internal Sharia Audit Department that ensures the application of the controls and their effectiveness.

3. Identify risks that our bank might be exposed to and determining the material risks based on the materiality test that is carried out by the Risk Management Department.

4. Determining the acceptable level of risk for all material risks that our bank may be exposed to, and it is prohibited to exceed it under any circumstances except with the approval of the Board of Directors.

5. Using highly efficient measurement methods to measure all material risks and determine the capital required.

6. Monitor all risks that our bank may be exposed to on an ongoing basis, and prepare the risk profile in accordance with the type of risk and the degree of its materiality.

7. Use of internal control and control systems.

8. Applying the requirements of the Basel Committee on Banking Supervision Standards and best professional practices in risk management.

9. Disseminating culture of risk management for all the different administrative levels in our bank.

The main objective of our bank's risk management is to provide a safe business environment that works to achieve our bank's strategic objectives, by achieving a set of goals as follows:

1. Capital:

Maintaining a safe level of capital through adhering to the minimum levels of capital adequacy in accordance with the instructions of the Central Bank of Jordan.

Maintaining high and high quality capital capable of absorbing losses at any time and in accordance with the requirements of Basel 3 and the relevant Central Bank of Jordan instructions.

Leverage ratio remains within safe levels by adhering to the minimum level in accordance with the instructions of the Central Bank of Jordan.

2. Quality of Assets:

The percentage of Non-Performing accounts remains within the limits set by the Board of Directors.

The absence of a concentration that exceeds the limits approved at the level of the customer / investment / economic sector / period.

3. Liquidity:

Having sufficient levels of liquidity to meet the needs of customers in normal and stress conditions.

Commitment to the minimum levels of the legal liquidity ratio for total currencies, the Jordanian dinar, the liquidity coverage ratio, and the net stable funding ratio.

4. Internal Control and Control Systems:

Meet the requirements mentioned in the Central Bank of Jordan instructions related to the internal control and control systems.

Reviewing the operations carried out in our bank and ensuring that the necessary controls are specified in a manner commensurate with the approved risk appetite and the nature and size of risks that our bank may be exposed to.

5. An effective risk management reporting system:

Commitment to what was mentioned in the instructions of the Central Bank of Jordan regarding dealing with domestic systemically important banks (D-SIB's) regarding data and preparing reports on risk management issued by the Basel Committee for Banking Supervision.

The Risk Management Department reports directly to the Risk Management Committee of the Board of Directors and indirectly to the CEO / General Manager of the Bank, and defines the responsibilities of the Risk Management Department according to the following:

1. Supervising the stages of the risk management process in our bank.

2. Identify the risks that our bank might be exposed to and evaluating them to determine the material risks.

3. Preparing material risk policies that include approved risk appetite and risk management strategies.

4. Define risk management strategies according to the type of risk, its size and the acceptable level for each of them, taking into account the levels of capital, liquidity and human resources available in terms of the efficiency and adequacy of staff to manage the risks to which our bank may be exposed.

5. Use and develop high-efficiency measurement methods to measure all material risks and determine the required capital.

6. Analyzing the operations carried out in our bank and ensuring that the necessary controls are determined in proportion to the approved risk appetite and the type and size of risks.

7. Monitor the risks that our bank may be exposed to on an ongoing basis, and prepare the risk structure according to the type of risk and the degree of its materiality.

8. Supervising Enterprise Risk Management Solutions (ERM).

Limits of Acceptable Risk:

Our Bank determines the acceptable level of risks and is approved by the Board of Directors, and the actual level is monitored and compared to the acceptable level of risk on regular intervals and is considered one of the most important elements of governance in the risk management process, and is in line with the business model adopted by our Bank.

Quantitative and qualitative disclosures:

1. Managing Credit risk:

The main activity of our bank is the granting of funds and providing banking services to various customers. As a result, our bank is exposed to credit risk, which is defined as the inability or willingness of the customer to fulfill his contractual obligations to the bank. Credit risks are the main risks to which our bank is exposed to, which requires the availability of resources to manage these risks effectively.
Credit risk management based on several principles, most notably:

1. The segregation of duties between business, credit, and entities granting facilities in the core banking system.

2. Clearly define the criteria for granting credit to all customers in the credit policy, according to the nature of the customer.

3. Preparing the due diligence study for all credit applications, regardless of the nature of the customer, the amount of financing, the size and type of credit risk mitigations.

4. Determine the profit rate on facilities based on the degree of risk to which our bank is exposed.

5. Determine the matrix of authorities granted to all related parties to the credit approval process according to the nature of the customer.

6. Determine the role of all entities related to the credit approval process according to the nature of the customer, in a manner that enhances corporate governance for managing credit risk.

7. Implement the requirements of the Basel Committee on Banking Supervision Standards and Best Professional Practices in Credit Risk Management in line with the instructions of the Central Bank of Jordan in particular.

Credit study, Control and Follow-up:

The credit application is prepared by the business departments, and the credit department makes due diligence in studying credit applications, and then the credit application is presented to the credit authority body, in order to achieve the principle of segregation of duties.
The evaluation of customers of large, small and medium entities and high net worth individuals through the internal credit rating system (Moody's), at the level of the Obligor Risk Rating (ORR), and at the level of Facility Risk Rating (FRR).
The customer level credit rating (ORR) represents the creditworthiness of the customer and reflects the probability of default (PD).

The credit rating at the level of Facility Risk Rating (FRR) represents the quality of the credit risk mitigations provided by the customer, which reflects the loss given default ratio (LGD).

International Financial Reporting Standard (IFRS9)

Internal credit rating system:
Our bank has an internal rating system to improve the quality of the credit process, as the classification process relies on “operational” qualitative and “financial” quantitative criteria to assess the creditworthiness of customers.
The credit rating system aims to:

- Improving the quality of the credit decision by relying on the internal credit rating.
- Calculate the customer probability of default.
- Pricing credit facilities in a manner consistent with the size of the risks to which our bank is exposed.
- Measuring the credit risks to which our bank exposed to in a standard way at the customer level and at the level of the credit portfolio.
- Improving the quality of the credit portfolio by setting the limits on the credit portfolio according to the internal credit classification.
- Monitor the credit portfolio through the internal credit rating.

Internal Credit Rating System mechanism:

- Rating process done through basic inputs such as financial data and through the qualitative data of the customers.
- Ensure that customer data updated at least annually.

Calculating Expected Credit Losses (ECL) on financial instruments mechanism:

The external rating of the international rating agencies was adopted to calculate the probability of default for the financial instrument, and the loss given default was calculated based on the best professional practices in this field so that the geographical distribution, the economic sector and the capital structure of the issuing body are taken.

Scope of application / expected credit loss:

The expected credit loss measurement model was applied to our bank according to the requirements of the standard as follows:

1. Direct and indirect credit facilities.
2. Sukuk recorded at amortized cost.
3. Islamic finance products that bear the characteristics of debt (principal and return).
4. Credit exposures to banks and financial institutions.
5. Ijara receivables.

Governance of application of the requirements of International Financial Reporting Standard 9:

1. Board of Directors

Our bank's board of directors and committees roles represented in the following:
Approve the methodology of applying the standard and related policies.
Approve the business model through which the objectives and principles of acquisition and classification of financial instruments are determined.
Ensuring the existence and implementation of effective control systems through which the roles of the related parties are defined.
Ensure the availability of infrastructure to ensure the application of the standard that includes (human resources / internal credit rating systems / automated systems to calculate expected credit losses, etc.), so that it is able to reach the results that ensure adequate hedging against expected credit losses.

2. Executive Management

The role of the executive management is as follows:
Preparing the methodology for applying the standard according to the requirements of the regulatory authorities.
Preparing the business model in accordance with the bank's strategic plan.
Ensure compliance with the approved methodology for applying the standard.
Supervising the systems used to implement the standard.
Calculating the necessary provisions to meet the expected credit losses according to the instructions of the Central Bank of Jordan.
Monitor the size of the expected credit losses and ensure the adequacy of its provisions.
Preparing the required reports for the relevant authorities.
Communicate with the company providing the system with any updates that may occur to the calculation forms and tools or any other inquiries in particular.
Definition and mechanism for calculating and monitoring probability of default (PD), exposure at default (EAD), and loss given default (LGD):
Default Definition:

The concept of default has been defined for the purposes of applying the standard as follows:

1. The presence of past dues on the customer for a period of 90 days or more, or the presence of clear indicators of their near default or bankruptcy.

2. Delay in the payment of profits and / or principal of the sukuk by the issuer of the sukuk for a period of 90 days or more.

3. Default of the banks whose our bank maintains balances.

1- Calculating Probability of Default:

Probability of default (PD): The percentage of the debtor's probability of default or delay in fulfilling the payment of installments or obligations on the specified dates within the next 12 months.
a. Individual Basis:

Banks and financial institutions:
The external credit rating used by international rating agencies is used, which expresses the probability of default through the economic cycle (PD TTC).

Large, medium and small companies and high net worth individuals:

The probability of default through the economic cycle (PD TTC) is extracted from the internal credit rating system.

The probability of default through the economic cycle (PD TTC) is converted to probability of default to a specific point in time (PD PIT), using the system provided by the system provider.
b. Collective Basis:

The probability of default (PD PIT) calculated using the system provided by the provider company with analysis of historical data and additional data on customers such as gender, education, age and period of dealing with our bank, etc.

2- Calculating Exposure at Default:

A - Direct credit facilities
The credit exposure value has been calculated at default, equal to the balance of the credit facilities (drawn and undrawn) as at the date of the financial statements.

B - Indirect Credit Facilities:
The credit exposure value was calculated at default, equal to the full indirect credit facilities (drawn and undrawn) without applying any credit conversion factor (CCF).

3- Calculating Loss Given Default:

A - Banks and Financial Institutions:
Loss given default for banks and financial institutions has been calculated by the RiskCalc LGD Model provided by the system provider.
B - Large, medium and small companies and high net worth individuals:
The model provided by the provider company was used to calculate the RiskCalc LGD Model, so that it is calculated in two parts:
Part one: Collateralized Covered facililties
Part Two: Non-Collateralized facilities According to the RiskCalc LGD Model.

Determinants of the significant increase in credit risk in calculating expected credit losses:

Significant Increase in Credit Risk is determined by comparing the customer's current rating with the rating at the date the funds are granted, using Relative Staging Rules that determines the number of degrees of decline needed to classify accounts within the second stage or within The third stage of the initial classification date at the granting process is the common elements (specifications) that have been relied upon in measuring credit risk and expected credit loss on a Collective Basis.

Common elements and specifications were determined based on the historical analysis of default in the collective portfolio and linked to economic indicators and qualitative specifications for customers, and then taking elements that have an impact on default indicators.
The main economic indicators that were used in calculating the expected credit loss (ECL):
The indicators differ according to the type of portfolio, and according to the qualitative specifications of the customers inside the portfolio.

Scenarios used:
Based on the variables of the Gross Domestic product and Amman Stock Exchange Index, three scenarios have been assumed to calculate the expected credit losses as follows:

Scenario	Weighting scenario
High economic growth scenario	30%
Basic scenario	40%
Low economic growth scenario	30%

1. Credit risk exposure (net of impairment provision and expected credit loss, deferred and suspended revenues, and before collaterals and other risk mitigation factors)

	Joint		Self-financed	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	JD	JD	JD	JD
Items within the consolidated statement of financial position:				
Balances with central banks	-	-	742,210,345	716,781,566
Balances with banks and financial institutions	37,441,638	52,412,097	32,550,024	41,503,393
Investment accounts with banks and financial Institutions	17,681,535	17,642,298	-	-
Deferred sales receivables and other receivables:				
Individuals	578,282,666	598,698,943	16,418,096	12,385,356
Real estate	366,101,059	384,168,659	93,894	137,922
Companies:				
Corporate	408,112,168	408,360,661	651,960	99,673
Small and Medium Enterprises (SMEs)	142,177,900	128,452,109	2,621,251	2,525,446
Government and public sector	751,045,190	527,673,810	3,172,056	3,004,464
Financing				
Musharaka:				
Individuals	-	-	44,085	44,085
Real estates	31,642,857	30,337,806	187,440	209,578
Corporate	-	2,112,320	-	-
Off consolidated statement of financial position items:				
Guarantees	-	-	119,719,170	116,550,843
Letters of credit	12,639,813	13,226,229	12,437,308	9,414,522
Acceptances	-	-	2,179,369	3,308,413
Unutilized limits-direct	114,205,450	109,094,793	-	-
Unutilized limits-indirect	-	-	59,743,127	70,352,098
Total	**2,459,330,276**	**2,272,179,725**	**992,028,125**	**976,317,359**

Collaterals and other credit risk mitigation techniques against Credit Exposures:

The quantity and quality of the required collaterals depends on the credit risk assessment of the counterparty. It is also possible to adjust or reduce the risk exposure related to the debtor, concerned party or any other obligor using the credit risk mitigation techniques applicable in the Islamic banks. These include (asset mortgage, third party guarantee, earnest money, cash margins, and shares mortgage).

Credit risk mitigations against credit exposure in the aforementioned table were as follows:

- Cash margins
- Bank guarantees
- Real estate collaterals
- Vehicles and machinery mortgages

2- Credit exposures of deferred sales receivables and other receivables and financing are distributed according to the risk degree as illustrated in following table:

	Joint							Self – financed						
			Companies							Companies				
	Individuals	Real estate financing	Corporate	SMEs	Government and public sector	Banks and other financial institutions	Total	Individuals	Real estate financing	Corporate	SMEs	Government and public sector	Banks and other financial institutions	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2019-														
Low risk	3,986,150	-	26,298,815	1,097,806	879,184,944	-	910,567,715	114,846	-	-	-	3,172,056	742,210,345	745,497,247
Acceptable risk	626,222,688	401,736,674	348,591,495	130,128,504	-	55,231,420	1,561,910,781	16,421,260	290,098	145,823	1,989,491	-	32,577,667	51,424,339
Due: *														
Up to 30 days	13,266	95,764	-	2,632	-	-	111,662	-	-	-	-	-	-	-
From 31 to 60 Days	858,484	1,016,182	4,539,286	757,415	-	-	7,171,367	3,313	-	-	-	-	-	3,313
Watch list	27,038,823	50,363,498	61,294,899	17,180,404	-	-	155,877,624	1,688,139	-	551,511	671,310	-	-	2,910,960
Non performing:														
Sub standard	2,704,278	1,595,111	-	715,510	-	-	5,014,899	257,700	-	-	38,947	-	-	296,647
Doubtful	4,521,724	2,142,866	14,791,151	1,042,953	-	-	22,498,694	211,184	-	28	76,291	-	-	287,503
Loss	25,946,529	32,117,368	12,894,664	15,932,407	-	-	86,890,968	1,210,287	-	14,315	824,927	-	-	2,049,529
Total	690,420,192	487,955,517	463,871,024	166,097,584	879,184,944	55,231,420	2,742,760,681	19,903,416	290,098	711,677	3,600,966	3,172,056	774,788,012	802,466,225
Less: deferred revenues	70,994,590	58,374,015	25,516,476	8,656,927	128,139,754	-	291,681,762	-	6,000	-	-	-	-	6,000
Less:suspended revenues	5,585,554	1,977,433	2,185,547	1,287,305	-	-	11,035,839	-	-	-	-	-	-	-
Deferrd mutual insurance	7,034,743	3,574,671	-	-	-	-	10,609,414	-	-	-	-	-	-	-
Less:Expected credit loss	28,522,639	26,285,482	28,056,833	13,975,452	-	108,247	96,948,653	3,441,235	2,764	59,717	979,715	-	27,643	4,511,074
Net	578,282,666	397,743,916	408,112,168	142,177,900	751,045,190	55,123,173	2,332,485,013	16,462,181	281,334	651,960	2,621,251	3,172,056	774,760,369	797,949,151

* The whole receivable balance is considered payable if one instalment falls due.

	Joint							Self – financed						
			Companies							Companies				
	Individuals	Real estate financing	Corporate	SMEs	Government and public sector	Banks and other financial institutions	Total	Individuals	Real estate financing	Corporate	SMEs	Government and public sector	Banks and other financial institutions	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2018-														
Low risk	2,224,901	-	62,535,408	1,008,521	601,486,612	-	667,255,442	-	-	-	-	3,004,464	716,781,566	719,786,030
Acceptable risk	648,619,576	441,745,693	359,985,895	119,874,012	-	70,156,501	1,640,381,677	8,539,462	362,063	109,979	2,533,479	-	41,574,095	53,119,078
Due: *														
Up to 30 days	27,134	2,838	-	11,822	-	-	41,794	143	-	-	-	-	-	143
From 31 to 60 Days	802,875	1,508,711	3,481,613	1,032,499	-	-	6,825,698	20,714	-	-	-	-	-	20,714
Watch list	22,105,105	30,502,651	18,552,795	12,404,374	-	-	83,564,925	4,369,162	-	-	-	-	-	4,369,162
Non performing:														
Sub standard	3,300,042	2,046,499	-	956,065	-	-	6,302,606	162,476	-	-	-	-	-	162,476
Doubtful	3,957,846	2,084,768	-	884,448	-	-	6,927,062	361,728	-	-	-	-	-	361,728
Loss	26,880,221	36,886,370	14,997,592	18,458,015	-	-	97,222,198	2,173,771	-	-	-	-	-	2,173,771
Total	707,087,691	513,265,981	456,071,690	153,585,435	601,486,612	70,156,501	2,501,653,910	15,606,599	362,063	109,979	2,533,479	3,004,464	758,355,661	779,972,245
Less: deferred revenues	73,380,909	62,878,355	24,182,871	7,421,994	73,812,802	-	241,676,931	-	12,000	-	-	-	-	12,000
Less:suspended revenues	5,072,691	2,434,091	2,295,464	1,577,850	-	-	11,380,096	-	-	-	-	-	-	-
Deferrd mutual insurance	3,921,451	1,998,018	-	-	-	-	5,919,469	-	-	-	-	-	-	-
Less:Expected credit loss	26,013,697	31,449,052	19,120,374	16,133,482	-	102,106	92,818,711	3,177,158	2,563	10,306	8,033	-	70,702	3,268,762
Net	598,698,943	414,506,465	410,472,981	128,452,109	527,673,810	70,054,395	2,149,858,703	12,429,441	347,500	99,673	2,525,446	3,004,464	758,284,959	776,691,483

* The whole receivable balance is considered payable if one instalment falls due

The below table illustrate the distribution of the fair value of the collaterals against deferred sales receivables, other receivables, and financing:

	Joint						Self – financed					
			Companies						Companies			
	Individuals	Real estate financing	Corporate	SMEs	Government and public sector	Total	Individuals	Real estate financing	Corporate	SMEs	Government and public sector	Total
31 December 2019-	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Collaterals against:												
Low risk	3,986,150	-	26,298,815	1,097,806	879,184,944	910,567,715	-	-	-	-	3,172,056	3,172,056
Acceptable risk	335,286,326	221,843,598	192,816,486	81,818,649	-	831,765,059	5,267,343	290,098	34,916	1,440,331	-	7,032,688
Watch list	24,656,902	29,868,629	31,838,249	15,092,781	-	101,456,561	972,859	-	-	658,980	-	1,631,839
Non performing:												
Substandard	2,488,966	881,652	-	538,958	-	3,909,576	57,345	-	-	56	-	57,401
Doubtful	3,146,620	876,630	4,534,329	1,009,522	-	9,567,101	28,038	-	-	9,368	-	37,406
Loss	25,768,497	14,981,678	7,792,409	13,575,024	-	62,117,608	143,911	-	154	201,309	-	345,374
Total	395,333,461	268,452,187	263,280,288	113,132,740	879,184,944	1,919,383,620	6,469,496	290,098	35,070	2,310,044	3,172,056	12,276,764
Of which :												
Cash margins	3,986,150	-	-	1,097,806	-	5,083,956	29,949	-	-	2,300	-	32,249
Acceptable bank guarantees	-	-	26,298,815	-	-	26,298,815	-	-	-	-	-	-
Real estate	109,376,730	261,396,419	213,469,238	94,826,013	-	679,068,400	1,758,532	290,098	11,885	242,966	-	2,303,481
Traded shares	-	-	1,803,053	221,369	-	2,024,422	3,329,279	-	-	2,010,556	-	5,339,835
Vehicles and machinery	281,970,581	7,055,768	21,709,182	16,987,552	-	327,723,083	1,351,736	-	23,185	54,222	-	1,429,143

	Joint						Self – financed					
			Companies						Companies			
	Individuals	Real estate financing	Corporate	SMEs	Government and public sector	Total	Individuals	Real estate financing	Corporate	SMEs	Government and public sector	Total
31 December 2018-	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Collaterals against:												
Low risk	2,224,901	-	62,535,408	1,008,521	601,486,612	667,255,442	-	-	-	-	3,004,464	3,004,464
Acceptable risk	365,054,827	244,558,051	160,415,615	75,338,082	-	845,366,575	4,557,405	362,063	-	-	-	4,919,468
Watch list	22,449,583	15,219,431	7,324,176	10,655,142	-	55,648,332	3,045,400	-	-	-	-	3,045,400
Non performing:												
Substandard	2,701,551	1,583,022	-	699,876	-	4,984,449	2,643	-	-	-	-	2,643
Doubtful	3,229,499	906,587	-	787,837	-	4,923,923	4,224	-	-	-	-	4,224
Loss	23,127,404	23,041,253	11,759,291	13,166,369	-	71,094,317	27,492	-	-	-	-	27,492
Total	418,787,765	285,308,344	242,034,490	101,655,827	601,486,612	1,649,273,038	7,637,164	362,063	-	-	3,004,464	11,003,691
Of which :												
Cash margins	2,224,901	-	-	1,008,521	-	3,233,422	-	-	-	-	-	-
Acceptable bank guarantees	-	-	62,535,408	-	-	62,535,408	-	-	-	-	-	-
Real estate	114,277,446	277,931,950	164,407,570	87,263,705	-	643,880,671	1,416,330	362,063	-	35,000	-	1,813,393
Traded shares	-	-	1,340,734	-	-	1,340,734	5,343,012	-	-	-	-	5,343,012
Vehicles and machinery	302,285,418	7,376,394	13,750,778	13,383,601	-	336,796,191	877,822	-	-	-	-	877,822

Scheduled deferred sales receivables and other receivables and financing:

These represent receivables/finances which have been classified as non performing and were set aside in terms of the non performing receivables/finances in accordance with a legal scheduling agreement and re-classified as watch list or performing receivables/finances with total amount of JD 41,878,759 as at 31 December 2019 against JD 29,240,352 as at 31 December 2018.

Restructured deferred sales receivables and other receivables and financing:

Restructuring means rearranging receivables/finances in terms of amending the instalments or extending the term of receivables/finances, deferring some instalments or extending the grace period, etc. and reclassifying these receivables/finances as watch list with total of JD 3,575,946 as at 31 December 2019 against JD 2,855,662 at 31 December 2018.

Sukuk:

The following table illustrate Sukuk rating presented within the financial assets at fair value through the joint investment accounts holders' equity and financial assets at amortized cost according to external rating agencies:

31 December 2019

Rating	Credit rating agency	Financial assets at amortized cost
		JD
A	S&P	4,277,905
B-	S&P	170,946,400
B+	S&P	17,460,416
CCC-	S&P	6,675,374
Total		199,360,095

31 December 2018

Rating	Credit rating agency	Financial assets at amortized cost
		JD
A	S&P	4,591,742
B+	S&P	178,626,005
BB-	S&P	2,788,008
CCC-	S&P	5,667,624
Total		191,673,379

3- Concentration of credit exposure according to geographical area were as follows:

	Inside the Kingdom	Other Middle East Countries	Europe	Asia*	America	Other Countries	Total
	JD	JD	JD	JD	JD	JD	JD
Balances with central banks	742,210,345	-	-	-	-	-	742,210,345
Balances at banks and financial institutions	1,327,135	32,178,520	10,792,975	624,171	20,804,603	4,264,258	69,991,662
Joint investment accounts at banks and financial institutions	-	17,681,535	-	-	-	-	17,681,535
Deferred sales and other receivables and financing:							
Individuals	594,744,847	-	-	-	-	-	594,744,847
Real estate financing	398,025,250	-	-	-	-	-	398,025,250
Companies:							
Large corporates	382,465,313	20,907,145	5,391,670	-	-	-	408,764,128
Small and Medium Enterprises (SMEs)	144,799,151	-	-	-	-	-	144,799,151
Government and public sector	754,217,246	-	-	-	-	-	754,217,246
Sukuk:							
Within financial assets at amortized cost	170,945,367	28,414,728	-	-	-	-	199,360,095
Total as at 31December 2019	3,188,734,654	99,181,928	16,184,645	624,171	20,804,603	4,264,258	3,329,794,259
Total as at 31 December 2018	2,925,468,117	134,119,202	27,142,886	797,793	-	30,695,567	3,118,223,565

* Except for Middle East Countries

4- Concentration of credit exposure according to economic sector were as follows:

	Financial	Industrial	Commercial	Real estate	Agriculture	Individuals	Government and public sector	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central banks	-	-	-	-	-	-	742,210,345	742,210,345
Balances at banks and financial institutions	69,991,662	-	-	-	-	-	-	69,991,662
Investment accounts at banks and financial institutions	17,681,535	-	-	-	-	-	-	17,681,535
Deferred sales and other receivables and financing	-	147,945,863	378,862,567	398,025,250	30,334,967	591,164,729	754,217,246	2,300,550,622
Sukuk:								
Within financial assets at amortized cost	-	-	199,360,095	-	-	-	-	199,360,095
Total as at 31 December 2019	87,673,197	147,945,863	578,222,662	398,025,250	30,334,967	591,164,729	1,496,427,591	3,329,794,259
Total as at 31 December 2018	111,557,788	126,984,539	596,053,112	414,853,965	25,468,983	595,845,338	1,247,459,840	3,118,223,565

2. Liquidity Risks

Liquidity risk is defined as the Bank's inability to provide the required liquidity to cover its obligations at their respective due dates. Bank manage such risks throughout the following:

1. Analyze liquidity (maturity gaps).
2. Maintaining reasonable liquidity to cover outgoing cash flows.
3. Diversifing sources of financing.
4. Establishing the Assets and Liabilites committee .
5. Distribution of financing among various sectors and geographical areas to mitigate concentration risk.
6. Liquidity management is based on natural and emergency circumstances including using and analyzing assets and various financial ratios maturities.

First: The below table summarize the maturity profile of the Bank's liabilities based on contractual undiscounted repayment obligations at the date of the consolidated financial statements:

	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	More than 3 years	Without maturity	Total
31 December 2019	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Due to banks and financial institutions	4,670,837	-	-	-	-	-	-	4,670,837
Customers' current accounts	447,236,149	172,858,767	136,708,777	100,558,787	104,291,158	243,346,032	-	1,204,999,670
Cash margins	12,047,052	5,534,262	5,055,252	4,881,673	5,697,596	13,294,391	-	46,510,226
Other provisions	-	-	-	-	-	-	14,310,038	14,310,038
Income tax provision	11,999,881	-	17,999,822	-	-	-	-	29,999,703
Deferred tax liabilities	-	-	-	1,210,960	1,349,025	-	2,871,595	5,431,580
Investment risk fund	580,341	-	870,512	-	-	-	30,016,131	31,466,984
Other liabilities	1,745,551	7,002,406	2,231,774	18,482,789	18,498,276	9,336,433	8,317,481	65,614,710
Unrestricted investment accounts holders' equity	307,071,374	129,508,468	132,804,294	262,638,897	537,722,564	1,254,685,981	132,814	2,624,564,392
Total	785,351,185	314,903,903	295,670,431	387,773,106	667,558,619	1,520,662,837	55,648,059	4,027,568,140
Total assets (according to expected maturity date)	1,174,597,756	199,620,377	236,480,616	378,184,560	968,315,255	1,313,852,663	178,120,921	4,449,172,148

	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	More than 3 years	Without maturity	Total
31 December 2018	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Due to banks and financial institutions	8,241,356	-	-	-	-	-	-	8,241,356
Customers' current accounts	399,416,878	154,522,806	122,242,564	89,962,322	92,959,050	216,904,450	-	1,076,008,070
Cash margins	12,010,782	5,472,796	4,956,132	4,719,351	5,415,347	12,635,810	-	45,210,218
Other provisions	-	-	-	-	-	-	15,029,623	15,029,623
Income tax provision	8,983,749	-	13,475,624		-	-	-	22,459,373
Deferred tax liabilities	249,092	-	-	973,930	1,460,894	-	2,517,854	5,201,770
Investment risk fund	1,382,304	-	2,073,457		-	-	31,654,580	35,110,341
Other liabilities	19,854,683	6,756,610	1,769,897	11,798,342	2,383,564	-	8,300,438	50,863,534
Unrestricted investment accounts holders' equity	304,981,852	216,042,939	257,086,934	336,269,413	418,376,742	976,212,400	153,866	2,509,124,146
Total	755,120,696	382,795,151	401,604,608	443,723,358	520,595,597	1,205,752,660	57,656,361	3,767,248,431
Total assets (according to expected maturity date)	1,171,868,413	155,473,261	212,828,177	476,394,012	883,674,137	1,077,485,043	182,919,167	4,160,642,210

Second: Off consolidated financial position items:

	31 December 2019	31 December 2018
	Up to one year	Up to one year
	JD	JD
Letters of credit and acceptances	27,256,490	25,949,164
Guarantees	119,719,170	116,550,843
Unutilized limits-direct	114,205,450	109,094,793
Unutilized limits-indirect	59,743,127	70,352,098
Capital liabilities	2,824,076	3,870,308
Total	323,748,313	325,817,206

3. Market Risks:

Market risk is the risk of loss resulting from fluctuations in the market price, which relates to equity instruments in the trading book, exchange rates, market rate of return, commodity and inventory prices, the Bank seeks to mitigate these risks throughout the following:

1) Diversifying and distributing investments among various sectors and geographical areas.
2) Analyzing rate of returns trends and expected exchange rates and investments.
3) Establishing limits to investments on the level of the country, currency, market, instrument and counter party.
4) Adapting the currency positions in accordance with Central Bank of Jordan regulations.

The Bank is using the sensitivity analysis to assess the market risks for each type of risk in addition to Value at Risk “VaR” to assess the change in equity price risk.

A. Rate of return risks

Rate of return risk results from the decline in the rate of return on investments compared to the local market increase in the rate of return “interest” and the Bank’s inability to increase the rate of return on granted facilities with fixed rate of return (Murabaha).

The Bank manages these risks through out the following:

1) Managing the rate of return gaps and cost of assets and liabilities according to various maturity dates.
2) Studying the investments return trends.

	31 December 2019			
	Change (increase) in rate of return (1%)	Sensitivity (profits and losses)	Owner’s equity sensitivity	Investment accounts holders’ equity sensitivity
	JD	JD	JD	JD
Jordanian Dinars	7,436,708	-	5,103,455	2,333,253

	31 December 2019			
	Change (decrease) in rate of return (1%)	Sensitivity (profits and losses)	Owner’s equity sensitivity	Investment accounts holders’ equity sensitivity
	JD	JD	JD	JD
Jordanian Dinars	(7,436,708)	-	(5,103,455)	(2,333,253)

	31 December 2018			
	Change (increase) in rate of return (1%)	Sensitivity (profits and losses)	Owner’s equity sensitivity	Investment accounts holders’ equity sensitivity
	JD	JD	JD	JD
Jordanian Dinars	7,148,966	-	4,509,300	2,639,666

	31 December 2018			
	Change (decrease) in rate of return (1%)	Sensitivity (profits and losses)	Owner’s equity sensitivity	Investment accounts holders’ equity sensitivity
	JD	JD	JD	JD
Jordanian Dinars	(7,148,966)	-	(4,509,300)	(2,639,666)

B. Foreign currency risks

Foreign currency risk is the risk arising from the change in the foreign currency prices that the Bank maintains. Foreign currencies are managed on the basis of spot trading and foreign currencies positions are monitored on a daily basis against the approved limit for each currency, since the Bank's policy in managing foreign currencies, is to clear customer's current positions and cover required positions according to customer's needs.

Bank's investment policy stipulate that the maximum limit of the foreign currencies positions shall not exceed 15% of the total owner's equity or 50% of the bank's total liabilities in foreign currencies, whichever is greater (at a maximum limit of 5% of the owner's equity for each currency except for US Dollars) in order to cover the customers' needs in terms of letters of credit, transfers and bills under collection and not for speculation or trading purposes.

	31 December 2019			
Currency	Net Position	Change in the exchange rate (5%)	Impact on profits and losses	Impact on owner's equity
USD	22,479,484	-	-	-
Euro	187,512	9,376	5,813	4,016
GBP	20,116	1,006	624	-
JPY	(43,358)	(2,168)	(1,344)	-
Other Currencies	448,447	22,422	13,902	-

	31 December 2018			
Currency	Net Position	Change in the exchange rate (5%)	Impact on profits and losses	Impact on owner's equity
USD	26,864,145	-	-	-
Euro	200,097	10,005	6,503	3,397
GBP	43,870	2,194	1,426	-
JPY	10,941	547	356	-
Other Currencies	1,614,614	80,731	52,475	-

Concentration of foreign currency risks:

2019	USD	Euro	GBP	JPY	Others	Total
Assets:						
Cash and balances with central bank	76,040,603	4,052,609	3,021,315	-	1,555,973	84,670,500
Cash at banks and financial institutions	58,003,503	10,753,018	370,562	17,238	938,486	70,082,807
Investment accounts at banks and financial institutions	17,725,000	-	-	-	-	17,725,000
Deferred sales receivables and other receivables	136,701,700	3,960,980	963,579	-	4,069,217	145,695,476
Financial assets at fair value through the owner's equity – self financed	821,758	80,321	-	-	-	902,079
Financial assets at fair value through joint investment accounts holders' equity	1,545,620	-	-	-	-	1,545,620
Financial assets at amortized cost	30,714,814	-	-	-	-	30,714,814
Other assets	69,694	-	-	-	-	69,694
Total Assets	321,622,692	18,846,928	4,355,456	17,238	6,563,676	351,405,990
Liabilities:						
Due to banks and financial institutions	1,234,869	23,809	-	-	31,780	1,290,458
Cash margins	3,934,671	104,125	-	-	-	4,038,796
Current accounts	62,062,957	4,394,767	1,020,607	94	1,835,137	69,313,562
Unrestricted investment accounts	231,230,078	13,845,608	3,314,733	60,502	4,224,403	252,675,324
Other liabilities	680,633	291,107	-	-	23,909	995,649
Total liabilities	299,143,208	18,659,416	4,335,340	60,596	6,115,229	328,313,789
Net concentration in the consolidated financial position statement - 2019	22,479,484	187,512	20,116	(43,358)	448,447	23,092,201
Contingent Liabilities – off consolidated statement of financial position item – 2019	23,803,623	2,044,589	-	46,314	1,018,154	26,912,680
2018						
Total Assets	324,596,631	19,602,620	4,428,193	70,073	7,373,005	356,070,522
Total Liabilities	297,732,486	19,402,523	4,384,323	59,132	5,758,391	327,336,855
Net concentration in the consolidated financial position statement – 2018	26,864,145	200,097	43,870	10,941	1,614,614	28,733,667
Contingent Liabilities – off consolidated statement of financial position item – 2018	21,156,222	2,272,915	44,612	-	1,814,675	25,288,424

C. Equity price risks

Equity price risks result from a change in the fair value of investments in equity. The Bank seeks to manage these risks through diversifying investments in various geographical areas and economic sectors.

	Change in index (5%)	Impact on losses and profits	Impact on owner's equity	Impact on investment account holders' equity
	JD	JD	JD	JD
2019				
Amman Stock Exchange Index	735,998	-	-	735,998
2018				
Amman Stock Exchange Index	782,780	-	-	508,807

D. Commodity risks

Commodity risks arise from the fluctuations in the value of marketable assets. These risks are related to the current and future fluctuations and market values of specific assets. The Bank is exposed to fluctuations of fully paid commodity prices after the commencement of Salam contracts and to the fluctuations in the remaining value of the leased assets at the end of the lease term.

4. Compliance risks

Compliance risks represents sanctions on matters related to legal or regulatory or financial losses or reputational risks which the Bank might face as a result of non compliance with laws, regulations, standards and proper financial practices. The primary non compliance risks are legal and regulatory sanctions risks, reputational risks, financial losses risks, financial crimes risks, anti-money laundry and fraud and corruption risks.

The Bank seeks to limit these risks through is Compliance Control Department that is concerned with reviewing the requirements of regulatory bodies and ensuring their application on the Bank's internal procedures and policies throughout setting the compliance strategy and guidelines and establishing the policies related to anti-money laundry and establishing policies and procedures related to laws, regulations, internal and external instructions and holding the necessary training courses.

5. Operational Risks

Operational risks are the risks of loss arising from inadequacy or failure in internal operations, personnel or systems, or from external events. This includes legal risk and Islamic Shari'a non-compliance risk and excludes strategic and reputational risks. The Bank seeks to limit these risks throughout the following:

The existence of documented policies and procedures that mitigates the possibility of such operational risks.

Establishing a Business Continuity Plan (BCP) to mitigate exposure and discontinuity incidents faced by the Bank and a recovery plan.

Implementation of Risk and Control Self-Assessment (RCSA) methodology, in order to improve the regulatory environment and assist senior management and internal audit in identifying areas of high risk and weaknesses in internal control systems.

Monitor the key Risk Indicators (KRI's) of our bank's core operations and develop action plans if they exceed their acceptable risk limits.

The bank prepares, update and examine the Business Continuity Plan (BCP) and Disaster Recovery Plan (IT DR) to reduce exposures and interruptions faced by the bank, and the recovery plan to reduce the effects and losses caused by crises and / or disasters .

Legal department reviews all contracts and related documents used by the Bank.

In coordination with the information security department, internal audit department and the internal control department, the Information Technology department establishes the necessary policies and procedures related to maintaining the information confidentiality in the Bank and managing the access rights to the Bank's systems.

6. Reputational Risks

Reputational risks is being viewed by the Bank as negative impression on the Bank's reputation which might lead to potential losses in the sources of funding and loss of customers to competitive banks.

The Bank seeks to limits these risks throughout a set of policies and procedures to enhance the customers' confidenceh and providing a good banking services and maintaining banking confidentiality and avoid undertaking illegal acts or financing unfavorable sectors and provides suitable information security controls.

7. Information Technology risk:

The increased use of information technology has led to improvement in the effectiveness and efficiency of the operations and services provided by our bank, but it has also brought with it new risks related to information technology.

Under the supervision of the Information Technology Governance Committee and the Board Risk Committee, Our bank manages these risks to avoid exposure to them or mitigate their impact, through continuous monitoring and evaluation of the risks associated with information technology and its impact on banking operations and services in terms of the added value of technical solutions compared to their cost, In terms of quality and quality of projects with a technical basis and evaluation of their results on the bank's business and improving the level of performance compared to security and technical events that may result from its operation.

There are a number of outputs for the information technology risk management process according to the instructions for governing information and accompanying technology issued by the Central Bank of Jordan and according to the instructions of COBIT 2019, the most important of which is the detailed risk reigester for each technical process or banking service, risk scenarios, risk indicators and risk assessment of outsourcing parties.

8. Stress testing:

Application methodology:
Our bank stress testing methodology includes identifying all types of risks our bank may face under stressful conditions, and assessing the Bank's ability to withstand these risks according to stress scenarios.

Role and Integrity of stress tests with risk management governance, risk culture and capital planning:
The role of the Board of Directors and senior management is to establish test objectives, identify the scenarios required for each type of risk, and assess the results and needed actions based on the results, especially the ones which have an integral role in the decision-making (capital planning).

Scenario selection mechanism, including key assumptions related to macroeconomic variables:
The Bank carries out sensitivity scenarios analysis determined based on the Central Bank of Jordan instructions in addition to other scenarios based on the assumption and proposal of the Bank to measure the degree of tolerance.

The mechanism of using the tests results in decision making at the appropriate administrative level, including the strategic decisions of the Board of Directors and the senior executive management:
The Risk Management Department prepares a summary of the results of the stress tests and raises them to the concerned parties, indicating the final impact of the tests within specific grades (low / medium / high) and whom is authorized party to make related decisions.

Governance application of stress tests:
The Bank identifies parties related to stress testing (Board of Directors / Risk Management Committee, Assets and Liabilities Committee, Risk Management Department, Business and other supervisory departments) and their respective responsibility for achieving complementarity and judgment in carrying out the required tests.

(62) Risk management

A. Expected credit losses distribution according to classification degree:

	Classification according to (47/2009)	Total Exposure JD	Expected credit losses (ECL) JD	Propability of default (PD)	External Crdit rating	Exposure at default (EAD) JD	Loss given default (LGD)
Performing Exposures							
Internal Rating from 1 to 6-	Low risk	754,040,274	-	4.3%		754,040,274	
Internal Rating from 1 to 6-	Acceptable risk	663,512,329	3,106,999	2.7%		663,512,329	24%
Internal Rating from 1 to 6-	Watch list	326,783	834	1.4%		326,783	27%
Internal Rating from 7+ to 7-	Acceptable risk	117,600,068	3,121,087	15.7%		117,600,068	22%
Internal Rating from 7+ to 7-	Watch list	89,255,252	8,083,154	8.3%		89,255,252	28%
Internal Rating from 8 to 10	Acceptable risk	10,659,628	4,648,179	100%		10,659,628	44%
Internal Rating from 8 to 10	Watch list	32,443,535	12,598,774	100%		32,443,535	39%
External credit rating	Low risk	913,156,745	-	2.8%	B+	913,156,745	
External credit rating	Acceptable risk	145,954,698	680,118	0.6%	CCC- - A+	145,954,698	44%
Collective Portfolio	Watch list	888,767,670	11,245,148	0.8%		888,767,670	58%
Collective Portfolio	Watch list	29,630,264	3,109,120	37%		29,630,264	48%
Total Performing Exposures						3,645,347,246	
Non-Performing Exposures							
Internal Rating from 8 to 10	Substandard	1,136,139	384,391	100%		1,136,139	43%
Internal Rating from 8 to 10	Doubtful	16,572,049	13,099,902	100%		16,572,049	34%
Internal Rating from 8 to 10	Loss	45,718,123	19,644,603	100%		45,718,123	79%
External credit rating	Loss	1,818,373	1,818,373	100%	D	1,818,373	100%
Collective Portfolio	Substandard	4,036,680	1,605,383	100%		4,036,680	50%
Collective Portfolio	Doubtful	5,636,602	2,278,187	100%		5,636,602	50%
Collective Portfolio	Loss	34,214,132	13,172,277	100%		34,214,132	51%
Total Non-Performing Exposures						109,132,098	
Total Exposures						3,754,479,343	

B. Distribution of exposure according to economic sector:

1. Financial instruments total exposure distribution :

As at 31 December 2019	Financial	Industrial	Commercial	Real estate	Agriculture	Shares	Individuals	Government and public sector	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank	742,210,345	-	-	-	-	-	-	-	-	742,210,345
Balances at banks and financial institutions	32,577,667	-	-	-	-	-	-	-	-	32,577,667
Investment accounts at banks and financial institutions	55,231,420	-	-	-	-	-	-	-	-	55,231,420
Credit facilities	26,298,815	122,878,648	352,563,752	424,313,496	29,910,543	-	626,708,721	754,217,246	64,983,238	2,401,874,459
Financial assets	30,714,814	-	-	-	-	-	-	170,946,400	-	201,661,214
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	30,714,814	-	-	-	-	-	-	170,946,400	-	201,661,214
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	887,033,061	122,878,648	352,563,752	424,313,496	29,910,543	-	626,708,721	925,163,646	64,983,238	3,433,555,105
Guarantees	5,434,837	7,828,590	15,044,964	30,422,986	838,184	-	28,113,050	-	32,036,559	119,719,170
Letter of credits	-	9,226,540	9,104,787	1,409,344	464,879	-	5,330,148	-	1,720,794	27,256,492
Other commitments	5,000	38,127,794	54,067,391	13,602,807	5,113,355	-	40,373,896	-	22,658,334	173,948,577
Grand total	892,472,898	178,061,572	430,780,894	469,748,633	36,326,961	-	700,525,815	925,163,646	121,398,925	3,754,479,344

As at 31 Decmber 2018	Financial	Industrial	Commercial	Real estate	Agriculture	Shares	Individuals	Government and public sector	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank	716,781,566	-	-	-	-	-	-	-	-	716,781,566
Balances at banks and financial institutions	41,574,095	-	-	-	-	-	-	-	-	41,574,095
Investment accounts at banks and financial institutions	70,156,501	-	-	-	-	-	-	-	-	70,156,501
Credit facilities	62,535,408	113,614,352	320,123,709	447,487,748	27,517,543	-	551,783,740	530,668,894	140,394,103	2,194,125,497
Financial assets	22,013,793	-	-	-	-	-	-	173,010,600	-	195,024,393
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	22,013,793	-	-	-	-	-	-	173,010,600	-	195,024,393
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	913,061,363	113,614,352	320,123,709	447,487,748	27,517,543	-	551,783,740	703,679,494	140,394,103	3,217,662,052
Guarantees	-	3,106,926	72,113,930	3,422,383	983,326	-	11,205,377	-	25,718,901	116,550,843
Letter of credits	-	7,704,923	12,234,878	237,806	918,389	-	3,128,860	-	1,724,308	25,949,164
Other commitments	-	38,573,279	96,613,374	9,979,957	4,878,776	-	4,743,856	-	24,657,649	179,446,891
Grand total	913,061,363	162,999,480	501,085,891	461,127,894	34,298,034	-	570,861,833	703,679,494	192,494,961	3,539,608,950

2. Distribution of exposures according to the stages of classification in accordance with IFRS 9:

As at 31 Deccember 2019

	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Financial	879,324,064	752,494	10,241,526	-	2,154,814	892,472,898
Industrial	92,432,363	5,519,911	71,804,230	258,116	8,046,953	178,061,573
Commercial	224,978,622	18,872,977	136,334,137	1,901,274	48,693,885	430,780,895
Real estate	77,949,270	280,108,822	59,488,502	8,158,228	44,043,811	469,748,633
Agriculture	28,399,242	1,194,376	4,654,366	5,821	2,073,156	36,326,961
Shares	-	-	-	-	-	-
Individuals	67,519,435	531,683,537	26,762,341	15,465,544	59,094,956	700,525,813
Government and public sector	925,163,646	-	-	-	-	925,163,646
Others	59,540,544	18,181,013	39,001,070	411,569	4,264,729	121,398,925
Total	2,355,307,186	856,313,130	348,286,172	26,200,552	168,372,304	3,754,479,344

As at 31 Deccember 2018

	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Financial	904,152,990	-	7,090,000	-	1,818,373	913,061,363
Industrial	48,870,156	7,887,736	95,098,767	1,016,902	10,125,919	162,999,480
Commercial	182,021,993	90,932,522	160,725,972	6,062,815	61,342,589	501,085,891
Real estate	42,621,364	292,095,252	88,425,126	8,034,473	29,951,679	461,127,894
Agriculture	26,679,793	2,366,525	2,927,672	64,814	2,259,230	34,298,034
Shares	-	-	-	-	-	-
Individuals	23,050,389	511,704,381	3,899,910	16,265,363	15,941,790	570,861,833
Government and public sector	703,679,494	-	-	-	-	703,679,494
Others	84,447,106	-	82,717,534	3,927,841	21,402,480	192,494,961
Total	2,015,523,285	904,986,416	440,884,981	35,372,208	142,842,060	3,539,608,950

C. Distribution of exposure according to geographical sectors:

1. Geographic sector total exposure distribution :

As at 31 December 2019	Inside the Kingdom	Other Middle East Countries	Europe	Asia	Africa	America	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank	742,210,345	-	-	-	-	-	-	742,210,345
Balances at banks and financial institutions	1,419,560	2,510,268	2,954,807	624,171	143,150	24,925,711	-	32,577,667
Investment accounts at banks and financial institutions	-	55,231,420	-	-	-	-	-	55,231,420
Credit facilities	2,375,575,643	20,907,146	5,391,670	-	-	-	-	2,401,874,459
Financial assets	170,946,400	24,608,130	-	1,646,325	4,460,359	-	-	201,661,214
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	170,946,400	24,608,130	-	1,646,325	4,460,359	-	-	201,661,214
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total for the year	3,290,151,948	103,256,964	8,346,477	2,270,496	4,603,509	24,925,711	-	3,433,555,105
Guarantees	117,093,816	2,525,233	-	100,121	-	-	-	119,719,170
Letter of credits	27,256,492	-	-	-	-	-	-	27,256,492
Other liabilities	173,948,577	-	-	-	-	-	-	173,948,577
Grand total	3,608,450,833	105,782,197	8,346,477	2,370,617	4,603,509	24,925,711	-	3,754,479,344

As at 31 Deccember 2018	Inside the Kingdom	Other Middle East Countries	Europe	Asia	Africa	America	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank	716,781,566	-	-	-	-	-	-	716,781,566
Balances at banks and financial institutions	1,559	5,577,680	4,065,690	797,793	435,806	30,695,567	-	41,574,095
Investment accounts at banks and financial institutions	-	58,138,000	11,952,372	-	66,129	-	-	70,156,501
Credit facilities	2,131,590,090	51,410,583	11,124,824	-	-	-	-	2,194,125,497
Financial assets	173,010,601	5,672,000	9,908,984	2,362,194	4,070,614	-	-	195,024,393
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	173,010,601	5,672,000	9,908,984	2,362,194	4,070,614	-	-	195,024,393
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total for the year	3,021,383,816	120,798,263	37,051,870	3,159,987	4,572,549	30,695,567	-	3,217,662,052
Guarantees	116,550,843	-	-	-	-	-	-	116,550,843
Letter of credits	25,949,164	-	-	-	-	-	-	25,949,164
Other liabilities	179,446,891	-	-	-	-	-	-	179,446,891
Grand total	3,343,330,714	120,798,263	37,051,870	3,159,987	4,572,549	30,695,567	-	3,539,608,950

2. Distribution of exposures according to the stages of classification in accordance with IFRS 9:

As at 31 Deccember 2019

	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Inside the Kingdom	2,218,190,403	856,313,130	341,192,819	26,200,551	166,553,930	3,608,450,833
Other Middle East Countries	98,688,843	-	7,093,354		-	105,782,197
Europe	8,346,477	-	-	-	-	8,346,477
Asia	2,370,617	-	-	-	-	2,370,617
Africa	2,785,136	-	-	-	1,818,373	4,603,509
America	24,925,711	-	-	-	-	24,925,711
Other countries	-	-	-	-	-	-
Total	2,355,307,187	856,313,130	348,286,173	26,200,551	168,372,303	3,754,479,344

As at 31 Deccember 2018

	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Inside the Kingdom	1,828,153,422	904,986,416	433,794,981	35,372,208	141,023,687	3,343,330,714
Other Middle East Countries	120,798,263	-	-	-	-	120,798,263
Europe	29,961,870	-	7,090,000	-	-	37,051,870
Asia	3,159,987	-	-	-	-	3,159,987
Africa	2,754,176	-	-	-	1,818,373	4,572,549
America	30,695,567	-	-	-	-	30,695,567
Other countries	-	-	-	-	-	-
Total	2,015,523,285	904,986,416	440,884,981	35,372,208	142,842,060	3,539,608,950

D. Distribution of collaterals fair value against credits exposure

This disclosure is prepared in two stages, the first one for total credit exposure while the second one for exposures under stage 3 according to IFRS9.

		Gurantees Fair Value								
	Total exposure	Cash Margins	Traded shares	Accepted LC's	Real estate	Vehicles	Others	Total Gurantees	Exposure at default	ECL
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank	742,210,345	-	-	-	-	-	-	-	742,210,345	-
Balances at banks and financial institutions	32,577,667	-	-	-	-	-	-	-	32,577,667	27,643
Investment accounts at banks and financial institutions	55,231,420	-	-	-	-	-	-	-	55,231,420	108,247
Credit facilities	2,401,874,459	5,116,205	7,364,257	26,298,815	681,371,881	329,152,226	-	1,049,303,384	1,352,571,075	88,710,825
Individual	626,708,721	4,016,099	3,329,279	-	111,135,262	283,322,317	-	401,802,957	224,905,764	27,725,507
Real estate loans	424,313,496	-	-	-	261,686,517	7,055,768	-	268,742,285	155,571,211	9,403,460
Corporate	596,634,996	1,100,106	4,034,978	26,298,815	308,550,102	38,774,141	-	378,758,142	217,876,854	51,581,858
Large Corporate	436,880,678	-	1,803,053	26,298,815	213,481,123	21,732,367	-	263,315,358	173,565,320	38,258,396
SME's	159,754,318	1,100,106	2,231,925	-	95,068,979	17,041,774	-	115,442,784	44,311,534	13,323,462
Government and public sector	754,217,246	-	-	-	-	-	-	-	754,217,246	-
Sukok	201,661,214	-	-	-	-	-	-	-	201,661,214	2,301,119
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	201,661,214	-	-	-	-	-	-	-	201,661,214	2,301,119
Financial instrument	-	-	-	-	-	-	-	-	-	-
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	3,433,555,105	5,116,205	7,364,257	26,298,815	681,371,881	329,152,226	-	1,049,303,384	2,384,251,721	91,147,834
Gurantees	119,719,170	7,069,352	334,672	-	56,126,259	10,070,993	-	73,601,276	46,117,894	5,638,006
Letters of credit	27,256,492	938,517	30,993	-	9,006,268	286,112	-	10,261,890	16,994,602	1,687,409
Other Liabilities	173,948,577	2,258,122	365,177	-	81,813,250	7,755,259	-	92,191,808	81,756,769	123,282
Grand total	3,754,479,344	15,382,196	8,095,099	26,298,815	828,317,658	347,264,590	-	1,225,358,358	2,529,120,986	98,596,531

E. Reclassified exposures:

1. Total reclassified exposures :

As at 31 December 2019	Stage 2 Total exposure	Stage 2 Reclassified exposures	Stage 3 Total exposure	Stage 3 Reclassified exposures	Total reclassified exposures	Percentage
	JD	JD	JD	JD	JD	
Balances with central bank	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-
Accounts at banks and financial institutions	-	-	-	-	-	-
Credit facilities	295,934,207	85,074,727	159,002,563	74,037,738	159,112,465	35%
Financial assets	7,090,000	-	1,818,373	-	-	-
Within financial assets at fair value through income statement	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-
Within financial assets at amortized cost	7,090,000	-	1,818,373	-	-	-
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	303,024,207	85,074,727	160,820,936	74,037,738	159,112,465	34%
Guarantees	23,310,300	11,398,911	6,938,965	2,441,222	13,840,133	46%
Letter of credits	10,259,847	3,442,582	-	-	3,442,582	34%
Other liabilities	37,892,371	20,362,671	612,402	571,456	20,934,126	54%
Grand total	374,486,725	120,278,891	168,372,303	77,050,416	197,329,306	36%

As at 31 December 2018	Stage 2		Stage 3		Total	
	Total exposure	Reclassified exposures	Total exposure	Reclassified exposures	reclassified exposures	Percentage
	JD	JD	JD	JD	JD	
Balances with central bank	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-
Accounts at banks and financial institutions	-	-	-	-	-	-
Credit facilities	388,883,436	158,414,383	133,980,979	61,956,738	220,371,121	42%
Financial assets	7,090,000	-	1,818,373	-	-	-
Within financial assets at fair value through income statement	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-
Within financial assets at amortized cost	7,090,000	-	1,818,373	-	-	-
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	395,973,436	158,414,383	135,799,352	61,956,738	220,371,121	41%
Guarantees	22,003,073	11,297,635	6,257,358	1,815,172	13,112,807	46%
Letter of credits	7,196,924	3,662,424	-	-	3,662,424	51%
Other liabilities	51,083,756	21,376,715	785,350	424,970	21,801,685	42%
Grand total	476,257,189	194,751,157	142,842,060	64,196,880	258,948,037	42%

2. Expected credit loss for reclassified exposures:

	Reclassified exposures			ECL for reclassified exposures				
				Exposures within stage 2		Exposures within stage 3		
As at 31 December 2019	Total reclassified exposures from stage 2	Total reclassified exposures from stage 3	Total reclassified exposures	Individual	Collective	Individual	Collective	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-
Accounts at banks and financial institutions	-	-	-	-	-	-	-	-
Credit facilities	85,074,727	74,037,738	159,112,465	954,431	125,713	28,947,631	7,547,213	37,574,988
Financial assets	-	-	-	-	-	-	-	-
Within financial assets at fair value through joint investment accounts holders' equity	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	-	-	-	-	-	-	-	-
Encumbered financial assets (debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	85,074,727	74,037,738	159,112,465	954,431	125,713	28,947,631	7,547,213	37,574,988
Guarantees	11,398,911	2,441,222	13,840,133	89,723	4,975	959,708	529,883	1,584,289
Letter of credits	3,442,582	-	3,442,582	22,731	737	-	-	23,468
Other liabilities	20,362,671	571,456	20,934,127	206,078	16,509	87,816	137,588	447,991
Grand total	120,278,891	77,050,416	197,329,307	1,272,963	147,934	29,995,155	8,214,684	39,630,736

As at 31 December 2018	Reclassified exposures: Total reclassified exposures from stage 2	Reclassified exposures: Total reclassified exposures from stage 3	Reclassified exposures: Total reclassified exposures	ECL for reclassified exposures: Exposures within stage 2 Individual	ECL for reclassified exposures: Exposures within stage 2 Collective	ECL for reclassified exposures: Exposures within stage 3 Individual	ECL for reclassified exposures: Exposures within stage 3 Collective	ECL for reclassified exposures: Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-
Accounts at banks and financial institutions	-	-	-	-	-	-	-	-
Credit facilities	158,414,383	61,956,738	220,371,121	4,340,127	174,063	15,133,651	9,296,427	28,944,268
Financial assets	-	-	-	-	-	-	-	-
Within financial assets at fair value through joint investment accounts holders' equity	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	-	-	-	-	-	-	-	-
Encumbered financial assets (debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	158,414,383	61,956,738	220,371,121	4,340,127	174,063	15,133,651	9,296,427	28,944,268
Guarantees	11,297,635	1,815,172	13,112,807	100,931	2,259	763,854	305,245	1,172,289
Letter of credits	3,662,424	-	3,662,424	53,030	198	-	-	53,228
Other liabilities	21,376,715	424,970	21,801,685	342,168	7,226	236,025	188,944	774,363
Grand total	194,751,157	64,196,880	258,948,037	4,836,256	183,746	16,133,530	9,790,616	30,944,148

(63) Segment information

A. Information about the Bank's activities

The Bank is organized for administrative purposes based on the reports submitted to the General Manager and the chief decision maker into four main business sectors:

Retail accounts: These encompass following up on the unrestricted investment accounts, deferred sales receivables and other financing and banking services related to individuals.

Corporate accounts: These encompass following up on the unrestricted investment accounts, deferred sales receivables and other financing and banking services related to the institutions.

Investment in assets: This includes investing in real estate and leasing.

Treasury: This includes trading services and managing the Bank's funds.

The below table illustrate the information on the Bank's business sectors distributed according to its activities:

	Retails	Corporate	Investment in assets	Treasury	Others	Total 2019	Total 2018
	JD	JD	JD	JD	JD	JD	JD
Total revenues (joint and self financed)	128,710,330	71,545,969	9,764,039	16,568,904	660,297	227,249,539	217,855,244
Net income of subsidiaries and share of profit from investments in associates	-	-	1,952,173	-	-	1,952,173	2,641,672
Investment risk fund share from the revenues of joint investment accounts holders'	(3,861,310)	(1,996,487)	(333,891)	(276,835)	-	(6,468,523)	(19,175,849)
	(1,471,034)	(686,203)	(437,538)	(199,212)	-	(2,793,987)	-
Share of the unrestricted investment accounts and non-controlling interests from the net income of associates	(29,945,182)	(18,545,089)	(1,952,173)	(3,995,817)	-	(54,438,261)	(54,270,241)
Segment results	93,432,804	50,318,190	8,992,610	12,097,040	660,297	165,500,941	147,050,826
Allocated expenses	(42,084,551)	(24,978,851)	(3,522,678)	(6,360,830)	-	(76,946,910)	(71,646,821)
Profits before tax	51,348,253	25,339,339	5,469,932	5,736,210	660,297	88,554,031	75,404,005
Income tax	(19,560,858)	(11,059,333)	(969,344)	(2,417,115)	(198,089)	(34,204,739)	(25,596,078)
Profit after tax	31,787,395	14,280,006	4,500,588	3,319,095	462,208	54,349,292	49,807,927
Sector assets	1,287,006,761	1,013,543,861	989,117,119	993,743,012	-	4,283,410,753	4,056,997,394
Investment in associates	-	-	8,211,186	-	-	8,211,186	8,355,201
Unallocated assets	-	-	-	-	157,550,209	157,550,209	95,289,615
Total assets	1,287,006,761	1,013,543,861	997,328,305	993,743,012	157,550,209	4,449,172,148	4,160,642,210
Segment liabilities	3,433,401,866	396,029,382	-	4,670,837	-	3,834,102,085	3,593,219,706
Unallocated liabilities	-	-	-	-	193,466,055	193,466,055	174,028,725
Total Liabilities	3,433,401,866	396,029,382	-	4,670,837	193,466,055	4,027,568,140	3,767,248,431
Capital expenditures	-	-	-	-	17,365,436	17,365,436	13,488,619
Depreciation and amortization	-	-	-	-	8,842,934	8,842,934	7,453,939

B. Geographical Distribution Information:

This sector represents the geographical distribution of the Bank's activities. The Bank undertakes its activities primarily inside the Hashemite Kingdom of Jordan.

The below table illustrate the distribution of the Bank's revenues, assets and capital expenditures according to the geographical area and the internal policy of the Bank based on the method of measurement and as viewed by the General Manager and the chief decision makers:

	Inside the Kingdom		Outside the Kingdom		Total	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Total revenues	222,266,703	213,656,966	4,982,836	4,198,278	227,249,539	217,855,244
Total assets	4,308,112,543	3,967,886,762	141,059,605	192,755,448	4,449,172,148	4,160,642,210
Capital expenditures	17,365,436	13,488,619	-	-	17,365,436	13,488,619

(64) Capital management

The Bank's capital consists of the paid-in capital, statutory reserve, voluntary reserve, general banking risks reserves, fair value reserves and retained earnings.

The Bank achieves its capital objectives throughout the following:

- Achieving a satisfactory return on capital without affecting the financial stability of the Bank and achieving acceptable return on owner's equity.

- Achieving the required level of capital according to Basel Committee requirements and the supervisory bodies instructions.

- Providing an adequate capital to expand the granting of financing and large investments in consistency with the Central Bank of Jordan regulations as well as facing any future risks.

Capital adequacy ratio was calculated as at 31 December 2019 in accordance with Central Bank of Jordan instruction number (72/ 2018) dated 4 February 2018 and in accordance with standard number (15) issued by Islamic Financial Services Board:

	31 December 2019	31 December 2018
	Thousands JD	Thousands JD
Common Equity Tier I	414,887	361,187
Paid-in capital	200,000	180,000
Statutory reserve	92,879	84,018
Voluntary reserve	37,094	38,234
Retained earnings	89,395	62,766
Accumulated change in full fair value	714	1,007
Intangible assets	(2,536)	(2,299)
10% of less of investments in Banks, financial institutions and Takaful companies capital,	(494)	(494)
10% or more of investments in Banks, finanical institutions and Takaful companies capital, beyond unified regulatory scope	(2,165)	(2,045)
Additional Tier I	**-**	**-**
Additional Tier II	**5,747**	**13,991**
Bank’s share from the the investment risks fund surplus	-	13,991
General banking risks reserve / self and bank share of general banking risk reserve- joint (not to exceed 1.25%) of risky assets	5,747	-
Total regulatory capital	420,634	375,178
Risk Weighted Assets (RWA)	1,728,627	1,646,641
Common Equity Tier I Ratio	24%	21.93%
Additional Tier I Ratio	-	-
Tier I Ratio	24%	21.93%
Tier II Ratio	0.33%	0.85%
Capital Adequacy Ratio	24.33%	22.78%

- Financial leverage percentage has reached 17.34 % as of 31 December 2019 (2018: 17.26%).

(65) Accounts managed for customers

Accounts managed for customers amounted to JD 520,959,443 as at 31 December 2019 compared to JD 456,938,169 as at 31 December 2018. These accounts are not presented within the Bank's assets and liabilities in the consolidated financial statements.

(66) Maturity analysis of assets and liabilities

The table below summarizes the expected maturity of the Bank's assets and liabilities. The maturities of assets and liabilities have been determined according to when they are expected to be recovered or settled.

	31 December 2019		
	Within 1 year	More than 1 year	Total
	JD	JD	JD
Assets:			
Cash and balances with central bank	906,069,815	-	906,069,815
Balances at banks and financial institutions	69,991,662	-	69,991,662
Unrestricted investment accounts at banks and financial institutions	-	17,681,535	17,681,535
Deferred sales receivables and other receivables –Net	837,834,792	1,414,484,899	2,252,319,691
Ijarah Muntahia Bittamleek assets – Net	51,410,284	578,190,469	629,600,753
Financing – Net	2,737,771	29,136,611	31,874,382
Financial Assets at fair value through owner's equity – self financed	10,516,682	1,525,591	12,042,273
Financial assets at fair value through– joint investment accounts holders' equity	30,156,213	6,767,616	36,923,829
Financial assets at amortized cost	18,188,235	181,171,860	199,360,095
Investments in associates	6,158,389	2,052,797	8,211,186
Investment in real estate	22,238,034	88,952,135	111,190,169
Al Qard Al Hasan – Net	11,898,760	4,457,789	16,356,549
Property and equipment- Net	-	93,102,868	93,102,868
Intangible assets – Net	-	2,536,389	2,536,389
Other assets	21,682,674	40,228,278	61,910,952
Total assets	**1,988,883,311**	**2,460,288,837**	**4,449,172,148**
Liabilities and unrestricted investment accounts holders' equity:			
Due to banks and financial institutions	4,670,837	-	4,670,837
Customers' current and on demand accounts-trusteeship	857,362,480	347,637,190	1,204,999,670
Cash margins	27,518,239	18,991,987	46,510,226
Accounts payable	462,318	-	462,318
Other provisions	-	14,310,038	14,310,038
Income tax provision	29,999,703	-	29,999,703
Deferred tax liabilities	-	1,370,697	1,370,697
Other liabilities	27,024,425	14,736,927	41,761,352
Unrestricted investment accounts	832,023,033	1,792,408,545	2,624,431,578
Fair value reserve	1,975,777	4,649,872	6,625,649
Investment accounts holders' reserve in subsidiaries and associates	-	16,765,391	16,765,391
Non-controlling interests	-	132,814	132,814
Investment risks fund	-	30,016,131	30,016,131
Deferred tax liabilities	1,210,960	2,849,923	4,060,883
Income tax provision of investment risks fund	1,450,853	-	1,450,853
Total liabilities and unrestricted investment accounts and holders' equity	**1,783,698,625**	**2,243,869,515**	**4,027,568,140**
Net	**205,184,686**	**216,419,322**	**421,604,008**

	31 December 2018		
	Within 1 year	More than 1 year	Total
	JD	JD	JD
Assets:			
Cash and balances with central bank	876,086,318	-	876,086,318
Balances at banks and financial institutions	93,915,490	-	93,915,490
Unrestricted investment accounts at banks and financial institutions	-	17,642,298	17,642,298
Deferred sales receivables and other receivables –Net	897,081,915	1,156,699,371	2,053,781,286
Ijarah Muntahia Bittamleek assets – Net	43,167,107	562,634,655	605,801,762
Financing - Net	5,114,799	27,588,990	32,703,789
Financial Assets at fair value through owner’s equity – self financed	9,519,518	1,173,176	10,692,694
Financial assets at fair value through– joint investment accounts holders’ equity	29,789,320	6,805,440	36,594,760
Financial assets at amortized cost	13,292,179	178,381,200	191,673,379
Investments in associates	6,266,401	2,088,800	8,355,201
Investment in real estate	25,275,972	101,103,889	126,379,861
Al Qard Al Hasan – Net	7,375,577	4,350,180	11,725,757
Property and equipment- Net	-	83,311,212	83,311,212
Intangible assets – Net	-	2,299,136	2,299,136
Other assets	9,679,267	-	9,679,267
Total assets	**2,016,563,863**	**2,144,078,347**	**4,160,642,210**
Liabilities and unrestricted investment accounts holders’ equity:			
Due to banks and financial institutions	8,241,356	-	8,241,356
Customers’ current and on demand accounts- trusteeship	766,144,570	309,863,500	1,076,008,070
Cash margins	27,159,061	18,051,157	45,210,218
Accounts payable	400,227	-	400,227
Other provisions	-	15,029,623	15,029,623
Income tax provision	22,459,373	-	22,459,373
Deferred tax liabilities	322,424	520,602	843,026
Other liabilities	24,442,317	764,453	25,206,770
Unrestricted investment accounts	1,114,381,138	1,394,589,142	2,508,970,280
Fair value reserve	1,498,805	5,612,830	7,111,635
Investment accounts holders’ reserve in subsidiaries and associates	13,838,183	4,306,719	18,144,902
Non-controlling interests	-	153,866	153,866
Investment risks fund	-	31,654,580	31,654,580
Deferred tax liabilities	900,598	3,458,146	4,358,744
Income tax provision of investment risks fund	3,455,761	-	3,455,761
Total liabilities and unrestricted investment accounts and holders’ equity	**1,983,243,813**	**1,784,004,618**	**3,767,248,431**
Net	**33,320,050**	**360,073,729**	**393,393,779**

(67) Contractual Commitments and Contingent Liabilities (Off consolidated statement of financial position)

A. Contingent credit commitments

	31 December 2019	31 December 2018
	JD	JD
Letters of credit	25,077,121	22,640,751
Acceptances	2,179,369	3,308,413
Guarantees:	119,719,170	116,550,843
Payment	35,484,631	36,218,249
Performance	55,571,232	50,780,122
Others	28,663,307	29,552,472
Unutilized Limits/ Direct	114,205,450	109,094,793
Unutilized Limits/ Indirect	59,743,127	70,352,098
Total	320,924,237	321,946,898

B. Contractual commitments

	31 December 2019	31 December 2018
	JD	JD
Property, equipment and softwares contracts	2,824,076	3,870,308
Total	2,824,076	3,870,308

The above contractual commitments mature within one year.

C. Indirect facilities expected credit loss:

1. Cumulative movement on indirect facilities as of 31 December 2019:

	Stage 1		Stage 2			
As at 31 December 2019	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	83,160,423	151,460,014	1,762,522	81,521,230	4,042,709	321,946,898
New exposures during the year	65,252,758	77,882,879	1,644,240	28,871,665	6,814,282	180,465,824
Matured exposures	(68,863,245)	(59,990,348)	(1,337,704)	(45,377,298)	(5,919,890)	(181,488,485)
Transferred to stage 1	1,476,783	28,075,758	(1,205,125)	(27,949,005)	(398,411)	-
Transferred to stage 2	(1,790,242)	(33,105,504)	1,845,864	33,049,882	-	-
Transferred to stage 3	(1,000,690)	(648,233)	(282,730)	(1,081,024)	3,012,677	-
Adjustments	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments from exchange rates effect	-	-	-	-	-	-
Balance at the end of the year	78,235,787	163,674,566	2,427,067	69,035,450	7,551,367	320,924,237

as of 31 December 2018:

As at 31 December 2018	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	92,089,619	41,346,779	1,650,287	207,935,613	5,807,843	348,830,141
New exposures during the year	65,734,073	102,148,597	3,690,259	9,122,788	3,177,030	183,872,747
Matured exposures	(76,954,935)	(21,438,028)	(668,621)	(106,467,650)	(5,226,756)	(210,755,990)
Transferred to stage 1	4,470,978	63,106,309	(4,073,672)	(63,106,309)	(397,306)	-
Transferred to stage 2	(1,315,543)	(33,102,608)	1,337,655	34,999,119	(1,918,623)	-
Transferred to stage 3	(863,769)	(601,035)	(173,386)	(962,331)	2,600,521	-
Adjustments	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments from exchange rates effect	-	-	-	-	-	-
Balance at the end of the year	83,160,423	151,460,014	1,762,522	81,521,230	4,042,709	321,946,898

D. Cumulative movement on the expected credit loss for indirect facilities as of 31 December 2019:

As at 31 December 2019	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	905,039	541,164	13,424	1,331,129	5,127,127	7,917,883
Expected credit loss on new exposures during the year	965,793	1,334,473	113,473	503,702	6,720,886	9,638,327
Expected credit loss from matured exposures	(297,799)	(626,094)	(19,675)	(527,429)	(8,636,518)	(10,107,515)
Transferred to stage 1	20,357	133,267	(16,990)	(132,705)	(3,929)	-
Transferred to stage 2	(21,806)	(315,943)	22,220	318,283	(2,754)	-
Transferred to stage 3	(588,820)	(334,483)	(78,652)	(713,040)	1,714,995	-
Impact on ending balance provision due to change in staging classification	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments from exchange rates effect	-	-	-	-	-	-
Balance at the end of the year	982,764	732,384	33,800	779,940	4,919,807	7,448,695

	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
As at 31 December 2018	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,164,621	284,281	10,888	2,809,330	4,272,949	8,542,069
Expected credit loss on new exposures during the year	620,155	1,410,250	120,256	540,711	2,859,327	5,550,699
Expected credit loss from matured exposures	(490,182)	(542,362)	(15,945)	(1,649,452)	(3,476,944)	(6,174,885)
Transferred to stage 1	57,290	238,952	(54,527)	(238,952)	(2,763)	-
Transferred to stage 2	(9,587)	(476,715)	9,683	496,129	(19,510)	-
Transferred to stage 3	(437,258)	(373,242)	(56,931)	(626,637)	1,494,068	-
Impact on ending balance provision due to change in staging classification	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments from exchange rates effect	-	-	-	-	-	-
Balance at the end of the year	905,039	541,164	13,424	1,331,129	5,127,127	7,917,883

E. Distribution of unutilized limits balance according to the bank internal credit rating

	31 December 2019						31 December 2018
	Stage 1		Stage 2				
	Collective	Individual	Collective	Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Internal Credit rating from 1 to 6-	98,785,715	-	19,401,772	-	-	118,187,487	118,119,907
Internal Credit rating from 7+ to 7-	-	-	16,907,672	-	-	16,907,672	20,172,968
Internal Credit rating from 8 to 10	-	-	-	-	179,374	179,374	372,827
Collective portfolio	-	36,658,089	-	1,582,926	433,028	38,674,043	40,781,189
Total	98,785,715	36,658,089	36,309,444	1,582,926	612,402	173,948,576	179,446,891

A. Distribution of Letters of credit and acceptance according to the bank internal credit rating

	31 December 2019						31 December 2018
	Stage 1		Stage 2				
	Collective	Individual	Collective	Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Internal Credit rating from 1 to 6	14,997,225	-	7,377,832	-	-	22,375,057	21,387,647
Internal Credit rating from 7+ to 7-	-	-	2,815,798	-	-	2,815,798	2,424,484
Collective portfolio	-	1,999,418	-	66,217	-	2,065,635	2,137,033
Total	14,997,225	1,999,418	10,193,630	66,217	-	27,256,490	25,949,164

B. Distribution of Gurantees according to the bank internal credit rating

	31 December 2019						31 December 2018
	Stage 1		Stage 2				
	Collective	Individual	Collective	Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Internal Credit rating from 1 to 6-	46,944,625	-	12,361,113	-	-	59,305,738	55,410,513
Internal Credit rating from 7+ to 7-	-	-	10,167,908	-	-	10,167,908	9,038,665
Internal Credit rating from 8 to 10	-	-	-	-	5,268,793	5,268,793	4,821,575
Collective portfolio	-	39,578,282	-	777,924	1,670,172	42,026,378	43,853,030
External credit rating	2,947,000	-	3,354	-	-	2,950,354	3,427,060
Total	49,891,625	39,578,282	22,532,375	777,924	6,938,965	119,719,171	116,550,843

C. Detailed Indirect facilities

	31 December 2019					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Unutalized limits	36,658,089	98,785,715	1,582,926	36,309,445	612,402	173,948,577
Banking Guarantees	39,578,281	49,891,625	777,924	22,532,376	6,938,965	119,719,171
Letters of credit	1,999,418	14,997,225	66,217	10,193,630	-	27,256,490
Total	78,235,788	163,674,565	2,427,067	69,035,451	7,551,367	320,924,238

	31 December 2018					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Unutalized limits	33,089,405	94,488,380	1,135,815	49,947,941	785,350	179,446,891
Banking Gurantees	45,258,113	43,032,299	586,193	21,416,880	6,257,358	116,550,843
Letters of credit	4,812,905	13,939,335	40,514	7,156,410	-	25,949,164
Total	83,160,423	151,460,014	1,762,522	78,521,231	7,042,708	321,946,898

D. Detailed expected credit loss for indirect facilities

	31 December 2019					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Unutalized limits	550,872	441,429	26,789	421,137	247,181	1,687,408
Banking Gurantees	414,736	263,934	6,274	280,435	4,672,627	5,638,006
Letters of credit	17,156	27,021	737	78,368	-	123,282
Total	982,764	732,384	33,800	779,940	4,919,808	7,448,696

	31 December 2018					
	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Unutalized limits	603,676	346,594	10,028	950,889	424,969	2,336,156
Banking Gurantees	286,510	165,984	3,061	280,968	4,702,158	5,438,681
Letters of credit	14,853	28,586	335	99,272	-	143,046
Total	905,039	541,164	13,424	1,331,129	5,127,127	7,917,883

(68) Lawsuits filed against the Bank

The lawsuits filed against the Bank (self) amounted to JD 10,341,217 as of 31 December 2019 with required provision of JD 37,568 (provision booked amounted to JD 75,000 instead of JD 37,568) compared to JD 10,369,384 as of 31 December 2018 with a provision of JD 49,166. The lawsuits filed against the Bank (joint) as of 31 December 2019 amounted to JD 10,084,339 with a provision of JD 39,495 compared to JD 10,051,818 as of 31 December 2018 with a provision of JD 64,261.

The Bank's management and its legal advisor believe that any obligations that may arise from the lawsuits against joint investments will be recognized within the investment risk fund, while the lawsuits against the Bank (self) will be covered by the established provision.

(69) New accounting standards issued but not yet effective

FAS 32 (Ijarah)

This standard supersedes FAS 8 "Ijarah and Ijarah Muntahia Bittamleek". The standard aims at setting out principles for the classification, recognition, measurement, presentation and disclosure of Ijarah type transactions including their different forms entered into by an institution, in both the capacities of lessor and lessee. This standard shall be effective beginning or after 1 January 2021, with early adoption permitted.

FAS 31 Investment Agency (Al-Wakala Bi Al-Istithmar)

This standard defines the accounting principles and reporting requirements for investment agency (Al-Wakala Bi Al-Istithmar) transactions and instruments, in the hands of both the investor and the agent. This standard shall be effective beginning on or after 1 January 2020, with early adoption permitted.

The standard requires the investor to evaluate the nature of the investment as either a) a pass-through investment or b) wakala venture.

Pass-through Investment

A pass-through investment is an investment in which the involvement of the Wakeel, as well as, the options for transferability of the instrument are limited and the investor principally takes a direct exposure on the underlying assets. An investor shall apply the pass-through investment approach for its investments in an investment agency instruments; unless it opts to apply the wakala venture approach.

Under this approach, the investor shall initially recognize the assets underlying the wakala arrangement in its books of account applying the initial recognition principles as applicable in line with respective FAS.

Wakala Venture Approach

The investor may opt to apply the wakala venture approach if, and only if, the investment agency contract meets any of the conditions required under certain conditions.

Under this approach, an investment shall be accounted for in the books of the investor applying the "equity method of accounting"; where the investment shall be recognized initially at cost and subsequently shall be measured at the end of the financial period at carrying amount and shall be adjusted to include the investor's share of profit or loss of the wakala venture.

From the Wakeel perspective, the standard requires that at inception of the transaction the wakeel shall recognize an agency arrangement under off-balance sheet approach since the wakeel does not control the related assets / business. However, there are exceptions to off-balance sheet approach where by virtue of additional considerations attached to the instrument based on investment agency may mandate the same to be accounted for as on-balance sheet.

(FAS) 30 "Impairment and Credit Losses"

The objective of this standard is to establish the principles of accounting and financial reporting for the impairment and credit losses on various Islamic financing, investment and certain other assets of Islamic financial institutions, and related provisions to be in line with ever-changing global best practices.

FAS 35 Risk Reserves

This standard defines the accounting and financial reporting principles for risk reserves to be in line with global best practices for accounting and risk management. This standard complements FAS 30 "Impairment, Credit Losses and Onerous Commitments". Both standards FAS 35 & FAS 30 together supersede the earlier FAS 11 "Provisions and Reserves". This standard shall be effective beginning or after 1 January 2021, with early adoption is permitted, only if the financial institution decided to early adopt FAS 30.

FAS 34 Financial Reporting for Sukuk -holders

This standard prescribes the accounting principles and reporting requirements for underlying assets of a sukuk instrument. It requires the originator to prepare or cause to prepare financing reports as needed under this standard. This standard shall be effective from the financial periods beginning on or after 1 January 2020, with early adoption permitted.

(70) Comparative figures

Some of the 2018 figures were reclassified to correspond with period ended 31 December 2019 presentation with no effect on equity or income for the year 2018.