

نموذج رقم (2-1)

Form No. (1-2)



بنك الإسكان للتجارة والتمويل
The Housing Bank for Trade & Finance

Ref :205/9/2020

Date : 15/06/2020

الرقم : 2020/9/205

التاريخ : 2020/06/15

To : Jordan Securities Commission
Amman Stock Market

Subject: Audited Financial Statements For
The Fiscal year ended 31/12/2019.

السادة : هيئة الأوراق المالية

السادة : بورصة عمان

الموضوع : البيانات المالية السنوية المدققة للسنة المنتهية في
2019/12/31

Attached the English version of The Housing
Bank for Trade and Finance Financial
Statements for the fiscal year ended
31/12/ 2019.

مرفق طيه نسخة من البيانات المالية لبنك الاسكان للتجارة
والتمويل باللغة الانجليزية عن السنة المنتهية في
2019/12/31 .

Kindly accept high appreciation and respect

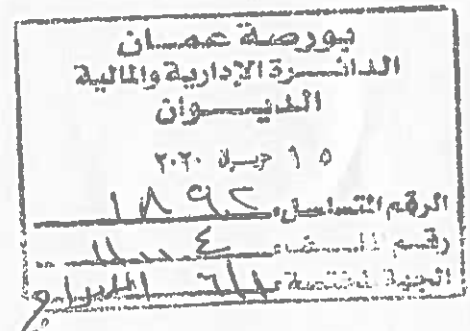
وتفضلوا بقبول فائق الاحترام ،،

The Housing Bank for Trade and Finance

بنك الاسكان للتجارة والتمويل

Chief Financial Officer : Nidal Lutfi

رئيس المجموعة المالية : نضال لطفي



THE HOUSING BANK FOR
TRADE AND FINANCE
(A PUBLIC SHAREHOLDING
LIMITED COMPANY)
AMMAN - THE HASHEMITE
KINGDOM OF JORDAN

CONSOLIDATED FINANCIAL
STATEMENTS FOR THE
YEAR ENDED DECEMBER 31, 2019
TOGETHER WITH THE AUDIT REPORT

THE HOUSING BANK FOR TRADE AND FINANCE
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
DECEMBER 31,2019

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Audit Report on the Consolidated Financial Statements

AM/ 010923

To The Shareholders of
The Housing Bank for Trade and Finance
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Consolidated Financial statements

Opinion

We have audited the consolidated financial statements of The Housing Bank for Trade and Finance (A Public Shareholding Limited Company) (the Bank") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of income, consolidated statement of comprehensive income, consolidated statement of changes in owners' equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Bank's consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities 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.

Other Matter

The accompanying consolidated financial statements are a translation of the original consolidation financial statement, which are in the Arabic language, to which reference should be made.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. 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.

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.

A description was provided on how to examine each of the matters referred to below in the audit procedures:

Key Audit Matters	How our audit addressed the key audit matter
<p>1. Adequate Provision for Credit Losses on Credit Facilities</p> <p>As described in Note 10 to the consolidated financial statements, the Bank had direct credit facilities of JD 4.6 billion as at December 31, 2019 representing 54.5% of total assets.</p> <p>The determination of the Bank's expected credit losses for credit facilities measured at amortized cost is a material and complex estimate requiring significant management judgement in the evaluation of the credit quality and the estimation of inherent losses in the portfolio. The financial statement risk arises from several aspects requiring substantial judgement of management, such as the estimation of probabilities of default and loss given defaults for various stages, the determination of significant increases in credit risk (SICR) and credit-impairment status (default), the use of different modelling techniques and consideration of manual adjustments. In calculating expected credit losses, the Bank considered credit quality indicators for each loan and portfolios, stratifies loans and advances by risk grades and estimates losses for each loan based upon their nature and risk profile. Auditing these complex judgements and assumptions involves especially challenging auditor judgement due to the nature and extent of audit evidence and effort required to address these matters.</p> <p>The Bank expected credit losses are calculated against credit exposures, according to the requirements of International Financial Reporting Standard 9 Financial Instruments (IFRS 9) as adopted by the Central Bank of Jordan. Credit exposures granted directly to the Jordanian Government as well as credit expositors guaranteed by Government are excluded from the determination of the allowance for expected credit losses. In addition, expected credit losses are also adjusted to take into consideration any special arrangements with the Central Bank of Jordan.</p> <p>For further information on this key audit matter refer to Notes 10 and 46 to the consolidated financial statements.</p>	<p>We established an audit approach which includes both testing the design and operating effectiveness of internal controls over the determination of expected credit losses and risk-based substantive audit procedures. Our procedures over internal controls focused on the governance over the process controls around the ECL methodology, completeness and accuracy of loan data used in the expected loss models, management review of outcomes, management validation and approval processes, the assignment of borrowers' risk classification, consistency of application of accounting policies and the process for calculating individual allowances.</p> <p>The primary substantive procedures which we performed to address this key audit matter included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • For a risk-based sample of individual loans, we performed a detailed credit review, assessed the appropriateness of information for evaluating the credit-worthiness and staging classification of individual borrowers and challenged the assumptions underlying the expected credit loss allowance calculations, such as estimated future cash flows, collateral valuations and estimates of recovery as well as considered the consistency of the Bank's application of its impairment policy. Further, we evaluated controls over approval, accuracy and completeness of impairment allowances and governance controls, including assessing key management and committee meetings that form part of the approval process for loan impairment allowances; • For loans not tested individually, we evaluated controls over the modelling process, including model monitoring, validation and approval. We tested controls over model outputs and the mathematical accuracy and computation of the expected credit losses by re-performing or independently calculating elements of the expected credit losses based on relevant source documents with the involvement of our modelling specialists. We challenged key assumptions, inspected the calculation methodology and traced a sample back to source data. We evaluated key assumptions such as thresholds used to determine SICR and forward looking macroeconomic scenarios including the related weighting; • We evaluated post model adjustments and management overlays in the context of key model and data limitations identified by the Bank in order to assess the reasonableness of these adjustments, focusing on PD and LGD used for corporate loans, and challenged their rationale; • We assessed the reasonableness of forward looking information incorporated into the impairment calculations by involving our specialists to challenge the multiple economic scenarios chosen and weighting applied to capture non-linear losses; and • We determined if the amount recorded as the allowance for expected credit losses was determined in accordance with the instructions of the Central Bank of Jordan. • We tested, utilising our internal IT specialists, the IT application used in the credit impairment process and verified the integrity of data used as input to the models including the transfer of data between source systems and the impairment models. We evaluated system-based and manual controls over the recognition and measurement of impairment allowances.

Key Audit Matters	How our audit addressed the key audit matter
<p>2. Provision for Lawsuits and Legal Claims</p> <p>The recognition and measurement of provisions for lawsuits and the measurement and disclosure of contingent liabilities in respect of legal claims requires significant judgement to be applied by the directors and as a result is considered to be a key audit matter.</p> <p>The legal cases, lawsuits raised against the Bank, and provision for lawsuits have been disclosed in notes No.(20) and No.(51) in the consolidated financial statements, the contingent liabilities are also disclosed in note (50) in the consolidated financial statements.</p>	<p>We assessed the design and implementation of controls in this area.</p> <p>We discussed and obtained a letter of confirmation from the Group's internal legal counsel about the existence of lawsuits and other legal claims and the related possible liability to the Group as a result of these matters.</p> <p>We obtained a letter of confirmation from the Group's external legal counsel about the existence of lawsuits and other legal claims and the related possible liability to the Group as a result of these matters.</p> <p>We assessed the amount provided by management in the statement of financial position in respect of lawsuits and other legal claims to determine if it was adequate.</p> <p>We assessed the disclosures relating to contingent liabilities arising from legal claims to determine if it was valid, complete and complied with the requirements of IFRSs.</p>
<p>3. IT systems and controls over financial reporting</p> <p>We identified IT systems and controls over the Bank's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Bank and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of change to an application or underlying data.</p>	<p>Our audit approach relies on automated controls and therefore the following procedures were designed to test access and control over IT systems:</p> <ul style="list-style-type: none"> • We obtained an understanding of the applications relevant to financial reporting and the infrastructure supporting these applications. • We tested IT general controls relevant to automated controls and computer-generated information covering access security, program changes, data centre and network operations. • We examined computer generated information used in financial reports from relevant applications and key controls over their report logics. • We performed testing on the key automated controls on significant IT systems relevant to business processes.



Other Information

Management is responsible for other information. The other information comprises the other information in the annual report, excluding the consolidated financial statements and the independent auditors' report thereon. We expect that the annual report will be made available to us after the date of our audit report. Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance or conclusion thereon.

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and 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 implementation 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 have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the 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 Bank maintains proper books of accounts, which are in agreement with the consolidated financial statements. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

Amman – The Hashemite Kingdom of Jordan
February 27, 2020

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010103

THE HOUSING BANK FOR TRADE AND FINANCE
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31,	
		2019	2018
<u>Assets:</u>		JD	JD
Cash and balances at central banks - net	5	1,114,595,764	1,182,417,706
Balances at banks and financial institutions - net	6	452,515,681	552,436,392
Deposits at banks and financial institutions - net	7	56,296,849	37,578,850
Financial assets at fair value through profit or loss	8	3,673,524	3,735,411
Direct credit facilities - net	10	4,158,821,005	4,255,354,746
Financial assets at fair value through other comprehensive income	9	388,454,051	372,003,362
Financial assets at amortized cost - net	11	1,826,623,951	1,486,802,987
Property and equipment - net	12	185,136,052	186,565,718
Intangible assets - net	13	23,582,588	23,628,921
Right of use asset	19/a	28,702,451	-
Deferred tax assets	21/e	73,911,906	76,354,109
Other assets	14	128,935,815	123,159,399
TOTAL ASSETS		<u>8,441,249,637</u>	<u>8,300,037,601</u>
<u>LIABILITIES AND OWNERS' EQUITY:</u>			
<u>LIABILITIES:</u>			
Banks and financial institutions deposits	15	725,249,222	615,208,559
Customers' deposits	16	5,810,512,968	5,873,760,855
Cash margins	17	278,903,172	286,986,276
Borrowed funds	18	146,914,579	125,858,988
Sundry provisions	20	49,697,700	53,814,157
Income tax provision	21/a	43,188,532	49,752,994
Deferred tax liabilities	21/e	6,569,323	4,141,270
Lease liability	19/b	26,734,220	-
Other liabilities	22	229,666,079	210,420,928
TOTAL LIABILITIES		<u>7,317,435,795</u>	<u>7,219,944,027</u>
<u>OWNERS' EQUITY:</u>			
<u>BANK'S SHAREHOLDERS' EQUITY:</u>			
Paid-up capital	23	315,000,000	315,000,000
Share premium	23	328,147,537	328,147,537
Statutory reserve	23	235,755,327	219,222,999
Special reserve	24	11,184,797	10,798,320
Foreign currencies translation	25	(112,455,441)	(113,597,748)
Fair value reserve - net	26	5,400,864	(2,219,625)
Retained earnings	27	285,267,050	268,842,701
TOTAL BANK'S SHAREHOLDERS' EQUITY		<u>1,068,300,134</u>	<u>1,026,194,184</u>
Non-controlling interest		55,513,708	53,899,390
TOTAL OWNERS' EQUITY		<u>1,123,813,842</u>	<u>1,080,093,574</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>8,441,249,637</u>	<u>8,300,037,601</u>

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

THE HOUSING BANK FOR TRADE AND FINANCE
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	For the Year Ended December 31,	
		2019	2018
		JD	JD
Interest income	30	446,277,759	418,271,541
Interest expense	31	(149,533,212)	(137,274,756)
Net Interest Income		296,744,547	280,996,785
Net commission income	32	26,785,632	25,899,994
Net Interest and Commission Income		323,530,179	306,896,779
Gain from foreign currencies	33	10,449,425	11,208,811
Gain (loss) from financial assets at fair value through profit or loss	34	10,450	(460,109)
Cash dividends from financial assets at fair value through other comprehensive income		226,968	169,739
Other income	35	26,762,472	31,009,571
Total Income		360,979,494	348,824,791
Expenses			
Employees' expenses	36	82,381,180	75,981,500
Depreciation and amortization	12&13&19	22,830,232	15,824,709
Other expenses	37	54,146,653	54,067,600
Allowance for expected credit loss - net	38	55,135,145	62,693,808
Sundry provisions - net	20	14,311,332	8,256,576
Total Expenses		228,804,542	216,824,193
Profit for the Year before Income Tax Expense		132,174,952	132,000,598
Income tax	21/b	(48,467,752)	(37,473,860)
Profit for the Year		83,707,200	94,526,738
Attributable to:			
Bank's Shareholders		80,866,565	90,316,409
Non-Controlling Interest		2,840,635	4,210,329
		83,707,200	94,526,738
		JD	JD
Basic and diluted earnings per share for the year attributable to the Bank's Shareholders	39	0.257	0.287

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

THE HOUSING BANK FOR TRADE AND FINANCE
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>For the Year Ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
	<u>JD</u>	<u>JD</u>
Profit for the year	83,707,200	94,526,738
<u>Other comprehensive income items which may be reclassified to profit or loss in the subsequent period</u>		
Foreign currencies translation	889,126	(8,706,550)
Net change in valuation reserve of financial assets at fair value through comprehensive income after tax - debt instruments	7,853,731	(1,826,051)
<u>Other comprehensive income items that will not be reclassified to profit or loss in the subsequent period</u>		
Net change in valuation reserve of financial assets at fair value through comprehensive income after tax - equity instruments	(233,242)	(284,115)
Total Comprehensive Income Items for the Year after Tax	<u>8,509,615</u>	<u>(10,816,716)</u>
Total Comprehensive Income for the Year	<u>92,216,815</u>	<u>83,710,022</u>
<u>Attributable to:</u>		
Bank's Shareholders	89,629,361	81,249,910
Non-Controlling Interest	2,587,454	2,460,112
	<u>92,216,815</u>	<u>83,710,022</u>

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

THE HOUSING BANK FOR TRADE AND FINANCE
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

				Reserves								
	Note	Paid-up Capital	Share Premium	Statutory	General Banking Risks	Special	Foreign Currency Translation	Fair Value Reserve - Net	Retained Earnings	Total Shareholder's Equity	Non- Controlling Interest	Total Owners' Equity
		JD										
For the Year Ended December 31, 2019												
Beginning balance for the year		315,000,000	328,147,537	219,222,999	-	10,798,320	(113,597,748)	(2,219,625)	268,842,701	1,026,194,184	53,899,390	1,080,093,574
Prior years adjustments		-	-	-	-	-	-	-	(287,049)	(287,049)	(83,337)	(370,386)
Adjusted beginning balance		315,000,000	328,147,537	219,222,999	-	10,798,320	(113,597,748)	(2,219,625)	268,555,652	1,025,907,135	53,816,053	1,079,723,188
Profit for the Year		-	-	-	-	-	-	-	80,866,565	80,866,565	2,840,635	83,707,200
Net change in valuation reserve of financial assets at fair value through other comprehensive income after tax - debt instruments	26	-	-	-	-	-	-	7,853,731	-	7,853,731	-	7,853,731
Net change in valuation reserve of financial assets at fair value through other comprehensive income after tax - equity instruments		-	-	-	-	-	-	(233,242)	-	(233,242)	-	(233,242)
Foreign currency translation		-	-	-	-	-	1,142,307	-	-	1,142,307	(253,181)	889,126
Total Comprehensive Income		-	-	-	-	-	1,142,307	7,620,489	80,866,565	89,629,361	2,587,454	92,216,815
Realized gain from sold financial assets at fair value through other comprehensive income		-	-	-	-	-	-	-	13,638	13,638	-	13,638
Transferred to reserves		-	-	16,532,328	-	386,477	-	-	(16,918,805)	-	-	-
Dividends paid	27	-	-	-	-	-	-	-	(47,250,000)	(47,250,000)	(889,799)	(48,139,799)
Ending Balance for the Year		315,000,000	328,147,537	235,755,327	-	11,184,797	(112,455,441)	5,400,864	285,267,050	1,068,300,134	55,513,708	1,123,813,842
For the Year Ended December 31, 2018												
Beginning balance for the year		315,000,000	328,147,537	206,742,971	37,608,684	8,807,007	(106,641,415)	(109,459)	273,604,841	1,063,160,166	53,070,195	1,116,230,361
Effect of implementation of International Financial Reporting Standard No. (9)		-	-	-	-	-	-	-	(55,220,989)	(55,220,989)	(69,975)	(55,290,964)
Transferred from general banking risks		-	-	-	(37,608,684)	-	-	-	37,608,684	-	-	-
Adjusted beginning balance		315,000,000	328,147,537	206,742,971	-	8,807,007	(106,641,415)	(109,459)	255,992,536	1,007,939,177	53,000,220	1,060,939,397
Profit for the Year		-	-	-	-	-	-	-	90,316,409	90,316,409	4,210,329	94,526,738
Net change in valuation reserve of financial assets at fair value through other comprehensive income after tax - debt instruments		-	-	-	-	-	-	(1,826,051)	-	(1,826,051)	-	(1,826,051)
Net change in valuation reserve of financial assets at fair value through other comprehensive income after tax - equity instruments	26	-	-	-	-	-	-	(284,115)	-	(284,115)	-	(284,115)
Foreign currency translation		-	-	-	-	-	(6,956,333)	-	-	(6,956,333)	(1,750,217)	(8,706,550)
Total Comprehensive Income		-	-	-	-	-	(6,956,333)	(2,110,166)	90,316,409	81,249,910	2,460,112	83,710,022
Realized gain from sold financial assets at fair value through other comprehensive income		-	-	-	-	-	-	-	5,097	5,097	-	5,097
Transferred to/from reserves		-	-	12,480,028	-	1,991,313	-	-	(14,471,341)	-	-	-
Dividends paid	27	-	-	-	-	-	-	-	(63,000,000)	(63,000,000)	(1,560,942)	(64,560,942)
Ending Balance for the Year		315,000,000	328,147,537	219,222,999	-	10,798,320	(113,597,748)	(2,219,625)	268,842,701	1,026,194,184	53,899,390	1,080,093,574

- The Bank cannot use a restricted amount of JD 6,283,303 from retained earing which represents the financial assets revaluation differences in accordance with the instructions of the Central Bank of Jordan and the Jordan Securities Commission.
- Retained earnings includes an amount of JD 563,977, which represents the effect of early implementation of the International Financial Reporting Standard No (9). This amount may not be used except for the amounts actually realized from sale.
- The Bank cannot use a restricted amount of JD 73,911,906 from retained earing which represents deferred tax assets which are restricted against capitalization or distribution only to the extent if actually recognized in accordance with the instructions of the Central Bank of Jordan and the Jordan Securities Commission.
- Retained earnings includes a restricted amount of JD 13,788,639, which represents the gain from the valuation of foreign currencies at the International Bank for Trade and Finance /Syria for the current year and the prior years.

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

THE HOUSING BANK FOR TRADE AND FINANCE
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF CASH FLOWS

		For the Year Ended December 31,	
	Note	2019	2018
Operating Activities		JD	JD
Profit before income tax		132,174,952	132,000,598
Adjustments for non-cash items:			
Depreciation and amortization		22,830,232	15,824,709
Provision for expected credit loss	38	55,135,145	62,901,888
Net unrealized loss from the valuation of financial assets at fair value through profit or loss		155,561	558,248
Net accrued interest and commission income		(1,088,028)	(3,587,350)
Effect of the change in exchange rates on cash and cash equivalents		(3,017,264)	(3,612,862)
Provision for end-of-service indemnity expense		7,681,497	3,245,903
Premiums and discounts amortization		(2,095,051)	1,103,230
Sundry provisions		14,311,332	8,256,576
Others		4,173,664	2,432,574
Cash flows from operating activities before changes in assets and liabilities		230,262,040	219,123,514
Decrease (Increase) in Assets			
Deposits at banks and financial institutions (maturing within more than 3 months)		(18,705,180)	268,059
Direct credit facilities		46,126,214	(164,103,201)
Financial assets at fair value through profit or loss		(93,674)	(526,448)
Other assets		(4,170,130)	(15,744,283)
Increase (Decrease) in Liabilities			
Banks and financial institutions' deposits (maturing within more than 3 months)		(80,088,970)	78,042,047
Customers' deposits		(63,247,887)	45,628,284
Cash margins		(8,083,104)	20,379,487
Other liabilities		8,968,981	19,101,482
Sundry provisions		(26,082,475)	(12,974,559)
Net Cash Flows from Operating Activities before Income Tax		84,885,815	189,194,382
Income tax paid		(53,352,248)	(52,514,979)
Net Cash Flows from Operating Activities		31,533,567	136,679,403
Investing Activities			
(Purchase) of financial assets at fair value through comprehensive income		(120,269,899)	(96,189,680)
Sale of financial assets at fair value through comprehensive income		113,666,056	107,083,327
(Purchase) of financial assets at amortized cost		(655,478,562)	(374,159,226)
Matured financial assets at amortized cost		318,672,790	301,109,431
(Purchase) of property and equipment		(11,973,120)	(17,632,584)
Proceeds from sale of property and equipment		147,193	257,270
(Purchase) of intangible assets		(5,288,935)	(4,090,536)
Paid for lease obligation		(7,976,544)	-
Net Cash Flows (used in) Investing Activities		(368,501,021)	(83,621,998)
Financing Activities			
Borrowed funds		21,055,591	23,400,330
Paid from borrowed funds		-	(11,678,127)
Dividends paid to shareholders		(45,047,795)	(62,947,665)
Non-controlling interest		(889,799)	(1,560,942)
Net Cash Flows (used in) Financing Activities		(24,882,003)	(52,786,404)
Net (Decrease) Increase in Cash and Cash Equivalents		(361,849,457)	271,001
Effect of the change in exchange rates on cash and cash equivalents		4,009,878	(4,347,410)
Cash and cash equivalents - beginning of the year		1,267,129,014	1,271,205,423
Cash and Cash Equivalents - End of the Year	40	909,289,435	1,267,129,014

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

THE HOUSING BANK FOR TRADE AND FINANCE
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

- The Housing Bank for Trade and Finance ("the Bank") was established in 1973 and registered as a public shareholding limited company in accordance with the Jordanian Companies Law No. 12 of 1964. The Bank headquarters is located in Amman – The Hashemite Kingdom of Jordan.
- The Bank provides its banking and financing business activities through its headquarters in Amman – Jordan; its branches in Jordan (125 branches); its branches abroad in Palestine and Bahrain (16 branches); and its subsidiaries in Jordan, Syria, Algeria, and the United Kingdom.
- The Bank's shares are traded on Amman Stock Exchange.
- The consolidated financial statements were approved by the Bank's Board of Directors in their meeting held on January 23, 2020 and it is subject to the approval of the general assembly of shareholders.

2. Significant Accounting Policies

Basis of consolidated financial statements preparation

The accompanying consolidated financial statements for the Bank have been prepared in accordance with the standards issued by the International Accounting Standards Board, and interpretations of the International Financial Reporting Interpretation Committee arising from the International Accounting Standards Committee, as adopted by Central Bank of Jordan.

The key differences between International Financial Reporting Standards that should be applied and what adopted by the Central Bank of Jordan are as follows:

- Provisions for expected credit losses are calculated in accordance with the Central Bank of Jordan (CBJ) instructions No. (13/2018) "International Financial Reporting Standard No. (9) Implementation" dated June 6, 2018 and in accordance with the regulatory authorities instructions in the countries that the Bank operates whichever is more strict, the main significant differences are as follows:
 - Exclusion Debt instruments issued or guaranteed by the Jordanian Government, so that credit exposures issued or guaranteed by the Jordanian Government are treated with no credit losses.
 - When calculating credit losses against credit exposures, the calculation results in accordance to International Financial Reporting Standards (9) are compared with the calculation as per the instructions of the Central Bank of Jordan No. (47/2009) dated December 10, 2009 for each stage separately and the stricter results are recorded.
- In accordance with the instructions of the Central Bank of Jordan and the instructions of the supervisory authorities in the countries in which the bank operates, interest and commissions are suspended on non-performing credit facilities.

Assets seized by the Bank are shown in the consolidated statement of financial position among other assets at their current value when seized by the Bank or at fair value, whichever is lower, and are individually reassessed on the date of the consolidated financial statements. Any impairment loss is recorded in the consolidated statement of profit or loss while any increase in the value is not recorded as revenue. Subsequent increase is taken to the consolidated statement of profit or loss to the extent of not exceeding the previously recorded impairment. Also effective beginning of 2015, a gradual provision was made for assets seized against debts for a period over 4 years, according to the Central Bank of Jordan Circular No. 15/1/4076 dated March 27, 2014 and No. 10/1/2510 dated February 14, 2017. The Central Bank of Jordan has issued Circular No. 10/1/13967 dated October 25, 2018, on which it approved the extension of Circular No. 10/1/16607 dated December 17, 2017, whereby it had confirmed to postpone the provision calculation until the end of 2019. According to the Central Bank of Jordan Circular No. 10/1/16239 dated November 21, 2019, the deduction of the provisions required against seized assets should continue at a rate of 5% of the total book values of these properties (regardless of the violation period) from the year of 2021, until the required percentage of 50% is reached by the end of 2029.

- Additional provisions are calculated in the consolidated financial statements against some of the Bank's foreign investments in some neighbouring countries.

- The consolidated financial statements have been prepared under the historical cost, except for certain financial instruments that have been measured at fair value at the end of each financial period, as described in the accounting policies below.
- The reporting currency of the consolidated financial statements is the Jordanian Dinar, which is the functional currency of the Bank.
- The accounting policies adopted in preparing the consolidated financial statements are consistent with those applied in the year ended December 31, 2018, except for the effect of the application of the new and revised standards applied on or after January 1, 2019 as stated in Note (3-a & 3-b).

Basis of Consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiaries under its control. Moreover, control is achieved when the Bank has the power to govern the financial and operating policies of its subsidiaries in order to obtain benefits from their activities. Transactions, balances, income and expenses between the Bank and its subsidiaries are eliminated between the Bank and its subsidiaries.

As of December 31, 2019 the Bank owns the following subsidiaries:

A. Foreign subsidiaries

- International Bank for Trade and Finance / Syria (paid-up capital is Syrian Lira 5.25 billion, of which the Bank owns 49.063%). The Bank has the power to control the operating, financial and administrative policies and of this bank. Therefore, its financial statements have been consolidated with the financial statements of the Bank. In this regard, the Bank's main objective is to conduct commercial banking activities, and ownership of this bank dates back to 2003. In addition, the International Bank for Trade and Finance has a subsidiary – The International Financial Center/ Syria with an ownership percentage of 85% of the company's capital amounting to 100 million SYL, whereas the Housing Bank for Trade and Finance owns a percentage of 5% of the company's capital.
- Housing Bank for Trade and Finance – Algeria: (ownership is 85% of the bank's capital of 15 billion Algerian dinars). The main objective of this bank is to conduct commercial banking activities, and ownership of this bank dates back to 2002.
- Jordan International Bank / London: (ownership is 75% of paid-up capital, which amounts to 65 million pounds sterling (65 million shares). The bank conducts all banking activities.

B. Local subsidiaries

- International Financial Center Company / Jordan (paid-up capital JD 5 million, of which the Bank owns 77.5%). The Company's main activity is financial brokerage in Amman Stock Exchange (ASE) and other exchange markets (Stock markets) in the Hashemite Kingdom of Jordan and outside Jordan, and it conducts purchase and sale transactions of financial instruments for customers and the company. The Bank's ownership in this company dates back to 1998.
- Specialized Lease Finance Company / Jordan, of which the Bank owns 100% of paid-up capital of JD 30 millions. The Company's main activity is to conduct finance leases for various types of equipment and machinery, in addition to real estate, land, vehicles, and other items purchased by the company for finance lease purposes. The Bank's ownership in this company dates back to 2005.
- Jordan Real Estate Investments Company - Jordan. The Bank owns 100% of this company's paid-up capital of JD 40,000. The company's main activity is managing non banking services employees, and the Bank's ownership in this company dates back to 1997.

The results of the subsidiaries' operations in the consolidated statement of profit or loss effective from their acquisition date, which is the date on which control over the subsidiaries is effectively transferred to the Bank. Furthermore, the results of the disposed-of subsidiaries are consolidated in the consolidated statement of profit or loss up to the date of their disposal, which is the date on which the Bank loses control over the subsidiaries.

Control is achieved when the Bank:

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

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above. When the Bank has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. In this regard, the Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

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

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

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

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

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

Segment Information

Business sectors represent a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business sectors which are measured in accordance with the reports sent to the operations management and decision makers in the Bank.

The geographical sector relates to providing products or services in a specific economic environment subject to risk and returns different from those of sectors functioning in other economic environments.

Net Interest Income

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

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

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

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

Net Fees and Commission Income

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

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

Contracts with customers that results in a recognition of financial instrument may be partially related to of IFRS 9 or IFRS 15. In this case, the commission related to IFRS 9 portion is recognized, and the remaining portion is recognized as per IFRS 15.

Net Trading Income

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

Net Income from Other Financial Instruments at Fair Value through Profit or Loss

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

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

Dividend Income

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

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

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

Financial Instruments

Initial Recognition and Measurement

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

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

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

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognized in the statement of profit or loss on initial recognition (i.e. day 1 the statement of profit or loss);
- In all other cases, the fair value will be adjusted to become it in line with the transaction price (i.e. day 1 the statement of profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

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

Financial Assets

Initial Recognition

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

Subsequent Measurement

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

Specifically:

- Debt instruments held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost;
- Debt instruments held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income;
- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at fair value through profit or loss.

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

- The Bank may irrevocably select to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, in other comprehensive income; and
- The Bank may irrevocably designate a debt instrument that meets the amortized cost or fair value through other comprehensive income criteria as measured at fair value through the statement of income, if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

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

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

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

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

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

Assessment of Business Models

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

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

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

- The stated policies and objectives of the portfolio and application of those policies whether the management strategy focuses on obtaining contractual revenues, maintaining specific profit rate matching the profit of financial assets with the period of financial liabilities that finance those assets.
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How the business managers are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

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

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

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

Financial Assets at fair Value through Profit or Loss

Financial assets at fair value through profit or loss are:

- Assets with contractual cash flows that are not solely payments of principal and interest; or/and
- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at fair value through profit or loss using the fair value option.

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

Reclassifications

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model, which results in reclassifying the Bank's financial assets. The changes in the contractual cash flows are considered under the accounting policy on the modification and de-recognition of financial assets described below.

Foreign Exchange Gains and Losses

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

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in the statement of income;
- For debt instruments measured at fair value through other comprehensive income that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in the statement of profit or loss. Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;
- For financial assets measured at fair value through profit or loss that are not part of a designated hedge accounting relationship, exchange differences are recognized in the statement of profit or loss; and
- For equity instruments measured at fair value through other comprehensive income, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

Fair Value Option

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

- If the selection leads to a significant cancellation or reduction of the accounting mismatch.
- If the financial liabilities are part of a portfolio managed on a fair value basis, in accordance with a documented risk management or investment strategy; or
- If a derivative is included in the underlying financial or non-financial contract, and the derivative is not closely related to the underlying contract.

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

Impairment

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

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

No impairment loss is recognized on equity investments.

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

- 12-month expected credit loss, i.e. lifetime expected credit loss that results from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- 12-month expected credit loss, i.e. lifetime expected credit loss that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

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

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

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

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

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

Provisions for expected credit losses are calculated in accordance with the Central Bank of Jordan instructions No. (2018/13) "Adoption of IFRS 9" on June 6, 2018, and according to the instruction of the supervisory authorities in the countries in which the Bank operates, whichever is stronger, the material differences is as follows:

- Elimination of debt instrument issued or granted by the Jordanian Government so that credit exposures is resolved on the Jordanian Government and by its guarantee without credit losses.
- When calculating the credit losses against credit exposures, a calculation comparasion according to IFRS 9 with Central Bank of Jordan instructions No. (2009/47) dated December 10, 2009 for each stage individual, the stronger results is taken.

Credit-impaired Financial Assets

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

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

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

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

Purchased or Originated Credit-impaired (POCI) Financial Assets

Purchased or originated credit-impaired financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Bank recognizes all changes in lifetime expected credit loss since initial recognition as a loss allowance with any changes recognized in the consolidated statement of profit or loss. A favorable change for such assets creates an impairment gain.

Definition of Default

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

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

- The borrower is past due more than 90 days on any material credit obligation to the Bank; or
- The borrower is unlikely to pay its credit obligations to the Bank in full.

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

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

Significant Increase in Credit Risk

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

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

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

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

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

- The remaining lifetime probability of default at the reporting date; with
- The remaining lifetime probability of default for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The probability of default used is forward looking, and the Bank uses the same methodologies and data used to measure the loss allowance for expected credit loss.

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

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

As a backstop when an asset becomes more than 45 days past due, the Bank considers that a significant increase in credit risk has occurred, and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime expected credit loss.

Modification and Derecognition of Financial Assets

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

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

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

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

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

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

- The remaining lifetime probability of default estimated based on data at initial recognition and the original contractual terms; with
- The remaining lifetime probability of default at the reporting date based on the modified terms.

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

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

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

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

Write-off

Financial assets are written off when the Bank has no reasonable expectations of recovering the financial asset. This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will be recognized in consolidated statement of profit or loss when it's recovered.

Presentation of Allowance for Expected Credit Loss in the Consolidation Statement of Financial Position

Loss allowances for expected credit loss are presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- For debt instruments measured at fair value through other comprehensive income: no loss allowance is recognized in the consolidated statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve.
- For loan commitments and financial guarantee contracts: as a provision; and
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the expected credit loss on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Loans and advances

The "loans and advances" included in the consolidated statement of financial position as follows:

- Loans and advances measured at amortized cost, which are initially measured at fair value plus additional direct transaction costs, and later at amortized cost using the effective interest method.
- Loans and advances that are measured at fair value through profit or loss, or that determined as being at fair value through profit or loss; measured at fair value and recognize changes directly in profit or loss; and
- Lease obligations.
- Interest and commissions are suspended on non-performing credit facilities granted to clients in accordance with the instructions of the Central Bank of Jordan.
- All related credit facilities and outstanding interest covered by the provision are transferred out of the consolidated statement of financial position, and this according to the decisions of board of directors in this regards.
- The outstanding accounts interest with lawsuits outside the consolidated statement of financial position are recognized in accordance with the decisions of the board of directors in this regards.

When the Bank purchases a financial assets and concludes an agreement simultaneously to resell the asset (or a substantially similar asset) at a fixed price. At later date (repurchase or borrow the shares) the consideration paid is calculated as a loan or advance, and the asset is not recognized in the Bank financial statements.

Financial Liabilities and Equity

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

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

Equity Instruments

Paid up Capital

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

Treasury Shares

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

Compound Instruments

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

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

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss or 'other financial liabilities'.

Financial liabilities at Fair Value Through the Statement of Profit or Loss

Financial liabilities are classified as at fair value through the statement of profit or loss when the financial liability is (i) held for trading, or (ii) it is designated as at fair value through the statement of profit or loss. A financial liability is classified as held for trading if:

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

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

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at fair value through the statement of profit or loss.

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

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

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

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

Other Financial Liabilities

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For details on effective interest rate, see the "net interest income section" above.

Derecognition of Financial Liabilities

The Bank derecognizes financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of profit or loss.

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

Derivative Financial Instruments

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

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

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

Embedded derivatives

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

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

Financial Guarantee Contracts

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

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

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

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

The Bank has not designated any financial guarantee contracts as at fair value through profit or loss.

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

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

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

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

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

Derivatives

Derivatives for Trading

The fair value of derivative financial instruments held for trading (such as forward foreign exchange contracts, future interest contracts, swaps, foreign exchange options rights) is recognized in the consolidated statement of financial position, and fair value is determined at the prevailing market rates. If this information is not available, the assessment methodology is disclosed, and the change in fair value is recognized in the consolidated statement of profit or loss.

Hedge Accounting

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

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

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

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

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

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

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

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

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

Fair Value Hedges

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

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

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

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

Cash Flow Hedges

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

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

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

Hedges of Net Investments in Foreign Operations

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

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

Offsetting

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

Accounts Managed on Behalf of Customers

These represent the accounts managed by the Bank on behalf of its customers, but do not represent part of the Bank's assets, fees and commissions on such accounts are shown in the consolidated statement of profit or loss, a provision against the impairment in the capital-guaranteed portfolios managed on behalf of customers is taken.

Fair value

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

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

- Level inputs (1) inputs derived from quoted (unadjusted) prices of identical assets or liabilities in active markets that an enterprise can obtain on the measurement date;
- Input level (2) inputs derived from data other than quoted prices used at level 1 and observable for assets or liabilities, either directly or indirectly;
- Level inputs (3) are inputs to assets or liabilities that are not based on observable market prices.

Provisions

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

Employees Benefits

Short term employee benefits

Employees short term benefits are recognised as expenses when delivering relevant services. Liability is recorded against the related commitment when the bank is legally obliged implicitly or explicitly to pay for past services rendered by the employee and the liability can be estimated reliably.

Other long term employee benefits

The Bank's net liabilities relating to employee benefits are the amount of future benefits that employees have received for their services in the current and previous periods. A provision is made to meet the statutory and contractual obligations for employees to end the service for each employee for the date of the consolidated statement of financial position in accordance with the internal regulations of the Bank.

Assets Seized by the Bank

Assets foreclosed by bank are presented at the consolidated statement of financial position within other assets at fair value or at the value of their ownership by the bank whichever is less, at the date of the consolidated financial statements these assets gets re-evaluated individually, and any impairment in their value is recorded as a loss in the consolidated statement of profit or loss but the increase is not recorded as revenue, Subsequent value increase is taken to the consolidated statement of profit or loss to the extent that it does not exceed the previously recorded impairment amount.

Starting from the year 2015 and in accordance with the Central Bank of Jordan circular No. 10/1/4076 dated March 27, 2014 and circular No. 10/1/2510 dated February 14, 2017, the Bank has started to calculate gradual provision against the assets foreclosed by the Bank in exchange of credit facilities that have been in possession for more than 4 years. Central Bank of Jordan issued circular No. 10/1/16239 dated November 21, 2019 approving the extension of circular No. 10/1/2150 dated February 14, 2017, in which it confirmed postponing the provision calculation until the end of year 2020 and amending the second clause of it.

Income Tax

Tax expense comprises of current tax and deferred taxes.

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

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

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

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

Mortgaged Financial Assets

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

Repurchase and Resale Agreements

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

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

Property and Equipment

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

The depreciation rates used are as follows:

	%
Buildings	2
Equipment, furniture and fixtures	5-15
Vehicles	20
Applications and Computer	10-33

If such indication exists and when the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is charged to statement of profit or loss.

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

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

Intangible Assets

Goodwill

Goodwill is initially measured at cost, being the excess of the cost of acquisition or purchase of investment in an associate or subsidiary company over the Bank's share in the net fair value of the identifiable assets at the date of acquisition. Goodwill arising from the investment in subsidiaries will be separately shown under intangible assets, while that arising from the investment in associates will be shown as part of investment in associates and subsequently adjusted for any impairment losses.

Goodwill is allocated to each of the cash-generating units, or groups of cash-generating units for the purpose of impairment testing.

Goodwill is tested for impairment, at the date of the consolidated financial statements, if events or changes in circumstances indicate that the estimated recoverable amount of a cash-generating unit or group of cash-generating units is less than their carrying amount. Moreover, impairment losses are charged to the consolidated statement of profit or loss.

Other Intangible Assets

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

Intangible assets are classified based on the assessment of their useful life to definite and indefinite. Intangible assets with definite lives are amortized over their useful economic life, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date, and impairment loss is charged to the consolidated statement of profit or loss.

Internally generated intangible assets are not capitalized and are expensed in the consolidated statement of profit or loss in the same period.

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

Computer software: are amortized using the straight -line method during a period that does not exceed 3 years from acquisition date.

Impairment of non financial asset

The carrying amount of the bank's non-financial asset is reviewed at the end of each fiscal year except for the deferred tax assets, to determine if there is an indication of impairment, and if there is an indication of impairment, the amount recoverable from these assets will be estimated.

If the carrying amount of the assets exceeds the recoverable amount from those assets, the impairment loss is recorded in these assets.

The recoverable amount is the fair value of the asset – less cost of sales – or the value of its use, whichever is greater.

All impairment losses are recognized in the consolidated statement of profit or loss and other comprehensive income.

The impairment loss for goodwill is not reversed, for other assets, the impairment loss is reversed only if the value of the carrying amount of the assets does not exceed the book value that was determined after the depreciation or amortization has been reduced if the impairment loss is not recognized in value.

Foreign Currencies

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

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

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

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

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

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

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

Cash and Cash Equivalents

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

Earning per Share

The bank calculate basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Bank by the weighted-average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Lease contracts

Accounting policy used from January 1, 2019

The Bank as a Lessee

The Bank assesses whether the contract contains lease when starting the contract. The Bank recognizes the right to use assets and the corresponding lease obligations in relation to all lease arrangements in which the lessee is in, except for short-term lease contracts (defined as leases of 12 months or less) and low value asset leases, and for these contracts, the bank recognizes the lease payments as an operating expense on a straight-line basis over the period of the lease, unless another regular basis is more representative of the time pattern in which the economic benefits from the leased assets are utilized.

The lease obligation is initially measured at the present value of the lease payments that were not paid on the start date of the lease, deducted by using the price implicit in the lease. If this rate cannot be easily determined, the bank uses its additional expected rate.

The lease payments included in the rental obligation measurement include:

- Fixed rental payments (essentially including fixed payments), minus accrued receivable rental incentives;
- Variable rental payments that depend on an index or rate, initially measured using the indicator or the rate at the date the contract begins.
- The amount expected to be paid by the lessee under the residual value guarantees.
- The price of the exercise of purchase options, if the lessee is reasonably certain of the exercise of the options; and
- Paying the contract termination fines, if the lease reflects the exercise of the lease termination option.

Rental obligations are presented as a separate note in the consolidated statement of financial position.

Later, lease obligations are subsequently measured by increasing the book value to reflect the interest in the rental obligations (using the effective interest method) and by reducing the book value to reflect the rental payments paid.

The lease obligations (and a similar adjustment to the related right-to-use assets) are re-measured whenever:

- The lease term has changed or there is an event or important change in the conditions that lead to a change in the exercise of the purchase option assessment, in which case the lease obligations are re-measured by deducting the adjusted lease payment using the adjusted discount rate.
- Lease payments change due to changes in an index, rate, or change in expected payments under the guaranteed residual value, in which cases the lease obligation is re-measured by deducting the modified rental payments using a non-variable discount rate (unless the rental payments change due to a change in the floating interest rate, in this case the adjusted discount rate is used).
- The lease contract is adjusted and the lease amendment is not accounted as a separate lease, in which case the lease obligation is re-measured based on the duration of the adjusted lease contract by deducting the adjusted rental payments using the adjusted discount rate at the actual price at the date of the amendment.

The right to use assets are depreciated over the life of the lease or the useful life of the asset (whichever is shorter). If the lease contract transfers the ownership of the underlying asset or the cost of the right to use, which reflects that the company expects to exercise the purchase option, then the relevant value of the right to use is depreciated over the useful life of the asset. Depreciation begins on the date the commencement of the lease.

The right-to-use assets are presented as a separate note in the consolidated statement of financial position.

The Bank applies International Accounting Standard (36) to determine whether the value of the right to use has decreased its value and calculates any impairment losses as described in the policy of "property and equipment".

Variable rents that are not dependent on an index or rate are not included in the measurement of lease obligations and right to use assets. Related payments are recognized as an expense in the period in which the event or condition that leads to these payments occurs and are included in "Other Expenditures" in the statement of profit or loss.

The Bank as a Lessor

The Bank enters into lease contracts as a lessor in regard with some investment properties.

Leases in which the Bank is the lessor are classified as operating or finance leases. In the event that the terms of the lease contract transfer all risks and rewards of ownership to the lessee, the contract is classified as a finance lease and all other leases are classified as operating leases.

When the Bank is an intermediary lessor, it represents the main lease and sub-contract as two separate contracts. The sublease contract is classified as finance or operating lease by reference to the original right of use arising from the main lease.

Rental income from operating leases is recognized on a straight-line basis over the period of the relevant lease. The primary direct costs incurred in negotiating and arranging an operating lease are added to the book value of the leased asset and are recognized on a straight-line basis over the lease term.

The amounts due from the lessee under finance leases are recognized as receivables with the amount of the company's net investment in the rental contracts. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the bank's existing net investment with respect to lease contracts.

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

Accounting policies used until December 31, 2018

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

The Bank as a Lessor

The amounts due from the lessee are recognized under finance lease contracts, as receivables from the amount of the net investment in the contracts. Finance lease income is allocated to accounting periods to reflect a constant periodic return on the net investment, with regard to rental leases.

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

The Bank as a Lessee

Assets acquired through leases are recognized on initial recognition at their fair value at the inception of the lease or at the present value of the minimum lease payments, whichever is lower. Financial leasing liabilities are recorded at the same value. These obligations are presented in statement of financial position as finance lease liabilities.

The lease payments are distributed between the financing expenses and decreasing of the financial lease liabilities in order to achieve a fixed rate of interest on the remaining balance of the lease liabilities. Direct financing expenses are recognized in the consolidated statement of profit or loss.

Operating lease payments are recognized as an expense on a straight-line basis over the life of the lease, except in situations where it has another regular basis that is more representative of the time pattern in which the economic benefits are utilized from the leased asset. Recognition of reassuring lease arising from operating lease as an expense in the period in which they incurred. In the event that lease incentives are received to enter into operating lease, these incentives are recognized as an obligation. The overall interest of incentives are recognized as reduction in lease expense on straight line basis, unless there is a systematic basis that is more representative of the time pattern in which will be used from economic benefits from leased assets.

3. Application of New and Amended International Financial Reporting Standards

a. Amendments that did not have a material impact on the Bank's consolidated financial statements:

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

New and revised standards	Amendments to new and revised IFRSs
Annual improvements to IFRSs issued between 2015 and 2017	<p>Improvements include amendments to IFRS (3) "Business Combinations", (11) "Joint Arrangements", International Accounting Standards (12), "Income Taxes" and (23) "Borrowing Costs" and as the following:</p> <p><u>IFRS (12) "Income Tax"</u> The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.</p> <p><u>IFRS (23) "Borrowing Costs"</u> The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.</p> <p><u>IFRS (3) "Business Combination"</u> The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.</p> <p><u>IFRS (11) "Joint Arrangements"</u> The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.</p>
IFRIC (23) Uncertainty on the Treatment of Income Tax	<p>The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS (12) and specifically addresses:</p> <ul style="list-style-type: none">• whether the tax treatment should be considered in aggregate;• assumptions regarding the procedures for the examination of tax authorities;• determination of taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates;• The impact of changes in facts and circumstances.
Amendments to IFRS 9 Financial Instruments.	<p>These amendments relate to the advantages of prepayment with negative compensation, where the current requirements of IFRS (9) regarding termination rights have been amended to allow for the measurement at amortized cost (or on the business model at fair value through other comprehensive income) status of negative compensation payments.</p>
Amendments to IAS (28) "Investment in Associates and Joint Ventures".	<p>These amendments relate to long-term shares in allied enterprises and joint ventures. These amendments clarify that an entity applies IFRS (9) "Financial Instruments" to long-term interests in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.</p>
Amendments to IAS 19 Employee Benefits.	<p>These amendments relate to adjustments to plans, reductions, or settlements.</p>

b. Amendments Affecting the Bank's Consolidated Financial Statements:**Effect of Application of IFRS (16) "Leases":**

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

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

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

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

The recognised right-of-use assets relate to leased properties as of December 31, 2019 and January 1, 2019. The effect of application on beginning balances for each right of use assets and lease liabilities amounted to JD 33,006,764.

The table below shows the effect of application of IFRS 16 for each financial item as of December 31, 2019:

Statement of Financial Position			
Item	Amounts as reported in financial statements	Effect of application	Amounts without adoption
	JD	JD	JD
Right of use assets	28,702,451	28,702,451	-
Other assets	128,935,815	(3,133,584)	132,069,399
Total effect on assets		<u>25,568,867</u>	
Lease liabilities	26,734,220	26,734,220	-
Total effect on liabilities		<u>26,734,220</u>	
Statement of Profit or Loss			
Item	Amounts as reported in financial statements	Effect of application	Amounts without adoption
	JD	JD	JD
Interest (debit)	149,533,212	(1,820,680)	147,712,532
Depreciation and amortization	22,830,232	(4,178,663)	18,651,569
Other expenses	54,146,653	5,585,228	59,731,881
Income tax	48,467,752	151,839	48,619,591
Total effect on statement of profit or loss		<u>(262,276)</u>	
Statement of Cash Flows			
Item	Amounts as reported in financial statements	Effect of application	Amounts without adoption
	JD	JD	JD
Profit before tax	132,174,952	(414,115)	132,589,067
Depreciation and amortization	22,830,232	4,178,663	18,651,569
Other assets	(4,170,130)	4,060,157	(8,230,287)
Net cash flows from operating activities		<u>7,824,705</u>	
Paid for lease liabilities	(7,976,544)	(7,976,544)	-
Net (used in) investing activities		<u>(7,976,544)</u>	

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

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

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

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

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

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

Lease payments are deducted using the interest rate of the underlying lease or the additional borrowing rate of the lessee if they are not available, which is the amount that the lessee must pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right of use assets are measured at cost, which includes the following:

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

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

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

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

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

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

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

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

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

4. Significant Accounting Judgments and key Sources of Uncertainty Estimates

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

Judgments, estimates, and assumptions are reviewed periodically. Moreover, the effect of the change in estimates is recognized in the financial period in which the change occurs if the change affects only the financial period. On the other hand, the effect of the change in estimates is recognized in the financial period in which the change occurs and in future periods if the change affects the financial period and future financial periods. Management believes that its estimates in the consolidated financial statements are reasonable. The details are as follows:

Impairment of property acquired

Impairment in value of properties acquired is recognized based on recent real estate valuations by qualified independent evaluators for calculating the asset impairment, which is reviewed periodically. Considered from the beginning of the year 2015 a gradual provision for real estate acquired in exchange for debts that have expired over a period of more than 4 years, according to the generalization from the Central Bank of Jordan No 15/1/4076 dated on March 27, 2014 and No. 10/1/2510 dated on February 14, 2017. Knowing that the Central Bank of Jordan has issued circular No. 10/1/16239 dated on November 21, 2019, decided to extend the circular 10/1/2150 dated on February 14, 2017, after postponing the provision calculation until the year end of 2020 and adjusting the second clause of it.

Productive lifespan of tangible assets and intangible assets

The Bank's management periodically recalculates the useful lives of tangible assets and intangible assets for calculating annual depreciation and amortization based on the general condition of those assets and estimated future useful lives. The impairment loss is recognized in the consolidated statement of profit or loss for the year.

Income tax

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

Litigation provision

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

Provision for end-of-service indemnity

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

Assets and liabilities at cost

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

Provision for expected credit losses

Management is required to use significant judgments and estimates to estimate the amounts and timing of future cash flows and assess the risks of a significant increase in credit risks for financial assets after initial recognition and future measurement information for the expected credit losses. The most important policies and estimates used by the Bank's management are detailed in note (46).

Evaluation of business model

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

Significant increase in credit risk

The expected credit loss is measured as an allowance equivalent to the expected credit loss of 12 months for the assets of the first stage, or the credit loss over the life of the assets of the second or third stage. The asset moves to the second stage if credit risk increases significantly since initial recognition. IFRS (9) does not specify what constitutes a significant increase in credit risk. In assessing whether the credit risk of any asset has increased significantly, the Bank takes into account reasonable and reliable quantitative and qualitative information. The estimates used by the Bank's management concerning the significant change in credit risk that result in a change in the classification within the three stages (1, 2 and 3) are shown in details in note (46).

Establish groups of assets with similar credit risk characteristics

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

Re-division of portfolios and movements between portfolios

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

Models and assumptions used

The Bank uses various models and assumptions in measuring the fair value of financial assets as well as in assessing the expected credit loss described in note (46). The judgment is applied when determining the best models for each type of asset as well as for the assumptions used in those models, which include assumptions regarding the main drivers of credit risk.

a. Classification and measurement of financial assets and liabilities

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

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

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

b. Fair value measurement

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

c. Derivative financial instruments

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

- The expected timing and probability of future cash flows on the instrument where such cash flows are generally subject to the terms of the instrument, although Management's judgment may be required where the counterparty's ability to repay the instrument in accordance with contractual terms is in doubt; and
- An appropriate discount rate for the instrument. Management determines the instrument discount rate at a rate higher than the non-risk rate. In assessing the instrument by reference to comparative instruments, Management considers the maturity, structure, and degree of classification of the instrument based on the system in which the existing position is compared. When evaluating tools on a model basis using the fair value of the main components, Management also considers the need to make adjustments for a number of factors, such as bid differences, credit status, portfolio service costs, and uncertainty about the model.

Extension and termination options in leases

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

Determining the duration of the lease

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

Key Sources of Uncertain Estimates

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

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

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

Probability of default

The potential for default is a key input in measuring the expected credit loss. The probability of default is an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions, and expectations relating to future circumstances.

Loss given default

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

Fair value measurement and valuation procedures

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

Discounting of lease payments

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

5. Cash and Balances at Central Banks - Net

The details of this item are as follows:

	December 31,	
	2019	2018
	JD	JD
Cash in hand and treasury	146,664,149	143,277,306
Balances at central banks:		
Current accounts and demand deposits	494,632,182	519,860,314
Term and notice deposits	46,442,778	72,855,373
Statutory cash reserve	341,875,608	346,424,713
Certificates of deposit *	85,004,400	100,000,000
Total Balances at Central Banks	967,954,968	1,039,140,400
Total Cash and Balances at Central Banks	1,114,619,117	1,182,417,706
Provision for expected credit loss	(23,353)	-
Net Cash and Balances at Central Banks	1,114,595,764	1,182,417,706

- * There are no certificate of deposits purchased from the Central Bank of Jordan maturing within a period of three months as of December 31, 2019 and 2018.

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

The movement on cash and balances at central banks during the the year was as follows:

	2019			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	1,039,140,400	-	-	1,039,140,400
New balances during the year	967,954,968	-	-	967,954,968
Paid balances	(1,039,140,400)	-	-	(1,039,140,400)
Balance - End of the Year	967,954,968	-	-	967,954,968

	2018			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	1,088,004,244	-	-	1,088,004,244
New balances during the year	1,039,140,400	-	-	1,039,140,400
Paid balances	(1,088,004,244)	-	-	(1,088,004,244)
Balance - End of the Year	1,039,140,400	-	-	1,039,140,400

There are no transfers between stages (1, 2 and 3) or written-off balances during the year ended December 31, 2019 and 2018.

6. Balances at Banks and Financial Institutions – Net

The details of this item are as follows:

Description	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	December 31,		December 31,		December 31,	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	34,104,009	29,688,117	155,112,950	176,712,647	189,216,959	206,400,764
Deposits maturing within or less than 3 months	99,804,101	103,018,529	163,712,055	243,225,179	263,516,156	346,243,708
Total	133,908,110	132,706,646	318,825,005	419,937,826	452,733,115	552,644,472
Provision for expected credit loss	(206,701)	(49,104)	(10,733)	(158,976)	(217,434)	(208,080)
Net	133,701,409	132,657,542	318,814,272	419,778,850	452,515,681	552,436,392

- Non-interest bearing balances at banks and financial institutions amounted to JD 28,830,901 as of December 31, 2019 (JD 33,353,230 as of December 31, 2018).
- There were no restricted balances as of December 31, 2019 and 2018.
- The movement on balances at banks and financial institutions for the the year ended December 31, 2019 and 2018 was as follows:

2019			
Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
JD	JD	JD	JD
Balance - beginning of the year	552,644,472	-	552,644,472
New balances during the year	452,733,115	-	452,733,115
Paid balances	(552,644,472)	-	(552,644,472)
Balance - End of the Year	452,733,115	-	452,733,115

2018			
Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
JD	JD	JD	JD
Balance - beginning of the year	494,547,239	-	494,547,239
New balances during the year	552,644,472	-	552,644,472
Paid balances	(494,547,239)	-	(494,547,239)
Balance - End of the Year	552,644,472	-	552,644,472

- The following represents the movement on the provision for expected credit lossess for deposits balances at banks and financial institutions during the year ended December 31, 2019 and 2018:

2019			
Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
JD	JD	JD	JD
Balance - beginning of the year	208,080	-	208,080
Impairment on new balances during the year	217,434	-	217,434
Reversed from impairment on new balances	(208,080)	-	(208,080)
Balance - End of the Year	217,434	-	217,434

2018			
Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
JD	JD	JD	JD
Balance - beginning of the year	-	-	-
Impairment on new balances during the year	208,080	-	208,080
Balance - End of the Year	208,080	-	208,080

7. Deposits at Banks and Financial Institutions – Net

The details of this item are as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	December 31,		December 31,		December 31,	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Deposits mature during the period:						
From 3 months to 6 months	-	5,000,000	7,653,875	5,664,268	7,653,875	10,664,268
From 6 months to 9 months	30,000,000	25,000,000	6,832,950	-	36,832,950	25,000,000
From 9 months to 12 months	-	-	12,004,964	2,122,341	12,004,964	2,122,341
Total	30,000,000	30,000,000	26,491,789	7,786,609	56,491,789	37,786,609
Provision for expected credit losses	(20,978)	(28,112)	(173,962)	(179,647)	(194,940)	(207,759)
Net	29,979,022	29,971,888	26,317,827	7,606,962	56,296,849	37,578,850

- There were no restricted deposits as of December 31, 2019 and 2018.
- The movement on deposits at banks and financial institutions for the the year ended December 31, 2019 and 2018 was as follows:

	2019			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	37,786,609	-	-	37,786,609
New balances during the year	56,491,789	-	-	56,491,789
Paid balances	(37,786,609)	-	-	(37,786,609)
Balance - End of the Year	56,491,789	-	-	56,491,789

	2018			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	38,122,776	-	-	38,122,776
New balances during the year	37,786,609	-	-	37,786,609
Paid balances	(38,122,776)	-	-	(38,122,776)
Balance - End of the Year	37,786,609	-	-	37,786,609

- The following represents the movement on the provision for expected credit lossess for deposits deposits at banks and financial institutions during the year ended December 31, 2019 and 2018:

	2019			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	207,759	-	-	207,759
Impairment on new balances during the year	187,300	-	-	187,300
Reversed from impairment on new balances	(207,759)	-	-	(207,759)
Foreign currency translation difference	7,640	-	-	7,640
Balance - End of the Year	194,940	-	-	194,940

	2018			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	-	-	-	-
Effect of implementing IFRS (9)	380,512	-	-	380,512
Adjusted Balance after Implementing IFRS (9)	380,512	-	-	380,512
Reversed from impairment on new deposits	(187,389)	-	-	(187,389)
Transferred from general provision	22,987	-	-	22,987
Foreign currency translation difference	(8,351)	-	-	(8,351)
Balance - End of the Year	207,759	-	-	207,759

8. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

		December 31,	
		2019	2018
		JD	JD
Quoted Financial Assets:			
Quoted shares in active markets		3,040,727	3,036,343
Total		3,040,727	3,036,343
Unquoted Financial Assets:			
Government bonds and guarantees		-	66,271
Unquoted shares in active markets		632,797	632,797
Total		632,797	699,068
Net		3,673,524	3,735,411
Bonds Analysis:			
With fixed return		-	66,271
Total		-	66,271

9. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

		December 31,	
		2019	2018
		JD	JD
Quoted shares		2,500,000	2,500,000
Unquoted shares *		23,128,516	19,476,065
Total Shares		25,628,516	21,976,065
Jordanian Treasury bonds		157,903,675	151,471,794
Foreign governments bills and bonds		82,325,965	82,953,356
Corporate bonds		122,969,903	115,904,378
Total Bonds		363,199,543	350,329,528
<u>Less: Provision of expected credit loss</u>		(374,008)	(302,231)
Total Bonds – Net		362,825,535	350,027,297
Total		388,454,051	372,003,362

- Bonds mature in several payments the last of which matures in 2049.
- Interest rates on bonds ranges from 1.75% to 6.63%.
- The movement on financial assets at fair value through other comprehensive income for shares during the year ended December 31, 2019 and 2018:

		For the Year Ended December 31,	
		2019	2018
		JD	JD
Fair value as of beginning of the year		21,976,065	1,983,995
Transferred from financial assets at fair value through profit or loss		-	17,632,667
Adjusted Beginning Balance for the Year		21,976,065	19,616,662
New investments during the year		4,045,387	2,803,083
Changes in fair value during the year		(364,237)	(443,680)
Investments matured during the year		(28,699)	-
Balance – End of the Year		25,628,516	21,976,065

- The movement on financial assets at fair value through other comprehensive income during the year ended December 31, 2019 and 2018:

	2019			
	Stage (1)	Stage (2)	Stage (3)	Total
	Individual	Individual		
	JD	JD	JD	JD
Fair value – beginning of the year	339,523,905	10,805,623	-	350,329,528
New investments during the year	112,722,973	-	-	112,722,973
Matured investments during the year	(113,637,358)	-	-	(113,637,358)
Change in fair value during the year	11,486,097	188,591	-	11,674,688
Amortize premium/ Discount issue	(820,025)	(154,672)	-	(974,697)
Changes due from adjustments	-	(101,024)	-	(101,024)
Adjustments due to change in exchange rates	3,155,666	29,767	-	3,185,433
Balance – End of the Year	352,431,258	10,768,285	-	363,199,543

	2018			
	Stage (1)	Stage (2)	Stage (3)	Total
	Individual	Individual		
	JD	JD	JD	JD
Fair value – beginning of the year	-	-	-	-
Transfers from financial assets at fair value	361,492,491	6,962,678	691,856	369,147,025
Adjusted Beginning Balance for the Year	361,492,491	6,962,678	691,856	369,147,025
New investments during the year	93,418,668	-	-	93,418,668
Matured investments	(108,662,880)	-	(691,856)	(109,354,736)
Change in fair value during the year	(1,225,827)	(312,059)	-	(1,537,886)
Transferred to stage (2)	(4,216,980)	4,216,980	-	-
Adjustments due to change in exchange rates	(1,281,567)	(61,976)	-	(1,343,543)
Balance – End of the Year	339,523,905	10,805,623	-	350,329,528

- The following represents the movement on the provision for expected credit lossess during the year ended December 31, 2019 and 2018:

	2019			
	Stage (1)	Stage (2)	Stage (3)	Total
	Individual	Individual		
	JD	JD	JD	JD
Balance – beginning of the year	214,695	87,536	-	302,231
Expected credit losses for new investment during the year	165,063	-	-	165,063
Reversed from impairment on matured investment	(95,913)	-	-	(95,913)
Effect on provision due to adjustments	66,387	(70,073)	-	(3,686)
Adjustments due to change in exchange rates	2,646	3,668	-	6,314
Balance – End of the Year	352,878	21,131	-	374,009

	2018			
	Stage (1)	Stage (2)	Stage (3)	Total
	Individual	Individual		
	JD	JD	JD	JD
Balance – beginning of the year	-	-	-	-
Effect of implementing IFRS (9) net after tax	183,131	128,770	-	311,901
Adjusted Beginning Balance for the Year	183,131	128,770	-	311,901
Transferred from credit facilities provision	170,477	-	-	170,477
Expected credit losses for new investment during the year	4,541	-	-	4,541
Expected credit losses for matured investment	(125,123)	(48,208)	-	(173,331)
Transferred to stage (2)	(30,174)	30,174	-	-
Adjustments due to change in exchange rates	11,843	(23,200)	-	(11,357)
Balance – End of the Year	214,695	87,536	-	302,231

10. Direct Credit Facilities - Net

of this item are as follows:

	December 31,	
	2019	2018
	JD	JD
Individuals (retail):		
Overdraft accounts	5,123,088	12,784,648
Loans and discounted bills *	777,744,401	740,669,106
Credit cards	16,935,311	15,430,232
Real estate loans	1,217,404,841	1,216,608,027
Includes Housing loans	786,303,762	803,108,141
Companies:		
Large		
Overdraft accounts	266,181,191	464,535,898
Loans and discounted bills *	1,277,486,850	997,444,052
Small and Medium		
Overdraft accounts	72,876,785	106,354,098
Loans and discounted bills *	234,032,547	199,572,837
Government and public sector	730,959,320	892,185,795
Total	4,598,744,334	4,645,584,693
<u>Less:</u> Provision of expected credit losses	(333,607,743)	(291,832,350)
Interest in suspense	(106,315,586)	(98,397,597)
Net Direct Credit Facilities	4,158,821,005	4,255,354,746

* Net after deducting interest and commission received in advance of JD 27,285,533 as of December 31, 2019 (JD 34,117,345 as of December 31, 2018).

- Non-performing credit facilities amounted to JD 344,498,537 which is equivalent to 7.49% of total direct credit facilities as of December 31, 2019 (JD 290,870,587, which is equivalent to 6.26% of total direct credit facilities as of December 31, 2018).
- Non- performing credit facilities after deducting interest and commissions in suspense amounted to JD 240,420,406 which is equivalent to 5.35% of the total direct credit facilities balance after deducting interest and commission in suspense as of December 31, 2019 (JD 193,430,468, which is equivalent to 4.25% of the total credit facilities balance after deducting interest and commission in suspense as of December 31, 2018).
- Non-performing credit facilities transferred off-the consolidated statement of financial position amounted to JD 24,073,213 as of December 31, 2019 (JD 20,922,474 as of December 31, 2018). The off-balancesheet items balance is amounted to JD 369,337,944 as of December 31, 2019 (JD 326,449,577 as of December 31, 2018).
- Direct credit facilities granted to and guaranteed by the Government of the Hashemite Kingdom of Jordan amounted to JD 730,959,319, which is equivalent to 15.9% of total direct credit facilities as of December 31, 2019 (JD 698,176,992 , which is equivalent to 15.03% as of December 31, 2018).

The movement on direct credit facilities during the year ended December 31, 2019 and 2018 was as follow:

2019						
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	collective	Individual	collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	2,029,239,721	1,834,400,248	364,212,379	114,148,672	303,583,673	4,645,584,693
Reclassification impact	(2,168,092)	2,168,092	-	-	-	-
adjusted balance - beginning of the year	2,027,071,629	1,836,568,340	364,212,379	114,148,672	303,583,673	4,645,584,693
New credit facilities during the year	580,130,710	478,308,722	30,001,206	28,537,384	12,624,254	1,129,602,276
Paid credit facilities during the year	(259,999,172)	(346,113,810)	(33,284,425)	(27,059,377)	(18,506,706)	(684,963,490)
Transferred to stage (1)	55,263,078	38,507,533	(53,089,468)	(32,005,140)	(8,676,003)	-
Transferred to stage (2)	(79,422,136)	(71,020,380)	81,246,852	76,160,950	(6,965,286)	-
Transferred to stage (3)	(15,516,378)	(29,660,575)	(53,843,291)	(24,203,331)	123,223,575	-
Effect of adjustments	(307,535,552)	(144,535,936)	(13,802,369)	(10,852,957)	8,445,535	(468,281,279)
Written off credit facilities	-	-	-	-	(26,004,901)	(26,004,901)
Adjustments due to change in exchange rates	(47,508)	2,865,049	168,117	(179,255)	632	2,807,035
Balance - End of the Year	1,999,944,671	1,764,918,943	321,609,001	124,546,946	387,724,773	4,598,744,334

2018						
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	collective	Individual	collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	2,064,521,110	1,827,616,214	263,543,054	52,277,759	281,442,652	4,489,400,789
New credit facilities during the year	305,341,868	447,702,678	29,566,109	21,746,277	9,825,366	814,182,298
Paid credit facilities during the year	(156,741,087)	(270,638,437)	(8,813,734)	(4,506,039)	(26,651,490)	(467,350,787)
Transferred to stage (1)	22,881,961	24,339,190	(22,828,421)	(17,912,874)	(6,479,856)	-
Transferred to stage (2)	(128,383,392)	(83,207,513)	129,479,613	86,425,063	(4,313,771)	-
Transferred to stage (3)	(9,459,562)	(21,082,327)	(22,867,634)	(13,512,686)	66,922,209	-
Effect of adjustments	(68,955,908)	(75,537,398)	(3,745,048)	(10,327,434)	5,892,120	(152,673,668)
Written off credit facilities	-	-	-	-	(22,389,869)	(22,389,869)
Adjustments due to change in exchange rates	34,731	(14,792,159)	(121,560)	(41,394)	(663,688)	(15,584,070)
Balance - End of the Year	2,029,239,721	1,834,400,248	364,212,379	114,148,672	303,583,673	4,645,584,693

The movement on the provision for expected credit loss during the year ended December 31, 2019 and 2018 was as follow:

	Corporate	SME's	Retail	Real Estate	Governmental and Public	Total
	JD	JD	JD	JD	JD	JD
<u>For the Year ended December 31, 2019</u>						
Balance at the beginning of the year	170,238,709	29,273,078	33,836,340	58,047,200	437,023	291,832,350
Reclassification impact	(1,920,927)	1,366,855	(1,123,754)	1,677,826	-	-
Previous years adjustments	-	-	370,386	-	-	370,386
Adjusted Beginning Balance of the Year	168,317,782	30,639,933	33,082,972	59,725,026	437,023	292,202,736
Impairment on new credit facilities during the year	10,952,952	4,329,529	4,829,618	1,340,348	403,004	21,855,451
Recovered from impairment on paid credit facilities	(6,003,236)	(1,681,751)	(3,825,031)	(2,050,453)	(407,635)	(13,968,106)
Transferred to stage (1)	360,089	224,485	3,298,663	2,074,984	24,469	5,982,690
Transferred to stage (2)	(10,748,485)	(1,085,242)	(1,801,670)	8,589	(24,469)	(13,651,277)
Transferred to stage (3)	10,388,396	860,756	(1,496,993)	(2,083,573)	-	7,668,586
Effect on provision at the end of the year due to reclassification between stages	18,828,216	8,524,702	7,833,773	15,015,072	(16,272)	50,185,491
Effect due to adjustments	(6,604,413)	(1,180,815)	(1,341,453)	923,319	1,549	(8,201,813)
Written-off credit facilities	(6,926,790)	(1,290,584)	(35,215)	(72,040)	-	(8,324,629)
Adjustments due to change in exchange rates	(79,546)	(60,645)	(817)	(378)	-	(141,386)
Balance at the End of the Year	178,484,965	39,280,368	40,543,847	74,880,894	417,669	333,607,743
Redistribution:						
Provision on an individual basis	168,745,190	32,857,041	2,869,212	52,400,999	417,669	257,290,111
Provision on a collective basis	9,739,775	6,423,327	37,674,635	22,479,895	-	76,317,732
	Corporate	SME's	Retail	Real Estate	Governmental and Public	Total
	JD	JD	JD	JD	JD	JD
<u>For the Year ended December 31, 2018</u>						
Balance at the beginning of the year	119,885,952	28,368,876	20,471,246	15,528,233	-	184,254,307
Reclassification impact	4,483,472	(4,607,383)	(519,276)	(467,300)	1,110,487	-
Impact of implementing IFRS (9)	36,209,420	5,015,526	10,152,144	16,098,611	641,744	68,117,445
Adjusted Beginning Balance of the Year	160,578,844	28,777,019	30,104,114	31,159,544	1,752,231	252,371,752
Transferred to indirect credit facility provision	(794,772)	(2,627,293)	-	(168,101)	-	(3,590,166)
Impairment on new credit facilities during the year	6,875,229	5,700,499	2,905,942	1,882,189	453	17,364,312
Recovered from impairment on paid credit facilities	(4,445,610)	(3,486,364)	(1,959,999)	(2,150,785)	(2,072)	(12,044,830)
Transferred to stage (1)	(1,074,765)	(24,566,943)	1,481,363	1,766,733	(23,985,928)	(46,379,540)
Transferred to stage (2)	(2,842,963)	16,507,475	(1,097,257)	(1,768,666)	23,985,928	34,784,517
Transferred to stage (3)	3,917,728	8,059,468	(384,106)	1,933	-	11,595,023
Effect on provision at the end of the year due to reclassification between stages	11,365,247	5,315,353	8,803,907	8,491,976	(81,127)	33,895,356
Effect due to adjustments	5,279,767	(3,586,701)	(5,374,259)	19,184,061	(1,232,462)	14,270,406
Written-off credit facilities	(8,598,079)	(525,819)	(640,472)	(344,767)	-	(10,109,137)
Adjustments due to change in exchange rates	(21,917)	(293,616)	(2,893)	(6,917)	-	(325,343)
Balance at the End of the Year	170,238,709	29,273,078	33,836,340	58,047,200	437,023	291,832,350
Redistribution:						
Provision on non-performing credit facilities	165,520,229	27,011,504	24,905,943	53,715,208	437,023	271,589,907
Provision on performing credit facilities	4,718,480	2,261,574	8,930,397	4,331,992	-	20,242,443

Interest in Suspense

The following is the movement on interest in suspense:

	Corporate	SME's	Retail	Real Estate	Governmental and Public	Total
<u>For the Year Ended December 31, 2019</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Balance at the beginning of the year	46,129,145	21,650,361	16,657,671	13,956,530	3,890	98,397,597
Reclassification impact	1,176,208	(840,215)	(76,351)	(259,642)	-	-
Adjusted Beginning Balance of the Year	47,305,353	20,810,146	16,581,320	13,696,888	3,890	98,397,597
New Interest suspended during the year	253,607	483,363	674,173	695,210	-	2,106,353
Interest in suspense transferred to income from suspense paid during the year	(371,019)	(739,486)	(781,768)	(918,895)	(3,890)	(2,815,058)
Effect on interest suspended due to reclassification between stages	2,082,475	816,034	376,812	1,200,530	-	4,475,851
Effect on interest in suspense due to adjustments	11,275,250	3,979,342	4,219,266	2,873,579	-	22,347,437
Written-off interest in suspense	(14,930,855)	(2,211,943)	(290,865)	(738,194)	-	(18,171,857)
Adjustments due to change in exchange rates	(725)	(23,428)	(547)	(37)	-	(24,737)
Balance at the End of the Year	<u>45,614,086</u>	<u>23,114,028</u>	<u>20,778,391</u>	<u>16,809,081</u>	<u>-</u>	<u>106,315,586</u>

	Corporate	SME's	Retail	Real Estate	Governmental and Public	Total
<u>For the Year Ended December 31, 2018</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Balance at the beginning of the year	44,737,782	20,081,617	13,667,876	14,021,783	-	92,509,058
Transfers	779,077	(401,985)	413,767	(790,859)	-	-
Adjusted Beginning Balance of the Year	45,516,859	19,679,632	14,081,643	13,230,924	-	92,509,058
Interest suspended during the year	89,887	690,862	323,381	2,206	-	1,106,336
Interest transferred to income	(8,550,742)	(1,248,782)	(278,311)	(1,390,994)	-	(11,468,829)
Effect on interest suspended due to reclassification between stages	1,946,061	50,557	671,669	714,332	-	3,382,619
Effect due to adjustments	16,515,164	3,765,888	3,024,073	1,986,111	3,890	25,295,126
Written-off interest in suspense	(9,388,370)	(1,210,398)	(1,163,114)	(586,180)	-	(12,348,062)
Adjustments due to change in exchange rates	286	(77,398)	(1,670)	131	-	(78,651)
Balance at the End of the Year	<u>46,129,145</u>	<u>21,650,361</u>	<u>16,657,671</u>	<u>13,956,530</u>	<u>3,890</u>	<u>98,397,597</u>

The following are the exposures according to IFRS (9) as of December 31, 2019 and 2018:

As of December 31, 2019										
	Stage (1)			Stage (2)			Stage (3)			Net
	Direct Credit Facilities	Provision for Expected Credit Loss	Interest in Suspense	Direct Credit Facilities	Provision for Expected Credit Loss	Interest in Suspense	Direct Credit Facilities	Provision for Expected Credit Loss	Interest in Suspense	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	
Corporate entities	1,185,787,654	10,515,929	34,784	185,334,753	42,341,456	181,225	172,545,634	125,627,580	45,398,077	1,319,568,990
SME's	195,015,237	4,378,140	26,532	40,874,326	6,186,026	101,609	71,019,769	28,716,200	22,985,887	244,514,938
Retail	709,580,714	4,900,913	38,110	28,280,686	5,173,978	4,869	61,941,400	30,468,956	20,735,412	738,480,562
Real estate loans	943,520,689	4,005,982	11,853	191,666,182	39,662,728	20,183	82,217,970	31,212,186	16,777,045	1,125,714,864
Governmental and public	730,959,320	417,669	-	-	-	-	-	-	-	730,541,651
Total	3,764,863,614	24,218,633	111,279	446,155,947	93,364,188	307,886	387,724,773	216,024,922	105,896,421	4,158,821,005

As of December 31, 2018										
	Stage (1)			Stage (2)			Stage (3)			Net
	Direct Credit Facilities	Provision for Expected Credit Loss	Interest in Suspense	Direct Credit Facilities	Provision for Expected Credit Loss	Interest in Suspense	Direct Credit Facilities	Provision for Expected Credit Loss	Interest in Suspense	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	
Corporate entities	1,090,875,002	13,749,917	7,504	226,560,962	47,291,903	4,180	144,543,986	109,196,889	46,117,461	1,245,612,096
SME's	214,937,730	4,014,440	24,433	36,792,094	2,449,638	31,482	54,197,111	22,809,000	21,594,446	255,003,496
Retail	679,142,489	4,065,384	18,548	37,913,756	5,163,047	4,217	51,827,741	24,607,909	16,634,906	718,389,975
Real estate loans	1,009,596,954	3,634,824	875	153,996,238	34,840,885	5,780	53,014,835	19,571,491	13,949,875	1,144,604,297
Governmental and public	869,087,791	412,553	3,890	23,098,004	24,470	-	-	-	-	891,744,882
Total	3,863,639,966	25,877,118	55,250	478,361,054	89,769,943	45,659	303,583,673	176,185,289	98,296,688	4,255,354,746

The distribution of total credit facilities by internal credit rating for corporates was as follows:

	December 31, 2019				December 31, 2018
	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:					
From (1) To (5)	803,326,094	47,542,584	2,236,278	853,104,956	680,335,844
From (6) To (7)	206,279,130	102,447,541	18,876,696	327,603,367	397,529,582
From (8) To (10)	-	-	113,513,321	113,513,321	109,699,557
Not rated	176,182,430	35,344,628	37,919,339	249,446,397	274,414,965
Total	<u>1,185,787,654</u>	<u>185,334,753</u>	<u>172,545,634</u>	<u>1,543,668,041</u>	<u>1,461,979,948</u>

The movement on credit facilities for corporates during the year ended December 31, 2019 and 2018 was as follows:

	2019					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	880,201,382	210,673,621	196,776,301	29,784,659	144,543,985	1,461,979,948
Reclassification impact	8,229,391	6,711,352	(29,743,061)	180,240	(2,097,863)	(16,719,941)
Adjusted balance - beginning of the year	888,430,773	217,384,973	167,033,240	29,964,899	142,446,122	1,445,260,007
New credit facilities during the year	395,912,329	22,180,214	23,706,451	18,114,271	4,386,786	464,300,051
Paid credit facilities	(162,853,742)	(15,506,886)	(12,822,285)	(13,526,201)	(8,060,575)	(212,769,689)
Transferred to stage (1)	19,300,091	5,632,239	(17,900,899)	(5,365,536)	(1,665,895)	-
Transferred to stage (2)	(39,342,836)	(11,340,605)	39,444,391	11,668,512	(429,462)	-
Transferred to stage (3)	(7,954,301)	(2,408,343)	(35,194,715)	(3,030,186)	48,587,545	-
Effect of adjustments	(85,049,021)	(37,264,065)	(14,267,732)	(2,387,293)	9,139,831	(129,828,280)
Written off credit facilities	-	-	-	-	(21,855,560)	(21,855,560)
Adjustments due to change in exchange rates	(39,534)	(1,293,632)	(8,326)	(93,838)	(3,158)	(1,438,488)
Balance - End of the Year	<u>1,008,403,759</u>	<u>177,383,895</u>	<u>149,990,125</u>	<u>35,344,628</u>	<u>172,545,634</u>	<u>1,543,668,041</u>

	2018					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	913,311,146	157,926,460	163,101,516	4,889,964	138,530,787	1,377,759,873
New credit facilities during the year	150,204,067	49,105,228	11,363,309	10,836,745	2,331,217	223,840,566
Paid credit facilities	(117,535,916)	(20,932,954)	(4,414,803)	(365,925)	(7,441,221)	(150,690,819)
Transferred to stage (1)	12,322,953	1,612,263	(12,322,953)	(1,450,440)	(161,823)	-
Transferred to stage (2)	(55,584,308)	(20,767,523)	55,653,242	20,767,523	(68,934)	-
Transferred to stage (3)	(6,964,584)	(325,993)	(14,795,097)	(2,188,274)	24,273,948	-
Effect of adjustments	(15,581,428)	47,071,484	(1,813,086)	(2,680,344)	5,065,936	32,062,562
Written off credit facilities	-	-	-	-	(17,986,449)	(17,986,449)
Adjustments due to change in exchange rates	29,452	(3,015,344)	4,173	(24,590)	524	(3,005,785)
Balance - End of the Year	<u>880,201,382</u>	<u>210,673,621</u>	<u>196,776,301</u>	<u>29,784,659</u>	<u>144,543,985</u>	<u>1,461,979,948</u>

The movement on the provision for credit loss for corporates credit facilities during the year ended December 31, 2019 and 2018 was as follows:

2019						
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Balance - beginning of the year	9,931,675	3,818,243	43,686,572	3,605,332	109,196,886	170,238,708
Reclassification impact	122,887	67,758	(768,650)	35,546	(1,378,469)	(1,920,928)
Adjusted balance - beginning of the year	10,054,562	3,886,001	42,917,922	3,640,878	107,818,417	168,317,780
Impairment losses on new investment during the year	1,868,370	931,893	1,926,952	3,338,091	2,887,644	10,952,950
Reversed from impairment losses on matured investments	(968,759)	(647,544)	(109,396)	(1,754,826)	(2,522,711)	(6,003,236)
Transferred to stage (1)	1,058,484	122,676	(434,589)	(122,676)	(623,895)	-
Transferred to stage (2)	(371,357)	(409,783)	381,886	491,665	(92,411)	-
Transferred to stage (3)	(6,009)	(33,922)	(10,851,269)	(213,502)	11,104,702	-
Effect on the size of exposures due to reclassification between stages	(494,783)	(36,526)	176,457	694,084	18,488,984	18,828,216
Effect of adjustments	(4,282,963)	(59,762)	2,255,788	6,249	(4,523,726)	(6,604,414)
Written off credit facilities	-	-	-	-	(6,926,790)	(6,926,790)
Adjustments due to change in exchange rates	(2,808)	(91,841)	(881)	(1,377)	17,366	(79,541)
Balance - End of the Year	6,854,737	3,661,192	36,262,870	6,078,586	125,627,580	178,484,965

2018						
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Balance - beginning of the year	12,425,977	3,470,368	36,689,315	401,394	107,591,790	160,578,844
Transferred to other provisions	-	-	-	-	(794,772)	(794,772)
Impairment losses on new investment during the year	1,570,429	1,039,183	1,356,015	1,613,591	1,296,011	6,875,229
Reversed from impairment losses on matured investments	(1,997,496)	(503,124)	(211,344)	(7,779)	(1,725,867)	(4,445,610)
Transferred to stage (1)	262,273	41,796	(262,273)	(41,796)	-	-
Transferred to stage (2)	(442,671)	(910,150)	473,470	910,150	(30,799)	-
Transferred to stage (3)	(895)	(25,118)	(3,668,384)	(254,130)	3,948,527	-
Effect on the size of exposures due to reclassification between stages	(151,507)	(4,292)	1,225,569	959,684	9,335,793	11,365,247
Effect of adjustments	(1,735,014)	769,735	8,084,224	27,570	(1,866,748)	5,279,767
Written off credit facilities	-	-	-	-	(8,598,080)	(8,598,080)
Adjustments due to change in exchange rates	579	(60,155)	(20)	(3,352)	41,031	(21,917)
Balance - End of the Year	9,931,675	3,818,243	43,686,572	3,605,332	109,196,886	170,238,708

The distribution of total credit facilities by internal credit rating for SME's was as follows:

	December 31, 2019				December 31, 2018
	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:					
From (1) To (5)	76,592,107	16,116,751	917,916	93,626,774	95,243,775
From (6) To (7)	21,567,018	5,394,407	1,100,993	28,062,418	34,506,709
From (8) To (10)	-	-	48,136,874	48,136,874	37,883,140
Not rated	96,856,112	19,363,168	20,863,986	137,083,266	138,293,311
Total	195,015,237	40,874,326	71,019,769	306,909,332	305,926,935

The movement on credit facilities for SME's during the year ended December 31, 2019 and 2018 was as follows:

	2019					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	106,973,595	107,964,135	21,214,181	15,577,913	54,197,111	305,926,935
Reclassification impact	5,335,886	(4,649,852)	2,824,780	(182,668)	1,944,580	5,272,726
Adjusted Balance - Beginning of the Year	112,309,481	103,314,283	24,038,961	15,395,245	56,141,691	311,199,661
New credit facilities during the year	26,481,844	48,643,006	4,243,611	3,924,076	3,519,900	86,812,437
Paid credit facilities	(18,353,892)	(35,228,133)	(4,072,615)	(2,767,591)	(2,947,584)	(63,369,815)
Transferred to stage (1)	7,586,522	1,612,730	(7,154,949)	(1,497,858)	(546,445)	-
Transferred to stage (2)	(15,848,633)	(10,387,169)	16,013,410	10,502,158	(279,766)	-
Transferred to stage (3)	(3,370,773)	(4,191,712)	(7,870,559)	(3,070,203)	18,503,247	-
Effect of adjustments	(10,641,611)	(6,262,219)	(3,686,314)	(3,037,461)	(231,118)	(23,858,723)
Written-off credit facilities	-	-	-	-	(3,080,186)	(3,080,186)
Adjustments due to change in exchange rates	(3,813)	(644,674)	(387)	(85,198)	(59,970)	(794,042)
Balance - End of the Year	98,159,125	96,856,112	21,511,158	19,363,168	71,019,769	306,909,332

	2018					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	102,955,453	142,717,485	16,055,898	3,001,283	47,794,409	312,524,528
New credit facilities during the year	26,767,706	63,900,629	4,524,063	4,880,442	5,319,355	105,392,195
Paid credit facilities	(15,073,697)	(76,790,858)	(3,389,816)	(1,134,505)	(4,236,682)	(100,625,558)
Transferred to stage (1)	4,237,481	824,114	(4,183,941)	(605,890)	(289,764)	-
Transferred to stage (2)	(12,116,201)	(12,110,034)	12,971,703	12,347,573	(1,093,041)	-
Transferred to stage (3)	(1,276,519)	(4,143,784)	(3,537,508)	(484,462)	9,442,273	-
Effect of adjustments	1,478,437	(3,121,180)	(1,226,169)	(2,412,388)	(809,086)	(6,090,386)
Written off credit facilities	-	-	-	-	(1,735,276)	(1,735,276)
Adjustments due to change in exchange rates	935	(3,330,237)	(49)	(14,140)	(195,077)	(3,538,568)
Balance - End of the Year	106,973,595	107,946,135	21,214,181	15,577,913	54,197,111	305,926,935

The movement on the provision for credit loss for SME's credit facilities during the year ended December 31, 2019 and 2018 was as follows:

	2019					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	2,404,138	1,610,302	1,793,338	656,300	22,809,000	29,273,078
Reclassification impact	(348,229)	(75,568)	195,029	(36,026)	1,631,649	1,366,855
Adjusted balance - Beginning of the Year	2,055,909	1,534,734	1,988,367	620,274	24,440,649	30,639,933
Impairment losses on new investment during the year	367,052	1,106,747	395,294	436,761	2,023,673	4,329,527
Reversed from impairment losses on matured investments	(193,502)	(527,294)	(105,122)	(229,204)	(626,629)	(1,681,751)
Transferred to stage (1)	805,171	114,567	(501,033)	(58,762)	(359,943)	-
Transferred to stage (2)	(343,632)	(184,108)	420,352	216,750	(109,362)	-
Transferred to stage (3)	(121,353)	(46,160)	(1,065,020)	(97,528)	1,330,061	-
Effect on the size of exposures due to reclassification between stages	(442,444)	(87,007)	3,337,586	402,066	5,314,501	8,524,702
Effect of adjustments	(51,406)	400,185	304,537	122,357	(1,956,488)	(1,180,815)
Written off credit facilities	-	-	-	-	(1,290,584)	(1,290,584)
Adjustments due to change in exchange rates	(46)	(9,273)	-	(1,649)	(49,678)	(60,646)
Balance - End of the Year	2,075,749	2,302,391	4,774,961	1,411,065	28,716,200	39,280,366

	2018					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	1,980,788	2,401,820	1,230,745	171,736	22,991,930	28,777,019
Transferred to other provisions	-	-	-	-	(2,627,293)	(2,627,293)
Impairment losses on new investment during the year	391,177	1,034,262	469,999	259,572	3,545,489	5,700,499
Reversed from impairment losses on matured investments	(127,191)	(1,306,567)	(158,677)	(51,245)	(1,842,684)	(3,486,364)
Transferred to stage (1)	152,968	75,939	(133,136)	(40,652)	(55,119)	-
Transferred to stage (2)	(156,603)	(228,946)	450,738	298,630	(363,819)	-
Transferred to stage (3)	(19,411)	(64,698)	(337,888)	(32,383)	454,380	-
Effect on the size of exposures due to reclassification between stages	(76,451)	(73,673)	359,891	72,975	5,032,611	5,315,353
Effect of adjustments	258,660	(183,014)	(88,318)	(18,434)	(3,555,595)	(3,586,701)
Written off credit facilities	-	-	-	-	(525,819)	(525,819)
Adjustments due to change in exchange rates	201	(44,821)	(16)	(3,899)	(245,081)	(293,616)
Balance - End of the Year	2,404,138	1,610,302	1,793,338	656,300	22,809,000	29,273,078

The distribution of total credit facilities by internal credit rating for Individuals was as follows:

	December 31, 2019				December 31, 2018
	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:					
From (1) To (5)	34,940,060	1,556,388	8,062	36,504,510	48,063,156
From (6) To (7)	324,781	-	-	324,781	-
From (8) To (10)	-	-	2,057,678	2,057,678	3,614,366
Not rated	674,315,873	26,724,298	59,875,660	760,915,831	717,206,464
Total	709,580,714	28,280,686	61,941,400	799,802,800	768,883,986

The movement on credit facilities for Individuals during the year ended December 31, 2019 and 2018 was as follows:

	2019					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	40,785,318	638,357,171	7,277,860	30,635,896	51,827,741	768,883,986
Reclassification impact	(22,631,452)	145,245	(6,345,682)	-	(1,939,451)	(30,771,340)
Adjusted Balance - Beginning of the Year	18,153,866	638,502,416	932,178	30,635,896	49,888,290	738,112,646
New credit facilities during the year	27,964,875	311,741,962	825,049	5,723,391	2,628,289	348,883,566
Paid credit facilities	(9,201,234)	(192,691,009)	(290,104)	(8,327,622)	(3,340,509)	(213,850,478)
Transferred to stage (1)	-	13,164,241	-	(10,557,200)	(2,607,041)	-
Transferred to stage (2)	-	(17,616,355)	37,956	19,337,747	(1,759,348)	-
Transferred to stage (3)	(86,296)	(9,881,488)	-	(6,789,485)	16,757,269	-
Effect of adjustments	(1,562,339)	(68,908,353)	51,308	(3,298,428)	687,442	(73,030,370)
Written-off credit facilities	-	-	-	-	(311,623)	(311,623)
Adjustments due to change in exchange rates	(311)	739	-	-	(1,369)	(941)
Balance - End of the Year	35,268,561	674,312,153	1,556,387	26,724,299	61,941,400	799,802,800

	2018					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	42,830,449	649,863,118	533,757	15,463,079	42,390,746	751,081,149
New credit facilities during the year	18,998,307	233,154,550	642,074	4,510,648	1,386,965	258,692,544
Paid credit facilities	(11,618,644)	(135,789,159)	(889)	(1,574,317)	(1,643,818)	(150,626,827)
Transferred to stage (1)	243,231	6,827,552	(243,231)	(4,718,112)	(2,109,440)	-
Transferred to stage (2)	(7,432,374)	(24,174,221)	7,432,374	25,431,191	(1,256,970)	-
Transferred to stage (3)	(38,564)	(9,122,106)	-	(4,820,979)	13,981,649	-
Effect of adjustments	(2,199,497)	(82,402,438)	(1,085,737)	(3,655,614)	821,712	(88,521,574)
Written off credit facilities	-	-	-	-	(1,737,196)	(1,737,196)
Adjustments due to change in exchange rates	2,410	(125)	(488)	-	(5,907)	(4,110)
Balance - End of the Year	40,785,318	638,357,171	7,277,860	30,635,896	51,827,741	768,883,986

The movement on the provision for credit loss for individuals credit facilities during the year ended December 31, 2019 and 2018 was as follows:

2019						
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Balance - beginning of the year	289,327	3,776,057	4,746	5,158,301	24,607,909	33,836,340
Prior years adjustments	-	-	-	-	370,386	370,386
Reclassification impact	(235,065)	263	(1)	-	(888,945)	(1,123,748)
Adjusted balance - Beginning of the Year	54,262	3,776,320	4,745	5,158,301	24,089,350	33,082,978
Impairment losses on new facilities during the year	111,267	2,036,691	56,659	1,080,083	1,544,918	4,829,618
Reversed from impairment losses on matured facilities	(5,258)	(1,024,182)	-	(1,391,294)	(1,404,297)	(3,825,031)
Transferred to stage (1)	-	3,449,792	-	(1,817,885)	(1,631,907)	-
Transferred to stage (2)	-	(96,346)	15,410	1,137,303	(1,056,367)	-
Transferred to stage (3)	(1,415)	(53,368)	-	(1,136,498)	1,191,281	-
Effect on the size of exposures due to reclassification between stages	-	(3,378,102)	(14,436)	1,869,676	9,356,635	7,833,773
Effect of adjustments	(21,529)	52,782	(1,599)	213,514	(1,584,621)	(1,341,453)
Written-off credit facilities	-	-	-	-	(35,215)	(35,215)
Adjustments due to change in exchange rates	(1)	-	-	(1)	(821)	(823)
Balance - End of the Year	137,326	4,763,587	60,779	5,113,199	30,468,956	40,543,847

2018						
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Balance - beginning of the year	545,668	6,244,520	6,949	3,459,812	19,847,165	30,104,114
Impairment losses on new facilities during the year	167,804	1,272,790	4,745	766,165	694,438	2,905,942
Reversed from impairment losses on matured facilities	(66,039)	(880,861)	(1)	(328,806)	(684,292)	(1,959,999)
Transferred to stage (1)	6,938	1,870,258	(6,938)	(976,906)	(893,352)	-
Transferred to stage (2)	(180,880)	(156,106)	180,880	712,344	(556,238)	-
Transferred to stage (3)	(45)	(58,802)	-	(1,006,637)	1,065,484	-
Effect on the size of exposures due to reclassification between stages	(4,439)	(1,840,248)	(180,799)	3,062,686	7,766,707	8,803,907
Effect of adjustments	(179,664)	(2,675,480)	(9)	(530,357)	(1,988,749)	(5,374,259)
Written-off credit facilities	-	-	-	-	(640,472)	(640,472)
Adjustments due to change in exchange rates	(16)	(14)	(81)	-	(2,782)	(2,893)
Balance - End of the Year	289,327	3,776,057	4,746	5,158,301	24,607,909	33,836,340

The distribution of total credit facilities by internal credit rating for Real Estate was as follows:

	December 31, 2019				December 31, 2018
	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:					
From (1) To (5)	110,710,544	9,909,676	1,796,098	122,416,318	127,740,045
From (6) To (7)	16,443,363	132,691,177	10,197,065	159,331,605	114,716,872
From (8) To (10)	-	-	21,249,366	21,249,366	17,843,230
Not rated	816,366,782	49,065,329	48,975,441	914,407,552	956,307,880
Total	943,520,689	191,666,182	82,217,970	1,217,404,841	1,216,608,027

The movement on credit facilities for Real Estate during the year ended December 31, 2019 and 2018 was as follows:

	2019					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective	JD	JD
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	132,191,635	877,405,320	115,846,032	38,150,205	53,014,835	1,216,608,027
Reclassification impact	6,898,071	(38,662)	33,263,964	2,428	2,092,741	42,218,542
Adjusting Balance - Beginning of the Year	139,089,706	877,366,658	149,109,996	38,152,633	55,107,576	1,258,826,569
New credit facilities during the year	25,215,982	95,743,540	1,226,095	775,646	2,089,279	125,050,542
Paid credit facilities	(10,603,992)	(102,687,782)	(15,998,294)	(2,437,963)	(4,158,038)	(135,886,069)
Transferred to stage (1)	5,379,587	18,098,323	(5,036,742)	(14,584,546)	(3,856,622)	-
Transferred to stage (2)	(24,230,667)	(31,676,251)	25,751,095	34,652,533	(4,496,710)	-
Transferred to stage (3)	(4,105,008)	(13,179,032)	(10,778,017)	(11,313,457)	39,375,514	-
Effect of adjustments	(3,587,852)	(32,101,299)	4,100,369	(2,129,775)	(1,150,620)	(34,869,177)
Written-off credit facilities	-	-	-	-	(757,532)	(757,532)
Adjustments due to change in exchange rates	(3,850)	4,802,626	176,829	(220)	65,123	5,040,508
Balance - End of the Year	127,153,906	816,366,783	148,551,331	43,114,851	82,217,970	1,217,404,841

	2018					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective	JD	JD
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	161,216,335	877,109,150	83,851,883	28,923,434	52,726,710	1,203,827,512
New credit facilities during the year	9,303,660	101,542,271	12,428,489	1,518,443	787,828	125,580,691
Paid credit facilities	(11,806,864)	(37,125,466)	(1,008,226)	(1,431,293)	(13,329,768)	(64,701,617)
Transferred to stage (1)	6,078,296	15,057,261	(6,078,296)	(11,138,431)	(3,918,830)	-
Transferred to stage (2)	(29,264,581)	(26,155,735)	29,436,366	27,878,775	(1,894,825)	-
Transferred to stage (3)	(1,179,895)	(7,490,444)	(4,535,029)	(6,018,972)	19,224,340	-
Effect of adjustments	(2,157,250)	(37,085,264)	1,876,041	(1,579,085)	813,556	(38,132,002)
Written off credit facilities	-	-	-	-	(930,948)	(930,948)
Adjustments due to change in exchange rates	1,934	(8,446,453)	(125,196)	(2,666)	(463,228)	(9,035,609)
Balance - End of the Year	132,191,635	877,405,320	115,846,032	38,150,205	53,014,835	1,216,608,027

The movement on the provision for credit loss for real estate credit facilities during the year ended December 31, 2019 and 2018 was as follows:

	2019					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	collective	Individual	collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	2,131,512	1,503,312	31,749,897	3,090,988	19,571,491	58,047,200
Reclassification impact	460,401	7,544	551,381	22,718	635,782	1,677,826
Adjusted Balance - Beginning of the Year	2,591,913	1,510,856	32,301,278	3,113,706	20,207,273	59,725,026
Impairment losses on new facilities during the year	232,814	364,544	78,916	112,668	551,408	1,340,350
Reversed from impairment losses on matured facilities	(249,679)	(123,765)	(68,375)	(162,364)	(1,446,270)	(2,050,453)
Transferred to stage (1)	318,439	2,824,800	(186,741)	(1,202,599)	(1,753,899)	-
Transferred to stage (2)	(481,375)	(79,920)	1,202,192	1,485,120	(2,126,017)	-
Transferred to stage (3)	(484,003)	(22,957)	(403,887)	(885,496)	1,796,343	-
Effect on the size of exposures due to reclassification between stages	(265,638)	(2,793,208)	791,715	1,263,492	16,018,711	15,015,072
Effect of adjustments	785,671	(122,852)	2,395,277	(172,014)	(1,962,763)	923,319
Written-off credit facilities	-	-	-	-	(72,040)	(72,040)
Adjustments due to change in exchange rates	(143)	485	(592)	432	(560)	(378)
Balance - End of the Year	2,447,999	1,557,983	36,109,783	3,552,945	31,212,186	74,880,896

	2018					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	collective	Individual	collective		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	1,947,467	2,244,932	10,949,143	2,714,399	13,303,603	31,159,544
Transferred to other provisions	-	-	-	-	(168,101)	(168,101)
Impairment losses on new facilities during the year	117,530	223,492	815,130	145,508	580,529	1,882,189
Reversed from impairment losses on matured facilities	(124,323)	(124,816)	(93,562)	(113,252)	(1,694,832)	(2,150,785)
Transferred to stage (1)	412,067	1,662,266	(412,067)	(1,056,262)	(606,004)	-
Transferred to stage (2)	(174,629)	(79,299)	206,617	382,296	(334,985)	-
Transferred to stage (3)	(32,026)	(21,644)	(310,410)	(578,841)	942,921	-
Effect on the size of exposures due to reclassification between stages	(345,967)	(1,635,479)	1,299,947	1,746,713	7,426,762	8,491,976
Effect of adjustments	331,381	(759,680)	19,295,528	(149,484)	466,316	19,184,061
Written-off credit facilities	-	-	-	-	(344,767)	(344,767)
Adjustments due to change in exchange rates	12	(6,460)	(429)	(89)	49	(6,917)
Balance - End of the Year	2,131,512	1,503,312	31,749,897	3,090,988	19,571,491	58,047,200

The distribution of total credit facilities by internal credit rating for Government and public sector was as follows:

	December 31, 2019				December 31, 2018
	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:					
From (1) To (5)	730,959,320	-	-	730,959,320	892,185,795
From (6) To (7)	-	-	-	-	-
From (8) To (10)	-	-	-	-	-
Not rated	-	-	-	-	-
Total	730,959,320	-	-	730,959,320	892,185,795

The movement on credit facilities for Government and Public Sector during the year ended December 31, 2019 and 2018 was as follows:

	2019			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	869,087,791	23,098,004	-	892,185,795
Reclassification impact	12	1	-	13
Adjusted Balance - Beginning of the Year	869,087,803	23,098,005	-	892,185,808
New credit facilities during the year	104,555,680	-	-	104,555,680
Paid credit facilities	(58,986,312)	(101,127)	-	(59,087,439)
Transferred to stage (1)	22,996,878	(22,996,878)	-	-
Transferred to stage (2)	-	-	-	-
Transferred to stage (3)	-	-	-	-
Effect of adjustments	(206,694,729)	-	-	(206,694,729)
Balance - End of the Year	730,959,320	-	-	730,959,320

	2018			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	844,207,727	-	-	844,207,727
New credit facilities during the year	100,068,128	608,174	-	100,676,302
Paid credit facilities	(705,966)	-	-	(705,966)
Transferred to stage (1)	-	-	-	-
Transferred to stage (2)	(23,985,928)	23,985,928	-	-
Transferred to stage (3)	-	-	-	-
Effect of adjustments	(50,496,170)	(1,496,098)	-	(51,992,268)
Balance - End of the Year	869,087,791	23,098,004	-	892,185,795

The movement on the provision for credit loss for Government and public sector credit facilities during the year ended December 31, 2019 and 2018 was as follows:

	2019			
	Stage (1)	Stage (2)	Stage (3)	Total
	Individual	Individual		
	JD	JD	JD	JD
Balance - beginning of the year	412,554	24,469	-	437,023
Impairment losses on new facilities during the year	403,004	-	-	403,004
Reversed from impairment losses on matured facilities	(407,635)	-	-	(407,635)
Transferred to stage (1)	24,469	(24,469)	-	-
Transferred to stage (2)	-	-	-	-
Transferred to stage (3)	-	-	-	-
Effect on the size of exposures due to reclassification between stages	(16,272)	-	-	(16,272)
Effect of adjustments	1,549	-	-	1,549
Balance - End of the Year	417,669	-	-	417,669

	2018			
	Stage (1)	Stage (2)	Stage (3)	Total
	Individual	Individual		
	JD	JD	JD	JD
Balance - beginning of the year	1,752,231	-	-	1,752,231
Impairment losses on new facilities during the year	374	79	-	453
Reversed from impairment losses on matured facilities	(2,072)	-	-	(2,072)
Transferred to stage (1)	-	-	-	-
Transferred to stage (2)	(105,517)	105,517	-	-
Transferred to stage (3)	-	-	-	-
Effect on the size of exposures due to reclassification between stages	-	(81,127)	-	(81,127)
Effect of adjustments	(1,232,462)	-	-	(1,232,462)
Balance - End of the Year	412,554	24,469	-	437,023

11. Financial Assets at Amortized Cost- Net

The details of this item are as follows:

	December 31,	
	2019	2018
	JD	JD
Quoted Financial Assets:		
Jordanian treasury bonds	1,141,026,768	914,626,190
Governmental/Government-guaranteed bonds	531,351,277	474,041,325
Foreign governments bonds	22,565,281	1,494,650
Corporate bonds and debentures	131,858,249	96,763,890
Total Quoted Financial Assets	1,826,801,575	1,486,926,055
Unquoted Financial Assets:		
Corporate bonds and debentures	3,000,001	3,000,001
Total Unquoted Financial Assets	3,000,001	3,000,001
Total	1,829,801,576	1,489,926,056
<u>Less:</u> Provision for expected credit loss	(3,177,625)	(3,123,069)
Total	1,826,623,951	1,486,802,987
Bonds and Bills Analysis:		
With fixed rate	1,818,052,951	1,478,231,987
With floating rate	8,571,000	8,571,000
Total	1,826,623,951	1,486,802,987

- Bonds are repaid yearly, and the last of which matures in the year 2029.
- The interest rate on bonds ranges from 3.24% to 6.74%.
- There are no staging categories through the Bank's internal system.
- The following is the movement on the financial assets at amortized cost during the year ended December 31, 2019 and 2018:

	2019			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	1,486,926,055	-	3,000,001	1,489,926,056
New investments during the year	655,218,583	-	-	655,218,583
Matured investments	(318,672,790)	-	-	(318,672,790)
Amortization of premium/ discount	3,069,748	-	-	3,069,748
Adjustments due to change in exchange rates	259,979	-	-	259,979
Balance - End of the Year	1,826,801,575	-	3,000,001	1,829,801,576

	2018			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	1,778,078,637	-	9,297,988	1,787,376,625
Transfer to financial assets at air value through other comprehensive income	(365,357,008)	-	(2,647,988)	(368,004,996)
Adjusted – Beginning Balance of the Year	1,412,721,629	-	6,650,000	1,419,371,629
New investments during the year	378,914,903	-	-	378,914,903
Matured investments	(305,269,299)	-	(3,649,999)	(308,919,298)
Adjustments due to change in exchange rates	558,822	-	-	558,822
Balance - End of the Year	1,486,926,055	-	3,000,001	1,489,926,056

- The following is the movement on the provision for expected credit loss during the year ended December 31, 2019 and 2018:

	2019			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	123,069	-	3,000,000	3,123,069
Expected credit losses on new investments during the year	85,125	-	-	85,125
Expected credit losses on matured investments during the year	(23,136)	-	-	(23,136)
Effect of adjustments	(10,046)	-	-	(10,046)
Adjustments due to change in exchange rates	2,613	-	-	2,613
Balance - End of the Year	177,625	-	3,000,000	3,177,625

	2018			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	-	-	6,234,632	6,234,632
Reclassification	-	-	(1,957,132)	(1,957,132)
Effect of implementing IFRS (9)	176,625	-	-	176,625
Adjusted Beginning Balance for the Year	176,625	-	4,277,500	4,454,125
Expected credit losses on new investments during the year	92,259	-	-	92,259
Expected credit losses on matured investments during the year	(141,874)	-	(1,277,500)	(1,419,374)
Adjustments due to change in exchange rates	(3,941)	-	-	(3,941)
Balance - End of the Year	123,069	-	3,000,000	3,123,069

12. Property and Equipment - Net

The details of this item are as follows:

	Lands	Buildings	Equipment, Furniture and Fixtures	Vehicles	Computers Hardware	Total
For the Year Ended December 31, 2019	JD	JD	JD	JD	JD	JD
Cost:						
Balance - beginning of the year	26,862,813	30,351,435	94,479,292	2,637,748	38,619,498	192,950,786
Additions	1,996,141	65,972,139	51,144,731	142,099	4,333,674	123,588,784
Disposals	-	(1,938)	(4,492,189)	(443,690)	(1,747,123)	(6,684,940)
Foreign currency exchange differences	(1,653)	(9,065)	(573)	(1,118)	4,250	(8,159)
Balance - End of the Year	28,857,301	96,312,571	141,131,261	2,335,039	41,210,299	309,846,471
Accumulated Depreciation:						
Balance - beginning of the year	-	8,593,240	77,037,333	1,893,808	30,223,328	117,747,709
Annual depreciation	-	1,550,269	9,057,422	286,217	2,422,393	13,316,301
Disposals	-	(1,166)	(1,404,825)	(393,449)	(1,538,108)	(3,337,548)
Foreign currency exchange differences	-	(6,861)	(16,936)	(723)	4,200	(20,320)
Balance - End of the Year	-	10,135,482	84,672,994	1,785,853	31,111,813	127,706,142
Net book value of property and equipment	28,857,301	86,177,089	56,458,267	549,186	10,098,486	182,140,329
Payments on purchased property and equipment	-	-	2,257,126	-	-	2,257,126
Projects under construction	-	583,573	155,024	-	-	738,597
Net Book Value – End of the Year	28,857,301	86,760,662	58,870,417	549,186	10,098,486	185,136,052
For the Year Ended December 31, 2018						
Cost:						
Balance - beginning of the year	26,674,033	30,200,671	92,192,469	2,833,640	40,367,345	192,268,158
Additions	195,159	599,218	5,084,276	144,624	4,562,223	10,585,500
Disposals	-	(413,465)	(2,716,122)	(301,578)	(6,258,933)	(9,690,098)
Foreign currency exchange differences	(6,379)	(34,989)	(81,331)	(38,938)	(51,137)	(212,774)
Balance - End of the Year	26,862,813	30,351,435	94,479,292	2,637,748	38,619,498	192,950,786
Accumulated Depreciation:						
Balance - beginning of the year	-	8,013,509	72,799,540	1,810,697	33,582,758	116,206,504
Annual depreciation	-	608,371	6,404,256	372,449	2,894,996	10,280,072
Disposals	-	(3,192)	(2,043,075)	(287,061)	(6,223,655)	(8,556,983)
Foreign currency exchange differences	-	(25,448)	(123,388)	(2,277)	(30,771)	(181,884)
Balance - End of the Year	-	8,593,240	77,037,333	1,893,808	30,223,328	117,747,709
Net book value of property and equipment	26,862,813	21,758,195	17,441,959	743,940	8,396,170	75,203,077
Payments on purchased property and equipment	-	-	12,722,734	-	-	12,722,734
Projects under construction	-	98,639,907	-	-	-	98,639,907
Net Book Value – End of the Year	26,862,813	120,398,102	30,164,693	743,940	8,396,170	186,565,718

- Property and equipment include fully depreciated assets of JD 81,388,071 as of December 31, 2019 compared with JD 72,250,021 as of December 31, 2018.
- Contractual commitments related to payments on purchases of property and equipment and projects under construction are stated in Note (49), and including the remaining estimated cost for projects under construction.

13. Intangible Assets - Net

The details of this item are as follows:

	Goodwill	Computer Software	Other *	Total
	JD	JD	JD	JD
<u>For the Year Ended December 31, 2019</u>				
Balance - beginning of the year	358,397	18,065,363	5,205,161	23,628,921
Additions **	-	5,288,935	-	5,288,935
Amortization for the year	-	(5,335,268)	-	(5,335,268)
Balance - End of the Year	358,397	18,019,030	5,205,161	23,582,588
<u>For the Year Ended December 31, 2018</u>				
Balance - beginning of the year	358,397	19,519,464	5,205,161	25,083,022
Additions **	-	4,090,536	-	4,090,536
Amortization for the year	-	(5,544,637)	-	(5,544,637)
Balance - End of the Year	358,397	18,065,363	5,205,161	23,628,921

* This item represents the license for conducting banking activities arising from the acquisition of Jordan International Bank / London with a shareholding value of 75%. The licence for conducting business was identified as having an indefinite life. Its impairment was tested, and no impairment was identified as of December 31, 2019 and 2018.

** The additions to computer software amounted to JD 950,753 as of December 31, 2019 compared with JOD 2,312,069 as of December 31, 2018 representing payments on account for the purchase of computer software.

14. Other Assets

The details of this item are as follows:

	December 31,	
	2019	2018
	JD	JD
Accrued revenues and interest	29,789,846	25,762,323
Prepaid expenses	3,868,543	3,726,570
Assets seized by the Bank *	64,412,759	57,223,906
Assets seized by the Bank with customer's right to recover **	-	5,035,422
Cheques under collection	13,130,829	14,970,237
Other	17,733,838	16,440,941
Total	128,935,815	123,159,399

* The regulations of the Central Bank of Jordan require the Bank to dispose the assets it seizes during a maximum period of two years from the acquisition date.

The following is a summary of the movement on assets seized by the Bank:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Balance - beginning of the year	62,259,328	44,627,522
Additions	7,328,763	22,551,692
Disposals	(2,761,640)	(3,721,418)
Impairment loss	(2,413,692)	(1,198,468)
Balance - End of the Year	64,412,759	62,259,328

** Includes properties and shares that are amounted to JOD 5,035,422 as of December 31, 2018 that the customer has the right to repurchase from the Bank within a period of three years, at cost plus agreed upon interest, Note that the period of three years has passed and the customer has not exercised his right, and accordingly it has been classified under Assets seized by the Bank.

15. Bank and Financial Institutions Deposits

The details of this item are as follows:

	December 31, 2019			December 31, 2018		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	10,642,571	49,227,467	59,870,038	14,887,882	57,455,853	72,343,735
Deposits due within 3 months	63,169,564	535,023,195	598,192,759	70,745,877	324,843,552	395,589,429
Deposits due within 3- 6 months	7,427,437	-	7,427,437	5,292,255	106,350,000	111,642,255
Deposits due within 6 - 9 months	30,442,588	-	30,442,588	30,305,873	-	30,305,873
Deposits due within 9 - 12 months	5,470,603	23,845,797	29,316,400	5,327,267	-	5,327,267
More than one year	-	-	-	-	-	-
	<u>117,152,763</u>	<u>608,096,459</u>	<u>725,249,222</u>	<u>126,559,154</u>	<u>488,649,405</u>	<u>615,208,559</u>

16. Customers' Deposits

The details of this item are as follows:

	Retail	Corporate	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD
<u>December 31, 2019</u>					
Current accounts and demand deposits	642,993,738	145,017,839	326,621,662	45,305,384	1,159,938,623
Saving deposits	2,045,168,781	436,784	15,630,082	460,339	2,061,695,986
Time and notice deposits	1,479,637,391	361,481,275	110,768,971	340,862,820	2,292,750,457
Certificates of deposit	268,521,193	27,178,614	11,866	-	295,711,673
Others	416,229	-	-	-	416,229
Total	<u>4,436,737,332</u>	<u>534,114,512</u>	<u>453,032,581</u>	<u>386,628,543</u>	<u>5,810,512,968</u>
<u>December 31, 2018</u>					
Current accounts and demand deposits	657,723,012	161,513,570	286,569,182	46,231,062	1,152,036,826
Saving deposits	2,074,766,403	379,956	13,647,932	522,527	2,089,316,818
Time and notice deposits	1,451,739,680	463,206,362	56,561,236	416,588,091	2,388,095,369
Certificates of deposit	209,782,637	33,020,257	1,084,658	-	243,887,552
Others	424,290	-	-	-	424,290
Total	<u>4,394,436,022</u>	<u>658,120,145</u>	<u>357,863,008</u>	<u>463,341,680</u>	<u>5,873,760,855</u>

- The deposits of the public sector and the Government of Jordan inside the Kingdom amounted to JD 381.6 million, representing 6.6% of total deposits as of December 31, 2019 (JD 454.2 million, representing 7.73% of total deposits as of December 31, 2018).
- Non-interest bearing deposits amounted to JD 1.59 billion, representing 27.3% of total deposits as of December 31, 2019 (JD 1.64 billion, representing 27.9% of total deposits as of December 31, 2018).
- Restricted deposits (Restricted withdrawal) amounted to JD 208.7 million, representing 3.6% of total deposits as of December 31, 2019 (JD 220 million, representing 3.75% of total deposits as of December 31, 2018).
- Dormant accounts amounted to JD 203 million, representing 3.5% of total deposits as of December 31, 2019 (JD 205 million, representing 3.5% of total deposits as of December 31, 2018).

17. Cash Margins

The details of this item are as follows:

	December 31,	
	2019	2018
	JD	JD
Margins against direct credit facilities	112,409,946	86,755,326
Margins against indirect credit facilities	150,796,873	196,498,289
Dealing margins	1,271,174	1,645,721
Other margins	14,425,179	2,086,940
Total	<u>278,903,172</u>	<u>286,986,276</u>

17. Borrowed Funds

The details of this item are as follows:

	Amount	Periodic Repayment	Repayment Date	Guarantee	Borrowing Interest Rate	Re-lending Interest Rate
December 31, 2019	JD					
Amman Cairo Bank loan	1,000,000	Monthly	30/7/2020	Financial Solvency	4.50%	10.5%
Amman Cairo Bank loan	24,000,000	Monthly	30/7/2020	Financial Solvency	4.75%	10.5%
Jordan Mortgage Refinance Co.	5,000,000	Semi annual	4/5/2020	Financial Solvency	5.75%	10.5%
Jordan Mortgage Refinance Co.	5,000,000	Semi annual	9/8/2020	Financial Solvency	5.85%	10.5%
Jordan Mortgage Refinance Co.	5,000,000	Semi annual	12/11/2020	Financial Solvency	5.75%	10.5%
Jordan Mortgage Refinance Co.	5,000,000	Semi annual	7/1/2020	Financial Solvency	5.75%	10.5%
Central Bank of Jordan loan	5,600,000	Semi annual	14/7/2028	Financial Solvency	3.85%	Guaranteed 7.98% without guarantee 8.48%
Central Bank of Jordan loan	3,974,875	Semi annual	7/2/2031	Financial Solvency	3.90%	Guaranteed 7.53% without guarantee 8.53%
Central Bank of Jordan loan	2,275,000	Semi annual	29/11/2024	Financial Solvency	2.50%	Guaranteed 6% guarantee without 6.5%
Central Bank of Jordan loan	2,814,013	Semi annual	21/12/2039	Financial Solvency	3.00%	Guaranteed 6.5% guarantee 7% without 6.5%
Central Bank of Jordan loan	12,250,691	According to instalment maturity date	5 years with the exception of renewable energy projects 10 years	Promissory note on demand	Inside the capital city 1.75% outside the capital city 1%	Inside the capital Minimum 4.5% outside the capital minimum 3.75%
Jordan Mortgage Refinance Co *	50,000,000	Interest is paid semiannually but loans paid in one payment are	29/5/2024	Mortgage	6.35%	6.99% - 9.25%
Jordan Mortgage Refinance Co *	25,000,000	Interest is paid semiannually but loans paid in one payment are	31/1/2022	Mortgage	6.10%	6.99% - 9.25%
	<u>146,914,579</u>					

* Funds have been reborrowed for housing loans at an interest rate of 6.99%-9.25%, and reborrowed funds amounted to JD 75,000,000.

- Borrowed funds with a fixed interest rate amounted to JD 137,339,704, and borrowed funds with a variable interest rate amounted to JD 9,574,875 as of December 31, 2019.
- The maturity dates of funds reborrowed from the Central Bank of Jordan range from March 15, 2020 to December 31, 2040.
- Borrowed funds during 2019 amounted to JD 76,963,491, and settled borrowed funds amounted to JD 55,908,283.
- The re-issued loans amounted to JD 80,000,000.

	<u>Amount</u>	<u>Periodic Repayment</u>	<u>Repayment Date</u>	<u>Guarantee</u>	<u>Borrowing Interest Rate</u>	<u>Re-lending Interest Rate</u>
<u>December 31, 2018</u>	JD					
Audi Bank loan	4,891,660	Monthly	31/05/2019	Financial Solvency	4.75%	10.5%
Societe Genarale Bank loan	1,499,626	Monthly	31/08/2019	Financial Solvency	6.75%	10.5%
Amman Cairo Bank loan	25,000,000	Monthly	30/07/2019	Financial Solvency	5.00%	10.5%
Real Estate Mortgage Re-fund Co.	5,000,000	Monthly	4/5/2020	Financial Solvency	4.75%	10.5%
Real Estate Mortgage Re-fund Co.	5,000,000	Semi annual	9/8/2020	Financial Solvency	5.75%	10.5%
Real Estate Mortgage Re-fund Co.	5,000,000	Semi annual	24/09/2019	Financial Solvency	5.85%	10.5%
Real Estate Mortgage Re-fund Co.	5,000,000	Semi annual	7/1/2020	Financial Solvency	5.50%	10.5%
Central Bank of Jordan loan	6,300,000	Semi annual	14/07/2028	Financial Solvency	4.37%	Gauranteed 7.87% without guarantee 8.37%
Central Bank of Jordan loan	3,974,875	Semi annual	7/2/2031	Financial Solvency	4.42%	Gauranteed 7.42% without guarantee 8.42%
Central Bank of Jordan loan	2,765,000	Semi annual	29/11/2024	Financial Solvency	2.50%	Gauranteed 6% without guarantee 6.5%
Central Bank of Jordan loan	1,412,458	Semi annual	21/12/2039	Mortgage	3.00%	Gauranteed 6.5% without guarantee 7.5%
	10,015,379	According to instalment maturity date	5 years with the expection of renewable enegery projects 10 years	Promissory note on demand	Inside the capital city 1.75% outside the capital city 1%	Inside the capital Minimum 4.5% outside the capital minimum 3.75%
Central Bank of Jordan loan						
Real Estate Mortgage Re-fund Co. *	49,999,990	Semi annual	29/05/2019	Mortgage	5.05%	8% - 10.25%
	<u>125,858,988</u>					

* Funds have been reborrowed for housing loans at an interest rate of 7%-9.5%, and reborrowed funds amounted to JD 50,000,000.

- The maturity dates of funds reborrowed from the Central Bank of Jordan range from May 1, 2014 to September 21, 2028.
- Borrowed funds with a fixed interest rate amounted to JD 115,584,113, and borrowed funds with a variable interest rate amounted to JD 10,274,875 as December 31, 2018.
- Borrowed funds during 2018 amounted to JD 16,013,066, and settled borrowed funds amounted to JD (10,252,185).

19- Leases

Right of use assets

The bank leases many assets, including lands and buildings, the average lease term is 5 years, and the following is the movement over the right to use assets during the year:

	For the Year Ended December 31,2019
	JD
Beginning balance (Amended)	33,006,764
<u>Add:</u> additions during the year	1,871,508
<u>Less:</u> Depreciation for the year	(4,171,118)
Cancelled contracts	(2,004,703)
Balance as of December 31, 2019	<u>28,702,451</u>

Amounts that were recorded in the statement of profits or losses:

	For the Year Ended December 31,2019
	JD
Depreciation for the year	4,171,118
Interest for the year	1,820,680
Lease expense during the year	<u>5,991,798</u>

Lease contract commitments:

	For the Year Ended December 31,2019
	JD
Beginning balance (Amended)	33,006,764
<u>Add:</u> Additions during the year	1,871,508
Interest during the year	1,820,680
<u>Less:</u> paid during the period	(7,976,544)
Cancelled contracts	(2,004,703)
Exchange difference	16,515
Balance as of December 31, 2019	<u>26,734,220</u>

Maturity of lease liabilities analysis:

	December 31,2019
	JD
Up to a year	2,078,202
From one to five years	11,627,113
More than five years	13,028,905
	<u>26,734,220</u>

The value of the undiscounted lease obligations amounted to JOD 35,681,364 as of December 31, 2019 and the following is a maturity analysis:

Undiscounted lease obligations analysis:

	December 31,2019
	JD
Up to a year	3,502,784
From one to five years	16,146,805
More than five years	16,031,775
	<u>35,681,364</u>

20. Sundry Provisions

The details of this item are as follows:

	Provision for End-of- Service Indemnity	Provision for Outstanding Lawsuits Against the Bank	Other Provisions	Total
<u>For the Year Ended December 31, 2019</u>	JD	JD	JD	JD
Balance - beginning of the year	21,851,825	3,163,535	28,798,797	53,814,157
Net provision for the year	7,681,493	20,384,590	749,598	28,815,681
Transfers from/to provisions	3,185,725	-	(3,185,725)	-
Provision used during the year	(24,860,319)	(445,067)	(777,089)	(26,082,475)
Reverse to revenue	-	(21,747)	(6,801,109)	(6,822,856)
Currency translation	-	(27,423)	616	(26,807)
Balance - End of the Year	<u>7,858,724</u>	<u>23,053,888</u>	<u>18,785,088</u>	<u>49,697,700</u>
<u>For the Year Ended December 31, 2018</u>				
Balance - beginning of the year	26,461,646	1,278,282	27,544,762	55,284,690
Net provision for the year	3,245,903	2,084,718	6,171,858	11,502,479
Provision used during the year	(7,855,653)	(203,010)	(4,915,896)	(12,974,559)
Reverse to revenue	-	-	-	-
Currency translation	(71)	3,545	(1,927)	1,547
Balance - End of the Year	<u>21,851,825</u>	<u>3,163,535</u>	<u>28,798,797</u>	<u>53,814,157</u>

21. Income Tax

a. Income tax provision

The movement on the income tax provision is as follows:

	<u>For the Year Ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
	JD	JD
Balance - beginning of the year	49,752,994	50,509,319
Income tax paid	(53,352,248)	(52,514,979)
Accrued income tax	41,555,990	51,892,329
Accrued income tax of distribution profits from a subsidiary	5,219,005	-
Currency translation	12,791	(133,675)
Balance - End of the Year	<u>43,188,532</u>	<u>49,752,994</u>

b. Income tax expense appearing in the consolidated statement of profit or loss represents the following:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Provision for income tax for the year	41,555,990	51,892,329
Deferred tax assets for the year	(4,315,154)	(12,676,270)
Deferred tax liabilities for the year	-	1,442,735
Amortization of deferred tax assets	6,418,634	2,308,790
Amortization of deferred tax liabilities	(410,723)	-
Accrued income tax of distribution profits from a subsidiary	5,219,005	-
Effect of change of tax rates on deferred tax	-	(5,493,724)
Total	48,467,752	37,473,860

c. Reconciliation of the accounting profit with taxable profit:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Accounting profit for the year	132,174,952	132,000,598
Non-taxable income	(24,110,251)	(29,261,064)
Non-deductible expenses for tax purposes	35,917,431	36,545,426
Taxable Profit	143,982,132	139,284,960
Effective income tax rate	36.66%	28.39%

- The legal income tax rate on banks in Jordan was 35% until the end of the year 2018. Effective January 1, 2019, the legal rate become 38%. The tax rate on local subsidiaries ranges from 20% to 28%, whereas the legal income tax rates in the countries in which the Bank operates range from 0% to 31%.

d. Tax Status

- The Bank has reached a final settlement with the Income and Sales Tax Department up to the year 2014, and has paid the declared taxes for the years 2015, 2016, 2017, 2018 and 2019 and cleared 2018's tax.
- Taxes due on Palestine branches were cleared up to 2018.
- The income tax for the International Bank for Trade and Finance /Syria was paid up to the year 2018.
- The income tax for the Housing Bank for Trade and Finance /Algeria was paid up to the year 2018.
- The income tax for Jordan International Bank/ London was paid up to the year 2018.
- The income tax for the International Financial Centre Company was paid up to the year 2018. Moreover, a final settlement has been reached for all years except for the years 2016 and 2017.
- The income tax for the Specialized Leasing Company was paid up to the year 2018, and a final settlement has been reached up to the year 2017.

e. Deferred Income Tax Assets / Liabilities

The details of this item are as follows:

	For the Year Ended December 31, 2019						December 31, 2019
	Beginning Balance	Reclassification Impact	Adjusted beginning Balance	Amounts Released	Amounts Added	Ending Balance	Deferred Tax
<u>Assets</u>	JD	JD	JD	JD	JD	JD	JD
Expected credit loss	153,109,281	-	153,109,281	5,951,708	11,617,638	158,775,211	44,137,529
Suspended interest	828,722	-	828,722	-	431,552	1,260,274	453,249
Provision for indemnities	21,179,764	3,185,725	24,365,489	24,684,421	6,990,173	6,671,241	2,399,268
Impairment of real estate	4,254,311	-	4,254,311	-	2,905,778	7,160,089	2,575,079
Other provisions	14,632,147	(3,185,725)	11,446,422	856,677	2,646,113	13,235,858	17,602,672
Financial assets valuation Difference	3,719,228	8,865,814	12,585,042	2,769,427	162,879	9,978,494	2,488,618
Other assets	19,305,127	(8,865,814)	10,439,313	4,505,343	5,898,562	11,832,532	4,255,491
Total	217,028,580	-	217,028,580	38,767,576	30,652,695	208,913,699	73,911,906
<u>Liabilities</u>							
Difference valuation of financial assets	11,514,934	-	11,514,934	1,142,029	7,893,308	18,266,213	6,569,323
Total	11,514,934	-	11,514,934	1,142,029	7,893,308	18,266,213	6,569,323

	For the Year Ended December 31, 2018						December 31, 2018
	Beginning Balance	The Impact of applying IFRS (9)	Adjusted Beginning Balance	Amounts Released	Amounts Added	Ending Balance	Deferred Tax
<u>Assets</u>	JD	JD	JD	JD	JD	JD	JD
Expected credit loss	60,275,972	64,607,711	124,883,683	-	28,225,598	153,109,281	55,064,743
Suspended interest	576,686	-	576,686	-	252,036	828,722	298,044
Provision for indemnities	22,832,372	-	22,832,372	4,146,503	2,493,895	21,179,764	7,617,162
Impairment of real estate	3,055,843	-	3,055,843	-	1,198,468	4,254,311	1,530,035
Other provisions	10,919,815	-	10,919,815	-	3,712,332	14,632,147	5,262,355
Financial assets valuation Difference	-	-	-	-	3,719,228	3,719,228	1,140,547
Other assets	23,673,496	-	23,673,496	6,753,968	2,385,599	19,305,127	5,441,223
Total	121,334,184	64,607,711	185,941,895	10,900,471	41,987,156	217,028,580	76,354,109
<u>Liabilities</u>							
Difference valuation of financial assets	6,598,803	-	6,598,803	-	4,916,131	11,514,934	4,141,270
Total	6,598,803	-	6,598,803	-	4,916,131	11,514,934	4,141,270

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

	For the Year Ended December 31, 2019		For the Year Ended December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance - beginning of the year	76,354,109	4,141,270	38,384,838	2,185,858
Impact of Implementing IFRS (9)	-	-	21,401,337	-
Adjusted Beginning Balance for the Year	76,354,109	4,141,270	59,786,175	2,185,858
Additions	10,843,017	2,838,776	13,816,816	1,644,390
Disposals	(13,316,167)	(410,723)	(2,932,491)	-
Currency translation	30,947	-	(121,137)	-
Effect of change of tax rates on deferred tax *	-	-	5,804,746	311,022
Balance - End of the Year	73,911,906	6,569,323	76,354,109	4,141,270

- * Deferred tax assets and liabilities for Jordan branches were calculated at a rate of 38% as of December 31, 2019 (38% as of December 31, 2018) in accordance with the Income Tax Law in the Hashemite Kingdom of Jordan. The tax rates, for subsidiaries and foreign subsidiaries, according to which deferred tax assets have been calculated, ranges from 19% to 28%. We believe that the tax assets and liabilities will be realized during the future periods of the Bank.

22. Other Liabilities

The details of this item are as follows:

	December 31,	
	2019	2018
	JD	JD
Accrued interest	22,401,169	19,602,683
Interests and commissions received in advance	949,144	808,135
Accrued expenses	17,646,599	13,790,311
Certified cheques	35,068,675	34,050,008
Transfers deposits	31,439,928	29,525,841
Payments in process	6,203,976	2,842,459
Prizes	1,315,822	1,246,840
Corresponding banks	1,435,089	995,814
General management deposits	5,439,250	3,703,593
Shareholders deposits	2,706,593	504,388
Accounts payable	3,018,488	3,716,977
Other deposits	58,745,944	62,461,284
Provision for indirect facilities' expected credit loss	32,057,352	26,926,112
Others	11,238,050	10,246,483
Total	229,666,079	210,420,928

Below is the movement on indirect facilities during the year:

	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	519,936,051	151,028,148	31,565,361	610,752	18,881,469	722,021,781
New exposure during the period	295,140,096	64,899,990	21,838,545	3,248,015	83,382	385,210,028
Matured exposure	(213,726,896)	(78,032,692)	(24,115,501)	(226,826)	(1,677,388)	(317,779,303)
Transferred to stage (1)	4,699,896	145,834	(3,369,296)	(143,334)	(1,333,100)	-
Transferred to stage (2)	(2,042,292)	(825,210)	2,383,192	906,678	(422,368)	-
Transferred to stage (3)	(403,870)	(146,574)	(1,924,564)	(142,365)	2,617,373	-
Effect of the reclassification	83,153,382	2,116,960	5,758,836	130,416	1,596,684	92,756,278
Adjustments due to foreign currency changes	(6,334)	497,213	(5,476)	(1,713)	-	483,690
Balance at the End of the Year	686,750,033	139,683,669	32,131,097	4,381,623	19,746,052	882,692,474

	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	507,975,768	193,492,655	10,113,314	238,567	15,982,423	727,802,727
New exposure during the period	294,876,388	92,790,610	5,632,908	302,823	742,905	394,345,634
Matured exposure	(225,226,009)	(123,575,851)	(2,387,807)	(3,657)	(1,348,511)	(352,541,835)
Transferred to stage (1)	2,063,279	164,693	(1,885,651)	(157,693)	(184,628)	-
Transferred to stage (2)	(27,560,222)	(583,857)	27,931,222	609,357	(396,500)	-
Transferred to stage (3)	(1,346,800)	(12,640)	(2,994,490)	(77,000)	4,430,930	-
Effect of the reclassification	(30,847,509)	(5,571,888)	(4,842,025)	(301,645)	(332,848)	(41,895,915)
Adjustments due to foreign currency changes	1,156	(5,675,574)	(2,110)	-	(12,302)	(5,688,830)
Balance at the End of the Year	519,936,051	151,028,148	31,565,361	610,752	18,881,469	722,021,781

Below is the movement on the expected credit loss for indirect facilities during the year:

	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	3,823,459	2,433,685	4,846,856	84,229	15,737,883	26,926,112
Transfers	(571)	-	2	-	569	-
Adjusted beginning balance for the year	3,822,888	2,433,685	4,846,858	84,229	15,738,452	26,926,112
Impairment loss on new exposure during the year	1,554,499	2,737,553	4,852,085	755,041	2,492	9,901,670
Reversed impairment loss on matured exposure	(2,596,590)	(1,708,191)	(4,629,739)	(58,620)	(1,252,535)	(10,245,675)
Transferred to stage (1)	794,011	10,647	(63,931)	(9,147)	(731,580)	-
Transferred to stage (2)	(55,181)	(49,366)	369,898	77,372	(342,723)	-
Transferred to stage (3)	(5,257)	(5,032)	(62,498)	(4,939)	77,726	-
Effect on provision as of end of the year due to reclassification between the stages during the year	(763,788)	(10,297)	165,638	86,099	1,734,993	1,212,645
Adjustments due to changes	529,349	715,105	1,249,782	8,530	1,763,064	4,265,830
Adjustments due to foreign currency changes	-	5,585	-	-	(8,815)	(3,230)
Balance at the End of the Year	3,279,931	4,129,689	6,728,093	938,565	16,981,074	32,057,352

	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	-	-	-	-	4,254,000	4,254,000
Effect of application IFRS (9)	5,478,806	258,486	217,826	20,872	1,729,828	7,705,818
Transferred from general provision	-	3,399,031	-	47	890,934	4,290,012
Adjusted beginning balance for the year	5,478,806	3,657,517	217,826	20,919	6,874,762	16,249,830
Impairment loss on new exposure during the year	1,281,346	2,152,541	196,017	69,099	3,573,676	7,272,679
Reversed impairment loss on matured exposure	(1,997,637)	(3,043,026)	(121,746)	(6,503)	(5,441)	(5,174,353)
Transferred to stage (1)	77,980	10,484	(26,140)	(10,484)	(51,840)	-
Transferred to stage (2)	(345,988)	(7,124)	496,242	7,124	(150,254)	-
Transferred to stage (3)	(7,034)	(182)	(34,907)	(4,815)	46,938	-
Effect on provision as of end of the year due to reclassification between the stages during the year	(58,104)	(9,520)	4,049,251	8,858	2,985,653	6,976,138
Adjustments due to changes	(605,910)	(320,363)	70,313	894	2,464,389	1,609,323
Adjustments due to foreign currency changes	-	(6,642)	-	(863)	-	(7,505)
Balance at the End of the Year	3,823,459	2,433,685	4,846,856	84,229	15,737,883	26,926,112

23- Capital and issue premium

Subscribed and paid up capital

The authorized and subscribed capital amounts to JOD 315 million, divided into 315 million shares, with a nominal value of one dinar per share, as of December 31, 2019 and 2018.

Issue premium

The premium for the issue is JOD 328,147,538 as of December 31, 2019 and 2018.

24- Reserves

Statutory reserve

The amounts accumulated in this account represent the transfer of annual profits before tax at the rate of 10% during the year and previous years and it is not available for distribution to shareholders according to the laws and regulations enforced.

General bank risk reserve

This item represents a general banking risk reserve in accordance with the instructions of the Central Bank of Jordan.

Special reserve

This item represents the reserve for the periodic fluctuations of Palestine branches according to the instructions of the Palestinian Monetary Authority, in addition to a special reserve with the International Bank for Trade and Finance / Syria based on the instructions of the regulatory authorities.

The restricted reserves for disposal are as follows:

Name of the reserve	As of 31, December 2019		Regulation
	2019	2018	
	JD	JD	
Statutory reserve	235,755,327	219,222,999	According to the applicable laws and regulations
Special reserve	11,184,797	10,798,320	According to the regulatory authorities regulations

25. Foreign Currency Translation Reserve

This item represents the differences resulting from the translation of net investments in the foreign subsidiaries and branches upon the consolidation of the financial statements. The movement on this account is as follows:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Balance at the beginning of the year	(113,597,748)	(106,641,415)
Net changes during the year	1,142,307	(6,956,333)
Balance at the Ending of the Year	(112,455,441)	(113,597,748)

26- Fair Value Reserve - Net

The fair value reserve appears net after deferred taxes with a negative amount of JD 5,400,864 as of December 31, 2019 (a negative amount of JD 2,219,625 as of December 31, 2018). The movement on the net fair value reserve is as follows:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Balance – beginning of the year	(2,219,625)	(109,459)
Unrealized (losses) - Debt instruments	11,674,687	(2,605,375)
Unrealized gain (losses) - Shares	(364,237)	(443,682)
Deferred tax assets	(851,186)	1,140,547
Deferred tax liabilities	(2,838,775)	(201,656)
Net change in the valuation reserve of financial assets at fair value through comprehensive income after tax	7,620,489	(2,110,166)
Balance at End of the Year	5,400,864	(2,219,625)

27- Retained Earnings

The movement on retained earnings is as follows:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Balance – beginning of the year	268,842,701	273,604,841
Prior years adjustments	(287,049)	-
Effect of the application of IFRS (9) on expected credit loss	-	(76,622,326)
Transferred from general banking risk reserve	-	37,608,684
Effect of the application of IFRS9 (9) on deferred tax assets	-	21,401,337
Effect of the application of IFRS (9) net after tax	-	(17,612,305)
Adjusted– beginning balance of the year	268,555,652	255,992,536
Income for the year	80,866,565	90,316,409
Dividends distribution	(47,250,000)	(63,000,000)
Transferred from reserves	(16,918,805)	(14,471,341)
Capital increase expenses	-	-
Gains from sale of financial assets at fair value through other comprehensive income	13,638	5,097
Balance – End of the Year	285,267,050	268,842,701

The Bank cannot use a restricted amount of JD 6,283,303 from retained earning which represents the financial assets revaluation differences in accordance with the instructions of the Central Bank of Jordan and the Jordan Securities Commission.

Retained earnings includes an amount of JD 563,978, which represents the effect of early implementation of the International Financial Reporting Standard No (9). This amount may not be used except for the amounts actually realized from sale.

The Bank cannot use a restricted amount of JD 73,911,906 from retained earning which represents deferred tax assets which are restricted against capitalization or distribution only to the extent if actually recognized in accordance with the instructions of the Central Bank of Jordan and the Jordan Securities Commission.

Retained earnings includes a restricted amount of JD 13,788,639, which represents the gain from the valuation of foreign currencies at the International Bank for Trade and Finance /Syria for the current year and the prior years.

28- Retained Earnings and Proposed Dividends

The proposed cash dividends for the current year amounted to 15% as of December 31,2019 , equivalent to JD 47,3 million of paid-in capital subject to the approval of the General Assembly of Shareholders (15% as of December 31,2018).

29- Subsidiaries with Material Non-controlling Interest

First: Percentage owned by non-controlling interests

	As of December 31, 2019 and 2018		
	Country	Activity Sector	Non-controlling Interests
International Bank for Trade and Finance/Syria	Syria	Banking	50.937%
The Housing Bank for Trade and Finance/Algeria	Algeria	Banking	15%
Jordan International Bank London/UK	United Kingdom	Banking	25%

Second: The following is selected financial information for subsidiaries with material non-controlling interests:

- a. Condensed statement of financial position before elimination of inter-company transactions as of December 31, 2019 and 2018:

	As of December 31, 2019		
	International Bank for Trade and Finance/Syria	The Housing Bank for Trade and Finance/Algeria	Jordan International Bank London/UK
	JD	JD	JD
Financial assets	272,905,254	514,988,708	350,452,489
Other assets	6,857,156	12,356,744	5,586,496
Total Assets	279,762,410	527,345,452	356,038,985
Financial Liabilities	229,005,894	305,103,495	268,823,187
Other Liabilities	15,979,938	123,754,958	4,243,879
Total Liabilities	244,985,832	428,858,453	273,067,066
Total Equity	34,776,578	98,486,999	82,971,919
Total Liabilities and Equity	279,762,410	527,345,452	356,038,985
Non-Controlling Interest	17,701,485	14,774,035	20,742,980

	As of December 31, 2018		
	International Bank for Trade and Finance/Syria	The Housing Bank for Trade and Finance/Algeria	Jordan International Bank London/UK
	JD	JD	JD
Financial assets	250,223,682	546,800,530	341,634,060
Other assets	4,976,317	15,292,328	5,705,976
Total Assets	255,199,999	562,092,858	347,340,036
Financial Liabilities	208,172,415	338,935,479	266,830,059
Other Liabilities	18,053,185	107,864,749	4,413,130
Total Liabilities	226,225,600	446,800,228	271,243,189
Total Equity	28,974,399	115,292,630	76,096,847
Total Liabilities and Equity	255,199,999	562,092,858	347,340,036
Non-Controlling Interests	14,758,617	17,295,047	19,024,212

- b. Condensed statement of profit or loss before elimination of inter-company transactions for the year ended December 31, 2019 and 2018:

For the Year Ended December 31, 2019			
	International Bank for Trade and Finance/Syria	The Housing Bank for Trade and Finance/Algeria	Jordan International Bank London/UK
	JD	JD	JD
Total revenue	7,274,214	31,450,372	11,220,128
Profit for the year	5,803,925	(4,563,140)	2,413,324
Total Comprehensive Income	5,803,925	(4,563,140)	3,350,092
Attributable to non-controlling interest	2,956,330	(684,516)	837,523

For the Year Ended December 31, 2018			
	International Bank for Trade and Finance/Syria	The Housing Bank for Trade and Finance/Algeria	Jordan International Bank London/UK
	JD	JD	JD
Total revenue	5,826,000	33,814,102	11,999,965
Profit for the year	2,213,130	15,608,471	3,133,680
Total Comprehensive Income	2,213,130	15,608,471	2,253,059
Attributable to non-controlling interest	1,127,296	2,341,427	563,265

- c. Condensed statement of cash flows for material subsidiaries for the year ended December 31, 2019 and 2018:

For the Year Ended December 31, 2019			
	International Bank for Trade and Finance/Syria	The Housing Bank for Trade and Finance/Algeria	Jordan International Bank London/UK
	JD	JD	JD
Operating cash flows	10,411,698	17,455,354	16,213,289
Investing cash flows	(1,977,854)	1,029,291	(65,956)
Financing cash flows	(1,647)	(25,550,416)	1,806,381
Effect of change in exchange rates	178,435	19,228,222	2,736,521
Net Increase / (Decrease)	8,610,632	12,162,451	20,690,235

For the Year Ended December 31, 2018			
	International Bank for Trade and Finance/Syria	The Housing Bank for Trade and Finance/Algeria	Jordan International Bank London/UK
	JD	JD	JD
Operating cash flows	28,773,188	15,380,159	2,514,144
Investing cash flows	(620,590)	(1,078,424)	18,279,132
Financing cash flows	(3,021)	(10,570,022)	(1,783,871)
Effect of change in exchange rates	238,335	2,824,697	(5,004,748)
Net Increase / (Decrease)	28,387,912	6,556,410	14,004,657

- d. The cash dividends for the Housing Bank for Trade and Finance/Algeria amounted to JD 29,499,698 during the year 2019 (JD 7,517,322 during the year 2018).

30 - Interest Income

The details of this item are as follows:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Direct Credit Facilities:		
Individual retail customer:		
Overdraft	558,216	1,002,858
Loans and discounted bills	69,298,270	65,204,931
Credit cards	2,444,321	2,175,749
Other	330,375	241,957
Real estate mortgages	79,144,523	80,017,713
Large corporates		
Overdraft	31,042,650	26,053,691
Loans and discounted bills	66,196,940	60,332,700
SME's		
Overdraft	9,524,130	11,281,267
Loans and discounted bills	17,381,198	12,648,694
Government and Public Sector	45,361,664	50,818,155
Balances at central banks	11,251,230	12,651,380
Balances and deposits at banks and financial institutions	14,415,668	11,400,852
Financial assets at fair value through profit or loss	1,098	4,009
Financial assets at fair value through other comprehensive income	10,829,100	9,725,613
Financial assets at amortized cost	88,498,376	74,711,972
Total	446,277,759	418,271,541

31 - Interest Expense

The details of this item are as follows:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Banks and financial institutions deposits	19,906,710	12,470,989
<u>Customers deposits :</u>		
Current accounts and demand deposits	777,214	1,091,392
Saving deposits	9,215,375	8,820,765
Time and notice deposits	87,244,585	84,187,890
Certificates of deposit	11,732,606	9,097,808
Cash margin	3,077,978	4,397,942
Borrowed funds	7,538,407	5,780,014
Deposits insurance fees	8,199,594	11,427,956
Lease liability	1,820,680	-
Other	20,063	-
Total	149,533,212	137,274,756

32 - Net Commission Income

The details of this item are as follows:

Commission income:

Direct credit facilities

Indirect credit facilities

Less: Commission expense

Net Commission Income

For the Year Ended December 31,

2019

2018

JD

JD

11,849,237

10,910,184

14,982,899

15,020,550

(46,504)

(30,740)

26,785,632

25,899,994

33 - Net Gain from Foreign Currency Exchange

The details of this item are as follows:

From trading

From re-valuation

Total

For the Year Ended December 31,

2019

2018

JD

JD

7,432,161

7,595,949

3,017,264

3,612,862

10,449,425

11,208,811

34 - Gain (Loss) from Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	Realized		Unrealized		Dividends	
	Gain	(Loss)	Gain	(Loss)	Received	Total
	JD	JD	JD	JD	JD	JD
For the Year 2019						
Bonds	-	(3,689)	-	-	-	(3,689)
Corporate shares	-	-	-	(155,561)	169,700	14,139
Investment funds	-	-	-	-	-	-
Total	-	(3,689)	-	(155,561)	169,700	10,450
For the Year 2018						
Bonds	-	-	-	(9,428)	-	(9,428)
Corporate shares	-	(169,229)	3,160	(551,980)	200,671	(517,378)
Investment funds	57,676	-	-	-	9,021	66,697
Total	57,676	(169,229)	3,160	(561,408)	209,692	(460,109)

35 - Other Income

The details of this item are as follows:

Fees on salaries accounts

Credit cards income

Safety deposit box rental income

Commissions on returned checks

Management fees

Net income from recovered loans

Brokerage services fees

Banking services fees

Income on transfers

Miscellaneous income

Total

For the Year Ended December 31,

2019

2018

JD

JD

3,401,126

3,168,813

7,324,409

6,932,336

587,771

622,119

775,229

881,325

5,890,658

5,259,953

25,888

2,823,330

243,001

390,146

1,118,036

2,053,940

5,135,242

6,052,656

2,261,112

2,824,953

26,762,472

31,009,571

36 - Employees Expenses

The details of this item are as follows:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Salaries, benefits and allowances	61,618,772	59,300,055
Bank's contribution in social security	6,803,054	6,905,430
Bank's contribution in the saving fund	224,389	201,081
End-of-service indemnity	7,681,493	3,245,903
Medical expenses	3,299,727	3,515,621
Training expenses	577,841	542,619
Travel and transportation expenses	1,128,388	1,184,315
Others	1,047,516	1,086,476
Total	82,381,180	75,981,500

37 - Other Expenses

The details of this item are as follows:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Information technology	11,288,865	9,372,718
Marketing and promotion	3,383,919	3,442,943
External and professional services	1,495,775	2,008,833
Rent and workplace expenses	19,102,947	20,909,993
Financial institutions subscription fees	3,255,252	3,009,690
Stationery expenses	2,027,147	2,030,708
Fees on credit facilities processing	453,460	304,643
Other expenses	13,139,288	12,988,072
Total	54,146,653	54,067,600

38 - Expected Credit Loss Expense – Net

The details of this item are as follows:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Balances and deposits at banks and financial institutions	12,248	20,691
Financial assets at fair value through other comprehensive income	65,463	(168,790)
Financial assets at amortized cost	51,943	(1,327,115)
Direct credit facilities	49,871,021	53,485,235
Indirect credit facilities (commitments and contingent liabilities)	5,134,470	10,683,787
Total	55,135,145	62,693,808

39 - Earnings Per Share

The details of this item are as follows:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Profit for the year attributable to shareholders' (JD)	80,866,565	90,316,409
Weighted average number of shares (share)	315,000,000	315,000,000
Basic and diluted earnings per share attributable to shareholders of the Bank	JD 0.257	JD 0.287

40 - Cash and Cash Equivalents

The details of this item are as follows:

	As of December 31,	
	2019	2018
	JD	JD
Cash and balances with central banks maturing within 3 months	1,114,619,117	1,182,417,706
<u>Add:</u> Balances with banks and financial institutions maturing within 3 months	452,733,115	552,644,472
<u>Less:</u> Banks and financial institutions deposits maturing within 3 months	(658,062,797)	(467,933,164)
	909,289,435	1,267,129,014

41 - Financial Derivative Instruments

The details of this item are as follows:

	Positive Fair Value	Negative Fair Value	Nominal Value	Due in three Months	Due in 3 - 12 Months	From 1 to 3 Years
	JD	JD	JD	JD	JD	JD
<u>For the Year 2019</u>						
Traded Financial Derivatives:						
Forward foreign currency contracts	63,104	(446,884)	230,786,087	227,259,525	3,526,562	-
Interest rate swap contracts	-	-	14,180,000	-	14,180,000	-
<u>For the Year 2018</u>						
Traded Financial Derivatives:						
Forward foreign currency contracts	111,006	(165,008)	171,685,007	19,408,295	152,276,712	-
Interest rate swap contracts	-	-	-	-	-	-

Nominal value represents the value of transactions outstanding at year-end and does not refer to market risks or credit risks.

42 - Related Party Transactions

These consolidated financial statements include the financial statements of the Bank and the following subsidiaries:

Company Name	Ownership %	December 31,	
		2019	2018
		JD	JD
The Housing Bank for Trade and Finance / Algeria	85%	127,798,568	98,134,068
International Bank for Trade and Finance / Syria	49.063%	76,684,321	76,684,321
International Financial Center	77.5%	5,000,000	5,000,000
Specialized Lease Finance Co.	100%	30,000,000	30,000,000
Jordan Real Estate Investment Co.	100%	40,000	40,000
Jordan International Bank / London	75%	72,403,280	72,403,280
International Financial Center / Syria	46.704%	1,495,780	1,495,780

The subsidiary, International Bank for Trade and Finance – Syria owns 85% of the International Financial Centre Company – Syria, and the Bank owns 5% of the company.

The Bank entered into transactions with major shareholders, Board of Directors, and executive management in the course of its ordinary activities at commercial rates of interest and commissions. All facilities granted to related parties are performing, and no provisions have been taken.

b. Summary of related party transactions during the year:

	Related Party				Total as of December 31,	
	Major Shareholders	Subsidiaries	Board of Directors	Executive Management	2019	2018
	JD	JD	JD	JD	JD	JD
Financial Position Items:						
Total deposits with related parties	74,213,711	83,235,366	-	-	157,449,077	124,440,812
Total deposits from related parties	705,327,980	48,890,224	2,703,509	1,095,626	758,017,339	639,676,340
Loans and advances granted to related parties	-	225,922	1,916	584,159	811,997	3,928,268
	-	975,538	-	-	975,538	
Items Off-statement of Financial Position						
Letters of guarantees and credits	-	1,319,912	-	-	1,319,912	1,844,023

c. Summary of related party transactions during the year:

	Related Party				Total for the Year Ended December 31,	
	Major Shareholders	Subsidiaries	Board of Directors	Executive Management	2019	2018
	JD	JD	JD	JD	JD	JD
Statement of profit or loss Items						
Interest and commissions income	764,837	369,289	351	29,439	1,163,916	3,244,850
Interest and commissions expense	23,948,249	1,438,869	84,293	43,232	25,514,643	19,762,859

- Interest expense rates range from 0% to 8%.
- Interest income rates range from 0% to 7%.

d. Summary of the Bank's executive management remuneration:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Salaries, bonuses, and other benefits	5,068,159	3,146,595
Salaries, bonuses, and other benefits/ subsidiaries	2,224,174	2,199,918

43. Information about the Bank Business Sectors

Information about the bank's activities:

The Bank is organized for administrative purposes through four main business sectors according to reports sent to the main decision-maker at the bank:

- Retail Banking: includes following up on deposits of individual customers and small businesses, and granting them loans, debts, credit cards, and other services
- Corporate: This includes following up on deposits, credit facilities and other banking services for institutional and corporate clients.
- Corporate Finance: The activity of this sector relates to arranging structured finance and providing services relating to privatizations, IPO's, mergers and acquisitions.
- Treasury: this sector includes providing trading and treasury services and the management of the Bank's funds in money and capital markets.

Information of the Bank's business segment distributed according to operations is as follows:

							Total	
							For the Year Ended December 31,	
	Retail Banking	Corporate	Corporate Finance	Treasury	Other	Elimination	2019	2018
	JD	JD	JD	JD	JD	JD	JD	JD
Gross Income	260,152,698	200,489,667	9,006,307	151,902,602	14,662,940	(125,701,508)	510,512,706	486,099,547
Allowance for expected credit loss (direct / indirect facilities)	(9,953,673)	(43,127,165)	(1,924,653)	-	-	-	(55,005,491)	(52,409,010)
Allowance for expected credit loss for investments in financial institutions and Banks	-	-	-	(129,654)	-	-	(129,654)	1,475,214
Segment results	101,192,448	38,543,718	2,128,844	10,206,150	(8,961,354)	-	143,109,806	147,594,381
Unallocated expenses	-	-	-	-	-	-	(10,934,854)	(15,593,783)
Income before tax	-	-	-	-	-	-	132,174,952	132,000,598
Income Tax	-	-	-	-	-	-	(48,467,752)	(37,473,860)
Profit for the Year	-	-	-	-	-	-	83,707,200	94,526,738
Depreciation and amortization							22,830,180	21,723,120
Capital expenditures							17,253,533	15,824,709
							December 31,	
							2019	2018
							JD	JD
Segment Assets	4,919,688,488	2,654,504,647	113,068,281	3,726,434,219	1,328,272,888	-	12,741,968,523	12,394,945,267
Elimination of assets between segments	(3,165,707,229)	-	-	(536,139,951)	(672,783,612)	-	(4,374,630,792)	(4,171,261,775)
Unallocated assets	-	-	-	-	-	-	73,911,906	76,354,109
Total Assets	-	-	-	-	-	-	8,441,249,637	8,300,037,601
Segment Liabilities	4,821,317,318	2,780,899,319	111,015,601	3,590,336,044	308,411,963	-	11,611,980,245	11,333,385,543
Elimination of liabilities between segments	-	(1,405,304,668)	(71,990,513)	(2,823,818,592)	-	-	(4,301,113,773)	(4,117,582,786)
Unallocated liabilities	-	-	-	-	-	-	6,569,323	4,141,270
Total Liabilities	-	-	-	-	-	-	7,317,435,795	7,219,944,027

The following is the geographical distribution of the Bank's income, assets, and capital expenditures:

	Inside Jordan		Outside Jordan		Total	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Gross income	406,200,474	374,424,433	104,312,232	111,675,114	510,512,706	486,099,547
Total assets	7,233,783,930	7,291,405,893	1,207,465,707	1,008,631,708	8,441,249,637	8,300,037,601
Capital expenditures	13,654,124	18,090,653	3,599,409	3,632,467	17,253,533	21,723,120

44- Capital Adequacy

The Bank aims to achieve the following goals through managing capital:

- To be aligned with the central bank's capital requirements.
- Maintaining the Bank's ability to continue.
- Maintaining a strong capital base to support growth and development of the bank's activities.
- The Bank's management monitors capital adequacy monthly as well as provide the central bank with the required information about the capital adequacy on a quarterly basis.

According to the instructions of the Central Bank, the minimum capital adequacy ratio is 12%, and banks are classified into five categories, the best of which is a rate of 14% or more.

The Bank manages the capital structure and makes the necessary adjustments to it in light of changes in working conditions. The Bank has not made any changes to the objectives, policies and procedures related to capital structure during the current year.

The capital adequacy ratio is calculated according to the instructions of the Central Bank, based on the instructions of Basel III Committee, as follows:

	December 31,	
	2019	2018
	JD	JD
1. Common Equity Tier 1 Capital		
Paid-in capital	315,000,000	315,000,000
Retained earnings	231,639,848	214,088,488
Other comprehensive income items	(107,054,578)	(115,817,373)
Net fair value reserve	5,400,864	(2,219,625)
Foreign currency translation reserve	(112,455,442)	(113,597,748)
Share premium	328,147,538	328,147,537
Statutory reserve	235,737,655	219,206,360
Other reserve	11,184,798	10,798,320
Non-controlling Interest	23,196,877	23,386,049
Total capital of common stock	1,037,852,137	994,809,381
Regulatory amendments (Propositions of the capital)	(103,134,368)	(102,658,487)
Goodwill and other intangible assets	(23,582,588)	(23,628,921)
Deferred tax assets	(73,911,906)	(76,354,109)
Investments in capital of non-consolidated subsidiaries	(36,613)	(28,477)
Mutual fund investments in the capital of Banking, Financial and Insurance Entities (within CET1)	(5,603,261)	(2,646,980)
Total primary capital	934,717,769	892,150,894
2. Additional Tier 1		
Non-controlling Interest	4,093,567	4,126,950
Total additional capital	4,093,567	4,126,950
Regulatory amendments (Propositions of the capital)	-	-
Net additional capital	4,093,567	4,126,950
Net additional capital Tier 1.	938,811,336	896,277,844
3. Tier 2		
General banking risk reserve	-	-
Provision of credit loss for stage (1) not exceeding 1.25% of assets exposed to credit loss	32,594,487	32,887,865
Non-controlling Interest	5,458,089	5,502,600
Total supported capital	38,052,576	38,390,465
Regulatory amendments (Propositions of the capital)	(4,068)	(12,204)
Investments in capital of non-consolidated subsidiaries	(4,068)	(12,204)
Net additional capital Tier 2	38,048,508	38,378,261
Regulatory capital	976,859,844	934,656,105
Total weighted assets risk average.	5,664,064,302	5,796,098,827
Capital Adequacy ordinary shareholders (CET1) Ratio %	16.50%	15.39%
Capital Adequacy Tier 1 Ratio %	16.57%	15.46%
Capital Adequacy Ratio %	17.25%	16.13%

45. Fair Value of Financial Assets Not Carried at Fair Value in the Financial Statements

The fair value of financial assets not carried at fair value in the financial statements is as follows:

	December 31, 2019		December 31, 2018	
	Book Value	Fair Value	Book Value	Fair Value
	JD	JD	JD	JD
Financial assets at amortized cost	1,826,623,951	1,826,712,146	1,486,802,987	1,486,900,555
Direct credit facilities – Net	4,158,821,005	4,158,821,005	4,255,354,746	4,255,354,746

46. Risk Management

Banking risks are managed based on a comprehensive mitigation strategy where acceptable risks are defined along with ways to limit and confront such risks. Such a strategy allows the Bank to better manage its business while maintaining a certain level and type of risk the Bank is willing to bear and handle without affecting strategic goals and objectives. Meanwhile, the Bank minimizes the negative effects of internal and external incidents on the Bank's profitability, capitalization, market share and any other intangible factors such as reputation and goodwill.

Defining risk levels and limits is a process conducted according to quantitative and qualitative measurement techniques, depending on the nature of each risk. Those risk levels are then reflected (quantitative and qualitative) within the risk limits defined and approved in the Bank's policies and procedures.

Acceptable risk levels comply with the Bank's strategy and mechanism to do business. They clearly describe risks that the Bank can handle and the methods and manners through which the Bank can control and monitor such risks.

The Bank's risk management is based on a comprehensive risk reduction strategy and ways of addressing it and mitigating it, after identifying acceptable risks by the Bank to manage its business in order to maintain the level and quality of the various risks that the Bank wishes to accept, which does not affect the achievement of the strategic objectives. In addition to decreasing the negative effects of internal and external events on the profitability of the bank, the level of capital, market share and any other intangible factors such as reputation and reputation of the bank.

The process of adopting acceptable limits and levels of risk at the Bank is carried out according to qualitative and / or quantitative measurement methods, based on the nature and specificity of the various risks. These levels (qualitative and quantitative) are reflected within the risk limits adopted in the Bank's policies, powers and procedures.

The acceptable risk levels are consistent with the Bank's strategy and sets out a framework for the mechanism that the Bank must adopt to conduct its business, clarify the nature of risks accepted by the Bank to achieve its strategic objectives, and establish procedures for identifying and controlling acceptable risk levels.

Strategic objectives of risk management

- Establishing effective risk management in the Bank and enhancing institutional governance through applying advanced methods and approaches in measuring different risks.
- Hedging and mitigating potential losses, leading to the maximization of profitability and improvement of the efficiency and effectiveness of the banking operations.
- Spreading a culture of awareness of the surrounding risks and achieving a deep understanding of all levels of management of risks faced by the Bank.
- Assisting in achieving the overall strategic objectives of the Bank.

Risks to the Bank

The Bank is exposed to the following major risks:

- Credit risk.
- Market and liquidity risks, including interest and currency risks.
- Operational risks, including information security risks and business continuity risks.

Acceptable risk levels

Effective risk management includes a thorough understanding of the sources and nature of the risks facing the Bank, as well as the provision of an appropriate regulatory environment in line with the international best practices and standards, consistent with the instructions of the regulatory authorities and the instructions of the Bank. The most important pillars of effective risk management are based on identifying acceptable risk levels for all banking activities after identifying, measuring, and analyzing the various risks faced by the Bank.

The procedures used to determine acceptable risk levels at the Bank include:

- Determining the business strategy: The acceptable risk levels are determined in line with the Bank's strategic plan, regulatory directives, maintaining its capital adequacy, sound management of liquidity risks and sources of funds, and maintaining stable levels of profit.
- Evaluating the Bank's material risks, identifying methods and approaches of measurement, quantifying the risks that the Bank can accept and assume, and inform the Board of Directors about risks, size of exposure, and control framework on these risks at the Bank.
- Determining the acceptable risk level for business units and the Bank's products;
- Limits: The level of risk that the Bank can bear and accept based on the exposure to the Bank's activities and on the objectives set for the Bank and the business community.
- In addition, the acceptable risk levels are monitored, and any violations of the prescribed limits and acceptable risk levels are addressed and reported to the Board of Directors through the Risk Management Committee.

Risk management framework

- The existence of a separate risk management structure that includes monitoring, supervision, reporting, and tasks related to the risk functions.
- The existence of a strategy, policies, and work procedures aimed at effective risk management, control, and mitigation of the adverse effects of such risks.
- Controlling, supervising, and measuring risks within the risk acceptance document.
- Managing risks on a daily basis and ensuring that they are within the approved limits.

Credit risk

Credit risk is defined as the risk arising from the customer's inability or willingness to meet its obligations to the Bank within an agreed period of time or from a recession in a particular sector.

In this regard, customers' credit concentration risks are defined as the risks to the Bank arising from the unequal distribution of credit customers or concentrations in facilities granted to economic sectors or in certain countries, which may lead to increased probability of losses.

Credit risk management

Credit risk is managed by:

- Promoting the establishment of a good and balanced credit portfolio that achieves the targeted return within its defined risk levels;
- Strictly controlling credit in its various stages and consistently complying with the regulatory authorities' instructions and their amendments;
- Distributing the credit portfolio, including expanding the customer base according to specific plans, ceilings, and risks;
- Continuing to work within the principle of segregating the functions of customer relationship management, credit analysis, and credit control;
- Granting credit based on eligibility and repayment ability, provided that there are no restrictions on borrowing or foreclosure in the Company's Memorandum of Association and Articles of Association, and on the Bank's belief in the customers' ability to meet their obligations based on a comprehensive credit study of the customers' positions within the Bank's acceptable risk classification levels;
- Prohibiting the financing of facilities except for the purposes specified in the Bank's credit policy, the instructions of the Central Bank of Jordan, the Banking Law, and any instructions issued by the regulatory authorities, and against appropriate collaterals that guarantee the Bank's right;
- Reducing the non-performing debt ratio in the credit portfolio while increasing market share in commercial finance and corporate finance; and
- Diversifying the credit portfolio, especially in the corporate portfolio, while avoiding overconcentration at the customer's level.

Default and default tackling mechanism:

Default definition:

Default is the existence of payment dues on customer facilities of more than 90 days and a marked increase in risk ratings (8,9,10), in addition to any indications of the existence of customer's probability of default (PD), requiring the inclusion of some customers within the concept of "Credit Deterioration Factors", including, but not limited to:

- Significant financial difficulties faced by the debtor such as a severe weakness in the financial statements.
- Relinquishing part of the obligations incurred by the debtor because of the debtor's financial difficulties.
- Non-payment of obligations on time.
- Debtor's bankruptcy.
- Debtor's need to restructure or reschedule his obligations.

Default handling mechanism:

Under the instructions of the Central Bank of Jordan, and once debt is classified as non-performing, the Bank takes adequate provisions and carries out the necessary procedures for collecting its rights in accordance with the applicable laws. Furthermore, the Bank performs all collection procedures to reach settlements with customers according to the regulations in force to ensure that debts are repaid fully or rescheduled in accordance with the standards and principles stipulated by the Central Bank of Jordan and the regulatory authorities of the host countries.

The Bank's Internal Rating Systems:

Internal Rating System for Corporate Customers:

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

The Risk Analyst / Moody's System has various models and Scorecards to cover most customer segments. Each model has several sections, and each section is associated with risk weights according to model used. The risk score is calculated through these models/cards by collecting the results of financial and objective extracts in a digital form called VOTES. Then, calculations are made to extract the so-called average assessment, which is shown in the form of a digital counter (from 0-100), noting that the digital meter is divided into seven sections (excellent / very good / good / average / less than average / bad / unacceptable).

The Bank uses the Risk Analyst/Moody's System to measure the risk rating of customers within (7) grades for the performing accounts and three grades for the non-performing accounts. The probability of default (PD) increases as risk rating increases. Three segments are adopted at each grades - with the exception of grade (-1). Each grade is defined clearly as explained in the methodology.

Principles for the evaluation process within the internal rating system for corporate customers:

Availability of recent, audited / unaudited financial statements, in line with the instructions of the Central Bank of Jordan to reflect the actual financial position of the credit applicant.

The credit grantor having a clear idea about the objective aspects of the customer's situation (e.g. management, customer sector, competitive situation, etc.), because of the significant impact of the objective aspect on the customer's risk assessment results.

Availability of sufficient data on the customer's collaterals to enable assessment of the credit facility's risk.

Annual update of the *Probability of Default* based on the latest studies conducted by Moody's.

Selection of the appropriate *Analysis Model* that fits with the customer's nature.

Use of the *Archiving Option* to maintain the customer's historical risk levels approved within the credit analysis.

Use of the *Override Option* of the Risk Analyst System through adopting the Bank's override methodology concerning the availability of approval of the authorized personnel "representing the credit granting powers themselves", in order to raise or lower the risk level, according to the credit analysis memorandum prepared by the Business and Credit Review Center.

Internal Rating System for Retail and Small Business Customers:

A system that evaluates customers (individuals and small companies) and gives them risk scoring based on their risks before granting them loans. Based on this evaluation, the customer's creditworthiness and probability of default are assessed.

The internal scoring of retail customers is conducted for all granted products (personal loans, housing loans, credit cards, and car loans). For small companies, the granted products are scored, including (business loans, mortgage loans, and declining balance loans).

Definition of expected credit losses (ECL):

The expected credit losses represent the total amounts allocated to cover the losses resulting from the customers' failure to fulfill their obligations. This is equal to: *Exposure at Default X Probability of Default X Losses Given Default*.

Mechanism for calculating expected credit losses (ECL)

Credit Portfolio (Corporate Portfolio)

Exposure at Default (EAD):

This represents the reporting period balance plus interest. It includes the credit facilities within the corporate portfolio and is divided into funded facilities, unfunded facilities, and unutilized ceilings, as for the balance subject to the calculation of expected credit losses for stage (3), represent the balance less interest in suspense and cash margins (if any).

Funded Facilities :

Two types of cash payments from customers have been approved as follows: Annuity Repayment (monthly, quarterly, and semi-annual) and bullet repayment.

Customers' cash flows are adopted according to the repayment schedules and periodicity (Projected Cash Flows).

A study have been made for the credit facilities remaining payments after considering the Contractual Interest Rate (CIR) as an alternative to the Effective Interest Rate (EIR) and the actual maturity of the facility as stated in the original agreement.

A study was conducted on the percentage of utilization of the ceilings of overdraft facilities and revolving loans. The study concluded that the percentage of utilization of these ceilings had reached 75% through using the previous three years' historical data.

To calculate the balance subject to ECL calculation, the ceiling is multiplied by the utilization percentage (75%) and compared with the utilized balance, so that the higher value is taken.

The overdraft average maturity is 2.5 years, according to Basel regulations.

A risk rating of (-5) has been applied to all unrated facilities, based on the consulting company's opinion.

Unfunded Facilities:

A study was conducted on the utilization ratios of the limits of each of the guarantees and credits, where the percentage of the exploitation of the limits of the guarantees reached 36.8% and 34.2% from the limits related to credits, and the results was approved by the risk committee/executive management.

To reach the balance used for the calculation of expected credit loss, is multiplied by guarantees limits or guarantees by exploitation rate shown above and then compare it to the used balance and consider the higher value.

The interest rates for the indirect credit exposures are approved in accordance with the interest instructions for the paid guarantees and the used credits, and so the applied interest rate is as follows:

- If the payment or credit due in the foreign currency is applied, the interest rate will be at 5% and will increase to 6% if the customer fails to pay after one month of payment.
- If the payment or credit due in local currency is applied, the interest rate will be at 12% and will increase to 13% if the customer fails to pay after one month of payment.

Approved but Unutilized Ceilings:

Adopting the proposed methodology (the balance or the outcome of multiplying the ceiling by 75% for current debtor facilities, or revolving loans, or 36.8% for guarantees, and 34.2% credit limits, whichever is higher) in the calculation of ECL.

Loss Given Default (LGD):

Represents an acceptable collateral then compare the market value of the collateral with the mortgage bond and its interests, whichever is lower.

The standard haircut approach ratios are adopted according to the requirements of the Central Bank of Jordan. At the same time, the credit mitigators are considered, including the secured and unsecured portions of the collateral when calculating the Loss Given Default for the first and second stages. For the third stage, after applying the standard haircut ratios, Loss Given Default is calculated on the secured portion at 45% and the unsecured portion at 80%.

Credit Portfolio (Retail Portfolio)

Exposure At Default (EAD):

This item represents the balance of each sub-portfolio as in the reporting period plus interest for stage (1) and (2), as for the balance subject to the calculation of expected credit losses for stage (3), represent the balance less interest in suspense and cash margins (if any).

Facilities were divided within each sub-portfolio into unfunded facilities, unutilized ceilings, and loans of more than JD 250,000.

Measuring credit risk and expected credit loss on an aggregate basis:

The Bank's policy in determining the common elements in measuring the credit risk of the retail portfolio is in line with the instructions of the Central Bank of Jordan, which indicated in one of its items the product type. Thus, the retail portfolio has been divided into five sub-portfolios, depending on their product type, as follows:

- Personal loans portfolio
- Car loans portfolio
- Real estate loans portfolio
- Credit cards portfolio
- Small enterprises portfolio (except for accounts exceeding JD 250 thousand, considered as belonging to individuals) which will be included in the Bank's financial statements at the end of the year.

Funded Facilities:

The Annuity Repayment (monthly, quarterly, and semi-annual) has been adopted.

This includes the Projected Cash Flows for each sub-portfolio based on the Interest Weighted Average and Maturity Weighted Average to determine the maturity of each sub-portfolio and then amortize the remaining payments of each sub-portfolio taking into account any prepaid amount/installments.

Unutilized Ceilings:

The expected credit losses have been calculated on customers' balances in the calculation period, except for the loans treated as ceilings such as (housing loans that are spent in installments and cards where the expected credit losses have been calculated on the ceilings).

Face value has been used for housing loans (balance plus the unutilized portion of the loans not fully disbursed, for loans where payments have been made, the balance is adopted for calculating the expected credit losses).

Loans Exceeding JD 250 thousand:

- Loans of more than JD 250 thousands have been excluded from the retail portfolio.
- The expected credit loss (ECL) is calculated in a manner similar to that applied to the corporate portfolio based on the Projected Cash Flows for each customer.
- A risk rate of (-5) has been applied. Moreover, the expected credit loss has been calculated for 12 months, or for the lifetime of the loan, based on the customer's classification (Stage I / Stage II). Meanwhile, these loans will be assessed through the internal rating systems for both individuals and companies in the future (in accordance with the approved work plan).

Loss Given Default (LGD):

A simple approach has been adopted for calculating LGD for the facilities within each sub-portfolio (Simple LGD approach).

A cut has been applied on collaterals within each sub-portfolio according to the ratios implemented in the corporate portfolio, in line with the regulations of Central Bank of Jordan and Basel III.

An acceptable collateral represents a comparison of the market value of the collateral with the value of the mortgage bond and its benefits, whichever is less.

The following equation has been applied to calculate facility-level LGD for Stage I and Stage II as follows: $(\text{Exposure after Mitigation} / \text{Exposure before Mitigation} * 45\%)$.

With regard to the Stage 3, and after implementing the standard haircut rates, losses are calculated when the secured portion is 45% and the unsecured portion is 80%.

To calculate LGD ratio at the level of each sub-portfolio, the LGD Weighted Average is calculated.

Probability of Default (PD):

Historical data has been used for five years from 2012 to 2016 for calculating the ODR at the level of each sub-portfolio and forecasting future probability of default for conversion from TTC PD to PIT PD, as for stage (3), probability of default 100% was applied.

Investment Portfolio

Probability of Default (PD):

The probability of default for 12 months (12-month PD) is extracted from Bloomberg system for the issuer and the country of risk, using the following functions:

- DRSK for public companies: The Accuracy Ratio is 92.43% for non-financial companies and 91.78% for financial companies.
- SRSK for countries: The Accuracy Ratio for countries is 89%.

The 12-month PDs extracted from DRSK and SRSK functions are based on structural models which take into account several variables:

- The nature of the sector, the assets growth rates, and market fluctuations when calculating PD for corporates.
- The prevailing political situation, countries' financial and economic performance, GDP growth, and non-performing loans in the banking sector, foreign currency reserves, etc. according to the forecasts of the International Monetary Fund and World Bank when determining a sovereign PD. Therefore, the PD represents the current situation (Point-in-Time PD) and reflects only the corporates PD without taking into account the country of risk factor (Standalone PD).

As a result, the PD for each issue has been adjusted by using the ceiling of the probability of risk for the country of risk at minimum for calculating PD, so that the PD of any issue will not be lower than its country of risk PD.

In order to apply the PD floor to the exposures on various banks, the following approach is adopted. If the exposure is on a foreign bank, and the exposure is in any currency other than the local currency of the foreign bank's country, then the higher PD of either the foreign bank's country or the foreign bank shall be adopted. Otherwise, if the exposure on a foreign bank is in the local currency of the bank's country, then the PD of the bank itself shall be adopted (i.e., the ceiling of the country's PD shall not be used at minimum).

When the PD results is calculated then Bloomberg system use current market information in addition to expected that reverse the average expected to expectations of the analysts in market, subsequently no need to implement analyst scenario for expected PD.

If the PD results extracted from Bloomberg system do not represent the actual reality of market expectations (i.e., the implied PD of the market derived from the Credit Default Swap "CDS" and / or the Market Asset Swap "ASW") for the issuer, the market PD obtained from a high liquidity issue / security for the same issuer shall be adopted as a representative proxy according to the procedures for evaluating the risk factor of the investment portfolio.

If the PD for the country of risk is not available, the Shadow Rating methodology prepared by the consulting company shall be adopted. On the other hand, if the PD of the issuer is not available, the PD of the country of risk shall be adopted as the issuer PD.

The Jordan PD as a country of risk is considered as the PD of the issuer in the case of placements in money market (Term Deposits) with HBTF's branches as well as subsidiaries in which the Bank owns 50% or more of their capital.

After that, the 12-month PD is adjusted to take into consideration the remaining life of exposure for any issue with a remaining maturity less than one year, according to the following equation:

$$PD_n = 1 - ((1 - PD_{12\text{-month}})^{(n/12)}) \text{ where } (n) \text{ represents the remaining life in months } (n < 12)$$

Calculating PD for Jordanian Companies in JD (if PD for the issuer is not available)

Risk rating is calculated based on Moody's Credit rating and then mapped to the relevant assigned PD.

The assigned PD represents "Through-the-Cycle (TTC)", and thus calibrated according to the methodology developed by the consulting company in order to obtain (Point-in-Time "PIT" 12-month PD).

The 12-month PD is then adjusted to take into account the remaining life of exposure for any issue with a remaining maturity less than one year, according to the above equation.

Loss Given Default (LGD):

The Recovery Rate (RR) is extracted from Bloomberg system for each issue using CDSW function, which is based on the ISDA Standard Model, where the LGD is calculated according to equation ($LGD = 1 - RR$), as in the following table:

Markets	Senior Unsecured	Subordinated
Developed markets	RR= 40%, LGD= 60%	RR= 20%, LGD= 80%
Emerging markets	RR= 25%, LGD= 75%	RR=25%, LGD= 75%

For secured securities, the Haircut-Based Approach is considered along with the limits per the IRB in order to determine the LGD (as per the procedures approved for the credit portfolio).

Exposure at Default (EAD):

EAD = Accrued Interest to Date + Present Value (Face Value + Expected 1 Year Interest)

Accrued interest to date is calculated or extracted from Bloomberg system.

The expected interest for the remaining life of exposure is calculated up to a maximum of one year using the coupon for fixed rate bonds. As for floating rate bonds that pay LIBOR plus a fixed spread, LIBOR is projected over a 1-year period and added to the fixed spread for the calculation of expected interest.

The Discount Rate used to calculate the Present Value represents the Effective Interest Rate (EIR).

Expected Credit Loss (ECL):

The expected credit loss (ECL) is calculated according to the following equation: **ECL = PD*LGD*EAD**

The expected credit loss value for off balance sheet financial derivatives is calculated by extracting the expected maximum exposure in addition to the maximum exposure time from the Bloomberg system using (SWPM) which is calculated based on the Monte Carlo model. Present Value is calculated for the peak exposure based on the following:

- The Discount Period represents the time to peak extracted from Bloomberg system.
- The Discount Rate represents the Risk-Free Rate of the currency of exposure at the time – to peak maximum to one-year limit.

The expected credit loss (ECL) is calculated according to the following equation:

ECL = PD*LGD*Peak Exposure (EAD).

Key macroeconomic factors used by the Bank in calculating expected credit losses (ECL)

Corporate portfolio

Portfolio	Macroeconomic Factor
Large Corporates	- Industrial Production – Rate of change Lag 4.
	- Volume of imports of goods and services (Percentage Change) – 3-quarter moving average Lag 4.
	- Total investment – Rate of Growth (Percentage of GDP) Lag 2.
Medium Enterprises	- Volume of imports of goods and services (Percentage Change).
	- Volume of exports of goods (Percentage Change) 6-quarter moving average Lag 4.

Retail portfolio

Pool Name	Stage I	Stage II
Cars/Vehicles Loan	- Volume of exports of goods (Percentage Change) 6-quarter moving average Lag 3.	- Volume of exports of goods (Percentage Change) 6-quarter moving average Lag 3.
Mortgage Loan	- Volume of exports of goods (Percentage Change) 6-quarter moving average Lag 1. - Industrial Production Index Lag 3	- GDP Annual Growth Lag 1. - Volume of exports of goods (Percentage Change) 6-quarter moving average Lag 3. - Government Revenue Lag 1.
Personal Loan	- Ease of Doing Business – 6-quarter moving average. - Industrial Production Index – 3- quarter moving average Lag 3	- GDP Annual Growth Lag 1
Small Business	- Volume of exports of goods (Percentage Change) 3-quarter moving average Lag 2.	- GDP Annual Growth – 3-quarter moving average Lag 1

Determinants of the significant change in the credit risk adopted by the Bank in the calculation of ECL Credit portfolio

Classification	Standards
Stage I:	<p>Accounts for which there has been no significant increase in credit risk or default indicators, as follows:</p> <ul style="list-style-type: none"> - Performing accounts for which there are no dues or have dues less than 45 days (gradually reduced to 30 days over three years). <p>Accounts whose credit risk has significantly increased and have signs of default, as follows:</p> <ul style="list-style-type: none"> - Accounts with dues more than 45 days or more and less than 90 days.
Stage II:	<ul style="list-style-type: none"> - Accounts with two restrictions. - Accounts classified as watch list. - Any accounts that require classification at this stage according to the directives of Management and the regulatory bodies. <p>Accounts that have become in default, as follows:</p> <ul style="list-style-type: none"> - All non-performing loans and facilities according to the definition of non-performing loans mentioned in the CBJ regulations No. 47/2009 dated 10/12/2009, which are 90 days or more past due. - Accounts whose risk rating is (8, 9, 10) according to the Bank's credit rating. - Accounts with a scheduling flag.
Stage III:	

The standard also states that if the quality of credit has improved, and sufficient and documented reasons are available to make it possible to transfer credit claims from stage III to stage II or from stage II to stage I, the transfer process must take place after verifying the improvement of the credit status of the claim and the commitment to repay three monthly installments, two quarterly installments or a semi-annual installment on time, so that the early payment of installments for the purpose of transferring debt to a better stage is not considered. For example, if an account is classified within stage III and the account is scheduled, the account must remain within stage III for three monthly installments, two quarterly installments, or one annual installment according to the repayment cycle of this facility before being transferred to stage II.

Investment portfolio

Financial Instrument	Standards
Investment Grade Instruments	<ul style="list-style-type: none"> - The credit rating of the instrument at the reporting date is downgraded by two notches below the investment grade since origination (BB); or - (The Implied Rating / 1-year Default Risk Rating) at the reporting date is downgraded to more than two notches below the investment grade since the date of the previous report (less than HY2 according to Bloomberg system).
High Yield Instruments	<ul style="list-style-type: none"> - The credit rating of the instrument at the reporting date is downgraded by two notches below its credit rating at the date of purchase; or - (The Implied Rating / 1-year Default Risk Rating) is downgraded by two notches below its implied rating since the date of the previous report.
Unrated Instruments	<ul style="list-style-type: none"> - According to Moody's Credit rating, the financial instrument is considered to be in stage II if its rating declines by more than 2 notches since origination.

Governance of the application of IFRS requirements

Board of Directors

Providing appropriate governance structure and procedures to ensure the proper application of the standard by defining the roles of the committees and departments at the Bank; ensuring work integrity among them; and providing appropriate infrastructure in accordance with CBJ regulations and the standards related to the accounting standard.

Approving any amendments to the results and outputs of the systems regarding the calculation and measurement of ECL and the variables to be calculated.

Implementing business models through specifying the objectives and rules of classification of financial instruments, in order to ensure integration with other business requirements.

Ensuring that the Bank's control units, specifically risk management and internal audit, perform all the work required to verify the validity and integrity of the methodologies and systems used in the application of IFRS 9 and providing the required support to these control units.

Approving the final results of ECL calculation.

Risk Management Committee / Board of Directors

- Reviewing the Bank's risk management framework for the calculation of ECL.
- Reviewing the Bank's risk management strategy before it is approved by the Board.
- Supervising the efficiency and effectiveness of the calculation of ECL.

Steering Committee:

- Supervising the proper functioning of the project and ensuring compliance with the plan.
- Ensuring that key risks are identified and taking all necessary action to address them.
- Approving the recommendations of the project technical committee.
- Meeting, if necessary, with the Board of Directors and / or its committees to inform them about the situation.

The Technical Committee for Applying IFRS9 :

- Reviewing the methodology for assessing credit losses and the mechanism for calculating key components of credit losses (EAD, PD, LGD) and recommending their approval by the Board of Directors.
- Adopting the results of the annual review of the outputs of internal credit rating systems.
- Assessing the appropriateness of the economic variables used in the calculations and their impact on the item relating to the estimation of PD and the results of the calculation of ECL.
- Reviewing the internal and external audit notes related to the methodology for assessing the credit losses, the data used, and the calculation results, as well as supervising the development of the necessary corrective plans.
- Adopting an action plan for implementing the project in its various stages; identifying tasks, duties and responsibilities required from all departments; and supervising the completion of the project stages in accordance with the plan.
- Resolving all the problems and obstacles facing the Bank in applying the standard related to resources, policies, systems, data, etc.
- Addressing any new developments or requirements issued by the Central Bank of Jordan on the application of the standard and ensuring that all the requirements of the Central Bank are met.
- Discussing and approving the approaches and methodologies relating to the ECL calculation models.
- Adopting the results of analysis and evaluation of the companies' offers to provide services to the Bank, establish the accounting models, and purchase any systems for the standard compliance requirements; as well as submitting the recommendation to the project steering committee.

Audit Committee:

- Verifying the adequacy of ECL / general bank risk reserve / provision for impairment of credit facilities provided by the Bank and ensuring their adequacy in all financial statements.

Risk Department:

- Developing a clear framework for ECL calculation.
- Reviewing the internal credit rating systems and the framework on an annual basis to keep abreast of any changes to the bases used in the calculation to ensure the accuracy of results.
- Calculating the ECL, classifying the customers according to the three stages on a quarterly basis in accordance with the accounting standard requirements and CBJ regulations, and informing the Executive Management Risk Committee of the calculation results.
- Making the necessary recommendations to the Executive Management Risk Committee regarding the customers whose classifications have been changed because of override.
- Developing the indicators that contribute to monitoring the signs of credit default for customers to enhance the forward-looking principle regarding the assessment of credit risks and losses.
- Preparing the statements required by the Central Bank in cooperation with the concerned departments.
- Reviewing and approving the risk parameters in accordance with the approved policy and methodology.

1 - Credit Exposures Distributions

2019

Internal Rating for the Bank	Category Classification According to (2009/47)	Total Exposure Value	Expected Credit Loss	Probability of Default	Exposure when Default (in Millions)	Average Loss on Default
		JD	JD	%	JD	%
1	Performing Loans	630,563,639	6,746	0.01%	646,218,392	45.00%
2	Performing Loans	7,604,442	673	0.03%	7,917,464	43.68%
-2	Performing Loans	22,487,486	8,408	0.08%	24,544,225	45.10%
+2	Performing Loans	4,297,609	419	0.04%	5,238,151	29.28%
3	Performing Loans	163,364,354	66,513	0.11%	186,791,124	42.77%
-3	Performing Loans	32,051,331	31,234	0.28%	37,983,014	41.30%
+3	Performing Loans	81,156,763	31,523	0.08%	93,938,968	44.18%
4	Performing Loans	88,520,143	1,417,177	2.89%	118,147,035	39.41%
-4	Performing Loans	78,426,903	356,402	1.48%	111,841,164	44.43%
+4	Performing Loans	49,124,730	558,626	1.80%	66,464,831	42.11%
5	Performing Loans	85,583,573	923,150	2.35%	107,969,893	41.12%
-5	Performing Loans	453,693,287	8,906,928	6.68%	487,812,188	37.14%
+5	Performing Loans	97,983,560	883,914	1.74%	118,819,507	41.62%
6	Performing Loans	49,624,583	2,016,421	8.73%	51,819,992	40.45%
-6	Performing Loans	251,107,894	22,859,905	14.02%	269,163,154	42.07%
+6	Performing Loans	64,789,485	1,078,376	3.63%	70,944,418	50.91%
7	Performing Loans	88,679,680	37,050,951	27.69%	96,669,620	40.72%
-7	Performing Loans	88,352,423	28,297,354	58.78%	92,884,626	50.03%
+7	Performing Loans	14,522,190	707,966	17.86%	16,415,515	27.57%
Unrated	Performing Loans	1,902,504,699	32,830,414	51.00%	1,967,291,984	51.00%
		4,254,438,774	138,033,100		4,578,875,265	
8	Substandard Debt	5,015,669	2,779,749	100%	4,946,964	56.32%
Unrated	Substandard Debt	14,697,107	6,239,693	100%	14,339,290	68.37%
9	Doubtful Debts	16,277,459	10,014,780	100%	15,334,945	56.76%
Unrated	Doubtful Debts	29,183,895	16,502,165	100%	27,524,236	69.47%
10	Bad Loans	163,664,090	79,029,702	100%	107,558,458	59.49%
Unrated	Bad Loans	115,467,423	81,008,554	100%	73,105,808	70.96%
		344,305,643	195,574,643		242,809,701	
Total		4,598,744,417	333,607,743		4,821,684,966	

The above exposures are not rated by external rating institutions.

2018						
Internal Rating for the Bank	Category Classification According to (2009/47)	Total Exposure Value	Expected Credit Loss	Probability of Default	Exposure when Default (in Millions)	Average Loss on Default
		JD	JD	%	JD	%
1	Performing Loans	820,925,815	3,890	0.00%	830,751,395	5.63%
2	Performing Loans	1,857,873	152	0.00%	1,857,873	5.16%
-2	Performing Loans	60,942,394	11,225	0.02%	63,011,965	16.91%
+2	Performing Loans	4,706,525	602	0.01%	5,002,634	2.55%
3	Performing Loans	121,569,549	57,512	0.08%	138,220,480	12.53%
-3	Performing Loans	25,725,259	11,349	0.07%	30,466,271	14.83%
+3	Performing Loans	11,429,222	2,609	0.02%	16,573,233	11.93%
4	Performing Loans	100,206,361	153,233	0.43%	110,960,308	15.01%
-4	Performing Loans	147,462,073	310,428	0.52%	154,533,960	15.65%
+4	Performing Loans	55,670,430	80,110	0.14%	61,472,862	14.62%
5	Performing Loans	94,369,798	434,671	0.56%	98,968,442	17.18%
-5	Performing Loans	343,807,605	4,535,541	1.58%	369,122,659	15.98%
+5	Performing Loans	52,986,425	301,168	1.07%	64,385,271	13.17%
6	Performing Loans	42,429,292	1,039,102	2.67%	45,175,651	17.07%
-6	Performing Loans	264,775,884	18,119,094	3.19%	274,557,207	17.28%
+6	Performing Loans	31,170,018	692,280	4.28%	32,195,468	10.02%
7	Performing Loans	119,021,795	44,589,138	5.96%	124,648,844	15.91%
-7	Performing Loans	41,172,276	15,414,702	12.79%	41,295,321	17.52%
+7	Performing Loans	50,098,031	7,663,603	8.84%	50,496,645	15.70%
9	Performing Loans	2,654	2,123	12.50%	2,654	10.00%
10	Performing Loans	401,731	308,932	12.50%	401,731	10.00%
Unrated	Performing Loans	1,963,983,098	32,783,846	5.05%	1,929,359,288	39.22%
		4,354,714,108	126,515,310		4,443,460,162	
8	Substandard Debt	2,681,759	1,330,749	100%	2,504,721	53.13%
Unrated	Substandard Debt	15,279,591	7,663,507	100%	13,465,455	56.91%
	Doubt full Debts	14,843,773	8,236,370	100%	14,692,633	56.06%
Unrated	Doubt full Debts	15,558,681	8,280,534	100%	14,376,513	57.60%
10	Bad Loans	150,572,848	64,974,918	100%	144,237,248	45.05%
Unrated	Bad Loans	91,933,935	74,830,960	100%	83,038,198	90.12%
		290,870,587	165,317,038		272,314,768	
Total		4,645,584,695	291,832,348		4,715,774,930	

2. Credit risk according to economic sectors:

a. Distributions according to financial instruments exposure:

	2019									
	Financial	Industrial	Trading	Real Estate	Agriculture	Equities	Individuals	Government and Public	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	967,931,615	-	-	-	-	-	-	-	-	967,931,615
Balances at banks and financial institutions	452,515,681	-	-	-	-	-	-	-	-	452,515,681
Deposits at banks and financial institutions	56,296,849	-	-	-	-	-	-	-	-	56,296,849
Credit facilities	128,097,048	526,338,498	462,089,155	1,113,895,128	15,342,153	3,309,671	773,084,748	730,943,809	405,720,795	4,158,821,005
Bonds and bills:										-
<u>Within</u> : Financial assets through profit and loss	-	-	-	-	-	-	-	-	-	-
<u>Within</u> : Financial assets at fair value through other comprehensive income	106,946,963	-	8,259,987	-	-	-	-	247,618,585	-	362,825,535
<u>Within</u> : Financial assets at amortized cost	7,078,246	-	8,699,653	-	-	-	-	1,810,846,052	-	1,826,623,951
Derivatives	-	-	-	-	-	-	-	-	-	-
Mortgaged financial assets (liabilities)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total for the Year	1,718,866,402	526,338,498	479,048,795	1,113,895,128	15,342,153	3,309,671	773,084,748	2,789,408,446	405,720,795	7,825,014,636
Letter of guarantees	-	-	370,019,451	-	-	-	-	-	-	370,019,451
Letter of credit	-	-	373,427,157	-	-	-	-	-	-	373,427,157
Other liabilities	-	-	107,188,514	-	-	-	-	-	-	107,188,514
Total	1,718,866,402	526,338,498	1,329,683,917	1,113,895,128	15,342,153	3,309,671	773,084,748	2,789,408,446	405,720,795	8,675,649,758
	2018									
	Financial	Industrial	Trading	Real Estate	Agriculture	Equities	Individuals	Government and Public	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	1,039,140,400	-	-	-	-	-	-	-	-	1,039,140,400
Balances at banks and financial institutions	552,436,392	-	-	-	-	-	-	-	-	552,436,392
Deposits at banks and financial institutions	37,578,850	-	-	-	-	-	-	-	-	37,578,850
Credit facilities	146,996,585	458,327,179	552,012,500	1,115,162,491	15,669,673	6,959,336	724,708,057	892,151,696	343,367,229	4,255,354,746
Bonds and bills:										-
<u>Within</u> : Financial assets through profit and loss	-	-	-	-	-	-	-	66,271	-	66,271
<u>Within</u> : Financial assets at fair value through other comprehensive income	261,799,615	-	13,777,753	-	-	-	-	74,449,929	-	350,027,297
<u>Within</u> : Financial assets at amortized cost	-	-	46,369,872	-	-	-	-	1,440,433,115	-	1,486,802,987
Derivatives	-	-	-	-	-	-	-	-	-	-
Mortgaged financial assets (liabilities)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total for the Year	2,037,951,842	458,327,179	612,160,125	1,115,162,491	15,669,673	6,959,336	724,708,057	2,407,101,011	343,367,229	7,721,406,943
Letter of guarantees	-	-	189,991,327	-	-	-	-	-	-	189,991,327
Letter of credit	-	-	398,223,381	-	-	-	-	-	-	398,223,381
Other liabilities	-	-	100,622,696	-	-	-	-	-	-	100,622,696
Total	2,037,951,842	458,327,179	1,300,997,529	1,115,162,491	15,669,673	6,959,336	724,708,057	2,407,101,011	343,367,229	8,410,244,347

b. Distribution of exposures according to staging (IFRS 9):

Item	2019					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Financial	1,711,361,793	977,953	6,210,546	127	315,983	1,718,866,402
Industrial	323,592,290	148,109,100	45,990,471	1,644,548	7,002,089	526,338,498
Trading	965,321,892	234,406,489	83,535,600	29,002,858	17,417,078	1,329,683,917
Real-estate	161,991,934	818,870,308	67,081,383	42,529,969	23,421,534	1,113,895,128
Agriculture	10,904,937	389,432	3,550,034	46,439	451,311	15,342,153
Equity	-	2,600,483	-	-	709,188	3,309,671
Individual	63,341,799	677,567,506	1,886,478	20,999,953	9,289,012	773,084,748
Government and public sector	2,778,682,491	29	10,725,926	-	-	2,789,408,446
Other	311,689,023	5,196,803	61,506,032	17,366,725	9,962,212	405,720,795
Total	6,326,886,159	1,888,118,103	280,486,470	111,590,619	68,568,407	8,675,649,758

Item	2018					
	Stage(1)		Stage(2)		Stage(3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Financial	2,025,558,196	378,644	11,402,810	-	612,192	2,037,951,842
Industrial	229,352,979	148,260,032	53,297,804	18,119,449	9,296,915	458,327,179
Trading	1,050,775,719	173,449,909	98,823,240	8,248,503	(30,299,842)	1,300,997,529
Real-estate	251,933,724	696,564,554	110,582,509	31,375,227	24,706,477	1,115,162,491
Agriculture	11,634,664	332,499	2,565,986	257,379	879,145	15,669,673
Equity	1,600,275	1,356,787	778,297	-	3,223,977	6,959,336
Individual	44,240,166	637,359,950	7,314,706	25,366,918	10,426,317	724,708,057
Government and public sector	2,381,985,409	-	25,115,602	-	-	2,407,101,011
Other	281,138,303	29,187,742	26,672,730	3,480,624	2,887,830	343,367,229
Total	6,278,219,435	1,686,890,117	336,553,684	86,848,100	21,733,011	8,410,244,347

3. Exposure distribution according to geographical distribution

a. Total exposure distribution according to geographic region:

2019								
	Inside Jordan	Other Middle Eastern Countries	Europe	Asia	Africa	America	Other Countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	967,931,615	-	-	-	-	-	-	967,931,615
Balances at banks and financial institutions	120,313,689	79,743,391	124,209,348	5,428,955	278,579	121,549,780	991,939	452,515,681
Deposits at banks and financial institutions	30,189,522	3,973,369	22,133,958	-	-	-	-	56,296,849
Credit facilities	3,841,249,727	175,446,753	142,124,525	-	-	-	-	4,158,821,005
Bonds and bills:								-
Within: Financial assets through profit and loss	-	-	-	-	-	-	-	-
Within: Financial assets at fair value through other comprehensive income	158,056,419	32,500,614	42,938,271	18,006,690	14,168,270	85,696,640	11,458,631	362,825,535
Within: Financial assets at amortized cost	1,753,274,119	58,574,260	5,180,360	5,636,247	-	3,958,965	-	1,826,623,951
Derivatives	-	-	-	-	-	-	-	-
Mortgaged financial assets (liabilities)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total for the year	6,871,015,091	350,238,387	336,586,462	29,071,892	14,446,849	211,205,385	12,450,570	7,825,014,636
Letter of guarantees	339,534,150	11,444,267	6,213,775	181,092	12,646,167	-	-	370,019,451
Letter of credit	352,993,590	13,585,400	3,738,823	1,046,176	708,422	1,354,746	-	373,427,157
Other liabilities	70,891,644	-	36,296,870	-	-	-	-	107,188,514
Total	7,634,434,475	375,268,054	382,835,930	30,299,160	27,801,438	212,560,131	12,450,570	8,675,649,758
2018								
	Inside Jordan	Other Middle Eastern Countries	Europe	Asia	Africa	America	Other Countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	1,039,140,400	-	-	-	-	-	-	1,039,140,400
Balances at banks and financial institutions	104,864,681	70,260,713	238,400,549	5,296,256	67,893	128,939,539	4,606,761	552,436,392
Deposits at banks and financial institutions	29,971,888	4,457,234	3,149,728	-	-	-	-	37,578,850
Credit facilities	3,976,714,793	124,040,034	154,599,919	-	-	-	-	4,255,354,746
Bonds and bills:								-
Within: Financial assets through profit and loss	66,271	-	-	-	-	-	-	66,271
Within: Financial assets at fair value through other comprehensive income	153,465,545	35,933,465	17,316,081	19,926,890	14,602,060	99,183,214	9,600,042	350,027,297
Within: Financial assets at amortized cost	1,444,518,765	38,006,777	-	2,146,482	-	-	2,130,963	1,486,802,987
Derivatives	-	-	-	-	-	-	-	-
Mortgaged financial assets (liabilities)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total for the year	6,748,742,343	272,698,223	413,466,277	27,369,628	14,669,953	228,122,753	16,337,766	7,721,406,943
Letter of guarantees	156,641,158	23,140,879	10,209,290	-	-	-	-	189,991,327
Letter of credit	350,294,558	44,781,293	-	2,018,183	443,086	686,261	-	398,223,381
Other liabilities	72,902,384	27,720,312	-	-	-	-	-	100,622,696
Total	7,328,580,443	368,340,707	423,675,567	29,387,811	15,113,039	228,809,014	16,337,766	8,410,244,347

b. Exposure distribution according to staging (IFRS 9):

	2019					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Inside Jordan	5,443,784,830	1,820,469,691	196,990,180	111,590,619	61,599,155	7,634,434,475
Other Middle Eastern countries	301,279,150	6,281,911	64,756,534	-	2,950,459	375,268,054
Europe	319,194,900	53,816,135	5,911,610	-	3,913,285	382,835,930
Asia	30,118,068	-	181,092	-	-	30,299,160
Africa	15,154,384	-	12,647,054	-	-	27,801,438
America	212,560,131	-	-	-	-	212,560,131
Other countries	4,794,696	7,550,366	-	-	105,508	12,450,570
Total	6,326,886,159	1,888,118,103	280,486,470	111,590,619	68,568,407	8,675,649,758

	2018					
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Inside Jordan	5,020,751,947	219,036,608	326,500,745	27,028,100	52,005,477	5,645,322,877
Other Middle Eastern countries	758,770,994	1,117,844,870	10,052,937	57,751,293	(32,443,618)	1,911,976,476
Europe	301,300,329	272,795,529	-	2,068,710	2,171,150	578,335,718
Asia	12,784,782	11,964,766	-	-	-	24,749,548
Africa	11,162,551	3,525,653	-	-	-	14,688,204
America	173,327,522	45,415,704	-	-	-	218,743,226
Other countries	121,311	16,306,987	-	-	-	16,428,298
Total	6,278,219,436	1,686,890,117	336,553,682	86,848,103	21,733,009	8,410,244,347

4. Credit exposures that have been reclassified:

a. Total credit exposures that have been reclassified:

2019					
	Stage (2)		Stage (3)		Percentage of Exposures that have been Reclassified
	Total Exposures Amount	Exposures that have been Reclassified	Total Exposures Amount	Exposures that have been Reclassified	
	JD	JD	JD	JD	
Balances at central Banks	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-
Credit facilities	446,155,947	157,407,802	387,724,773	123,223,575	6.00%
Bonds and bills:	10,768,285	-	3,000,000	-	-
<u>Within</u> : Financial assets through profit and loss	-	-	-	-	-
<u>Within</u> : Financial assets at fair value through other comprehensive income	10,768,285	-	-	-	-
<u>Within</u> : Financial assets at amortized cost	-	-	3,000,000	-	-
Derivatives	-	-	-	-	-
Mortgaged financial assets (liabilities)	-	-	-	-	-
Other assets	-	-	-	-	-
Total	456,924,232	157,407,802	390,724,773	123,223,575	3.00%
Letter of guarantees	32,779,681	2,727,401	19,706,566	2,617,373	1.00%
Letter of credit	3,640,513	551,873	39,487	551,873	0.00%
Other liabilities	92,525	10,596	-	10,596	0.00%
Total	36,512,719	3,289,870	19,746,053	2,617,373	1.00%
Net Total	493,436,951	160,697,672	410,470,826	125,840,948	3.00%
2018					
	Stage (2)		Stage (3)		Percentage of Exposures that have been Reclassified
	Total Exposures Amount	Exposures that have been Reclassified	Total Exposures Amount	Exposures that have been Reclassified	
	JD	JD	JD	JD	
Balances at central Banks	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-
Credit facilities	478,361,054	215,904,677	303,583,673	66,922,209	6%
Bonds and bills:	10,805,623	4,216,980	3,000,000	-	0%
<u>Within</u> : Financial assets through profit and loss	-	-	-	-	-
<u>Within</u> : Financial assets at fair value through other comprehensive income	10,805,623	4,216,980	-	-	1%
<u>Within</u> : Financial assets at amortized cost	-	-	3,000,000	-	-
Derivatives	-	-	-	-	-
Mortgaged financial assets (liabilities)	-	-	-	-	-
Other assets	-	-	-	-	-
Total	489,166,677	220,121,657	306,583,673	66,922,209	4%
Letter of guarantees	27,429,099	28,118,751	8,332,122	4,430,930	15%
Letter of credit	4,498,759	257,889	37,082	-	0%
Other liabilities	248,254	163,939	-	163,939	0%
Total	32,176,112	28,540,579	8,369,204	4,430,930	5%
Net Total	521,342,789	248,662,236	314,952,877	71,353,139	6%

b. Expected credit loss for exposures that have been reclassified:

			2019				
Description	Exposures that have been Reclassified			Expected Credit Loss due to Reclassified Exposures			
	Exposures Reclassified from Stage (2)	Exposures Reclassified from Stage (3)	Total	Stage (2)		Stage (3)	
	JD	JD	JD	Individual JD	Collective JD	Individual JD	Collective JD
Balances at central banks	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-
Credit facilities	157,407,802	123,223,575	280,631,377	2,019,840	3,330,838	15,422,388	-
Bonds and bills:	-	-	-	-	-	-	-
<u>Within:</u> Financial assets through profit and loss	-	-	-	-	-	-	-
<u>Within:</u> Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-
<u>Within:</u> Financial assets at amortized cost	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-
Mortgaged financial assets (liabilities)	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total	157,407,802	123,223,575	280,631,377	2,019,840	3,330,838	15,422,388	-
Letter of guarantees	2,727,401	2,617,373	5,344,774	53,198	351,805	73,213	-
Letter of credit	551,873	-	551,873	-	42,240	-	-
Other liabilities	10,596	-	10,596	27	-	-	-
Total	3,289,870	2,617,373	5,907,243	53,225	394,045	73,213	-
Net Total	160,697,672	125,840,948	286,538,620	2,073,065	3,724,883	15,495,601	-

			2018				
Description	Exposures that have been Reclassified			Expected Credit Loss due to Reclassified Exposures			
	Exposures Reclassified from Stage (2)	Exposures Reclassified from Stage (3)	Total	Stage (2)		Stage (3)	
	JD	JD	JD	Individual JD	Collective JD	Individual JD	Collective JD
Balances at central banks	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-
Credit facilities	215,904,677	66,922,209	282,826,886	1,588,052	2,132,589	6,411,312	-
Bonds and bills:	4,216,980	-	4,216,980	30,174	-	-	-
<u>Within:</u> Financial assets through profit and loss	-	-	-	-	-	-	-
<u>Within:</u> Financial assets at fair value through other comprehensive income	4,216,980	-	4,216,980	30,174	-	-	-
<u>Within:</u> Financial assets at amortized cost	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-
Mortgaged financial assets (liabilities)	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total	220,121,657	66,922,209	287,043,866	1,618,226	2,132,589	6,411,312	-
Letter of guarantees	28,118,751	4,430,930	32,549,681	494,999	2,688	46,936	-
Letter of credit	257,889	-	257,889	1,220	3,768	-	-
Other liabilities	163,939	-	163,939	23	668	-	-
Total	28,540,579	4,430,930	32,971,509	496,242	7,124	46,936	-
Net Total	248,662,236	71,353,139	320,015,375	2,114,468	2,139,713	6,458,248	-

5 - Credit Risk Exposures (after provision for impairment, outstanding interest and before collateral and other risk mitigants):

	December 31,	
	2019	2018
	JD	JD
Financial Position Items		
Balances at central banks	967,931,615	1,039,140,400
Balances at banks and financial institutions	452,515,681	552,436,392
Deposits at banks and financial institutions	56,296,849	37,578,850
Credit facilities:		
Individual	738,480,562	718,389,976
Real estate mortgages	1,125,714,864	1,144,604,297
Corporates		
Large corporates	1,319,568,990	1,245,612,098
SME's	244,514,938	255,003,493
Government and Public Sector	730,541,651	891,744,882
Bonds and bills		
<u>Within</u> : Financial assets through profit and loss	-	66,271
<u>Within</u> : Financial assets at amortized cost	1,826,623,951	1,486,802,987
<u>Within</u> : Financial assets at fair value through other comprehensive income	362,825,535	350,027,297
Total	7,825,014,636	7,721,406,943
Items Off-statement of Financial Position		
Letter of guarantees	373,427,157	398,223,381
Letter of credit	370,019,451	189,991,327
Un-utilized facilities ceilings	107,188,514	100,622,696
Total	850,635,122	688,837,404
Net Total	8,675,649,758	8,410,244,347

The above table represents the maximum credit exposure of the Bank as of December 31, 2019 and 2018 without taking into account collateral or other credit risk mitigators.

The relative distribution of exposures is as follows:

- 17.02% of total exposures are due to balances with central banks and banks and financial institutions (2018: 19.37%).
- 47.94% of the total exposure is due to loans and advances (2018: 50.60%).
- 21.05% of the total exposure resulted from investments in bonds, debentures, and funds (2018: 21.79%).
- 9.8% of total exposure resulted from off-balance sheet items and other items (2018: 8.19%).

Scheduled Debts:

These represent loans previously classified as non-performing loans and reclassified as other than non-performing loans according to proper scheduling to watch list during the year 2019. Moreover, they amounted to JD 57.3 million as of the current year against JD 19.4 million as of the previous year.

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

Restructured Debts:

Restructuring means re-arranging the status of operating credit facilities in terms of adjusting the premiums, prolonging the life of the credit facilities, postponing some of the installments or extending the grace period based on customer cash flows and helping them meet their obligations towards the Bank. The value of these loans amounted to about JD 395.5 million in 2019 against JD 464.6 million at the end of the previous year.

6. Debts Securities and Treasury Bills:

The following table shows the classifications of bonds and bills according to external rating institutions (S&P Classification Corporation):

2019				
Classification grade	Within specific financial assets at fair value through profit or loss statement	Among other financial assets through the statement of comprehensive income	Among other financial assets at amortized cost	Total
	JD	JD	JD	JD
AAA	-	41,986,230	-	41,986,230
AA+	-	-	-	-
AA	-	14,327,072	-	14,327,072
AA-	-	5,786,632	-	5,786,632
A+	-	11,152,097	-	11,152,097
A	-	14,381,135	4,499,044	18,880,179
A-	-	37,678,442	7,796,730	45,475,172
BBB+	-	32,930,543	1,762,748	34,693,291
BBB	-	12,271,459	1,795,252	14,066,711
BBB-	-	3,763,998	-	3,763,998
BB+	-	5,756,725	-	5,756,725
BB	-	-	-	-
BB-	-	-	-	-
B+	-	5,517,630	-	5,517,630
B	-	3,160,861	-	3,160,861
B-	-	-	-	-
CCC-	-	-	-	-
C	-	-	-	-
Unclassified	-	-	115,902,725	115,902,725
Governmental or guaranteed by the government	-	174,112,711	1,694,867,452	1,868,980,163
Total	-	362,825,535	1,826,623,951	2,189,449,486
2018				
Classification grade	Within specific financial assets at fair value through profit or loss statement	Among other financial assets through the statement of comprehensive income	Among other financial assets at amortized cost	Total
	JD	JD	JD	JD
AAA	-	-	-	-
AA+	-	-	-	-
AA	-	9,989,345	-	9,989,345
AA-	-	5,641,509	-	5,641,509
A+	-	10,905,788	-	10,905,788
A	-	10,392,842	-	10,392,842
A-	-	38,721,457	4,278,162	42,999,619
BBB+	-	30,355,574	-	30,355,574
BBB	-	3,510,489	-	3,510,489
BBB-	-	9,776,229	-	9,776,229
BB+	-	1,759,135	-	1,759,135
BB	-	3,591,617	-	3,591,617
BBB-	-	-	-	-
B+	-	-	-	-
B	-	4,019,684	-	4,019,684
B-	-	-	-	-
CCC-	-	-	-	-
C	-	-	-	-
Unclassified	-	-	92,442,402	92,442,402
Governmental or guaranteed by the government	66,271	221,629,969	1,390,158,993	1,611,855,233
Total	66,271	350,293,638	1,486,879,557	1,837,239,466

Market Risk

Market risk is defined as the risk of fluctuation in fair value or cash flows of financial assets arising from changes in market prices, which are divided into four major categories: interest rate risks, foreign currency risks, equity instruments risks, and commodities risks.

Market risk is monitored through specialized committees and certain business centers.

Market risk is measured and monitored through sensitivity analysis and VAR, using a 99% confidence level according to Basel II policies and stop loss limits; monitoring risk limits; and submitting periodic reports.

Sensitivity analysis is based on estimating the loss risk in fair value due to changes in interest rate and foreign currencies exchange rate. Moreover, fair value is calculated according to the current value of future money flows that will be affected by price changes.

1. Interest rate risk:

This risk arises from changes in market interest rates. In this regard, the Bank manages interest rate risk by applying sensitivity analysis for the interest rate sensitive instruments designated at fair value through the income statement by shifting the yield curve a parallel shift of $\pm 1\%$.

	Effect of Increasing Interest Rate by 1% on the Consolidated Statement of Profit or Loss	Effect of Increasing Interest Rate by 1% on the Consolidated Statement of Profit or Loss	Effect of Increasing Interest Rate by 1% on Equity	Effect of Decreasing in Interest Rate by 1% on Equity
	JD	JD	JD	JD
Sensitivity Analysis for 2019				
U.S Dollar	-	-	-	-
8Sensitivity Analysis for 2019				
U.S Dollar	(78)	78	(56)	56

2. Foreign Exchange risk:

This risk arises from changes in foreign exchange rates that might have an impact on the Bank's assets and liabilities held in foreign currency. The Bank manages the exchange rate risk by applying sensitivity analysis to the Bank's net foreign currencies positions by shifting the exchange rate $\pm 1\%$ on net profit and loss and shareholders' equity

Currency	Effect of Increasing Exchange Rate Currency by 1% on the Consolidated Statement of Profit or Loss	Effect of Decreasing Exchange Rate Currency by 1% on the Consolidated Statement of Profit or Loss	Effect of Increasing Exchange Rate Currency by 1% on Equity	Effect of Decreasing Exchange Rate Currency by 1% on Equity
	JD	JD	JD	JD
Sensitivity Analysis for 2019				
Euro	22,280	(22,280)	14,103	(14,103)
Great Britain pound	544,291	(544,291)	344,536	(344,536)
Australian dollar	54	(54)	34	(34)
Swiss franc	362	(362)	229	(229)
Canadian dollar	(297)	297	(188)	188
Japanese yen	(144)	144	(91)	91
Syrian pound	31,743	(31,743)	20,093	(20,093)
Algerian dinar	1,310,278	(1,310,278)	829,406	(829,406)
Sensitivity Analysis for 2018				
Euro	25,461	(25,461)	18,233	(18,233)
Great Britain pound	538,833	(538,833)	385,858	(385,858)
Australian dollar	96	(96)	69	(69)
Swiss franc	1,431	(1,431)	1,025	(1,025)
Canadian dollar	4	(4)	3	(3)
Japanese yen	1,185	(1,185)	848	(848)
Syrian pound	31,711	(31,711)	22,708	(22,708)
Algerian dinar	1,052,465	(1,052,465)	753,670	(753,670)

3. Equity Price Risk:

This risk arises from changes in the prices of equity instruments within the Bank's financial assets at fair value through profit or loss and/or financial assets at fair value through other comprehensive income. The Bank manages the share price risk by applying the VAR methodology calculated based on the historical prices of equity instruments for a confidence level of 99% for one day for each company separately. The VAR was then calculated for the Bank's portfolio.

	2019	2018
	JD	JD
Financial assets at fair value through profit or loss	(166,054)	(156,856)
Financial assets at fair value through other comprehensive income	(1,281,818)	(1,099,196)

Interest Rate Re-pricing Gap:

Classification is done according to interest re-pricing or maturity, whichever is closer:

2019

	Interest Rate Re-pricing Gap:							
	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Non-interest Bearing Items	Total
For the Year 2019	JD	JD	JD	JD	JD	JD	JD	
Assets								
Cash and balances at central banks	322,442,778	-	-	6,504,400	-	-	785,648,586	1,114,595,764
Balances at banks and financial institutions	282,632,823	141,051,957	-	-	-	-	28,830,901	452,515,681
Deposits at banks and financial institutions	45,961	-	7,501,290	48,749,598	-	-	-	56,296,849
Financial assets through profit and loss	632,797	-	-	-	-	-	3,040,727	3,673,524
Credit facilities – net	850,354,536	924,477,296	629,320,094	1,044,062,710	411,364,071	296,906,959	2,335,339	4,158,821,005
Financial assets at fair value through other comprehensive income	7,145,352	46,326,626	23,370,688	27,296,921	229,200,274	29,495,114	25,619,076	388,454,051
Financial assets at amortized cost	15,190,272	8,571,000	93,185,018	91,627,101	1,563,632,990	54,417,570	-	1,826,623,951
Property and equipment	-	-	-	-	-	-	185,136,052	185,136,052
Intangible assets – net	-	-	-	-	-	-	23,582,588	23,582,588
right of use assets	-	-	-	-	-	-	28,702,451	28,702,451
Deferred tax assets	-	-	-	-	-	-	73,911,906	73,911,906
Other assets	6,026,576	-	569,015	-	-	-	122,340,224	128,935,815
Total Assets	1,484,471,095	1,120,426,879	753,946,105	1,218,240,730	2,204,197,335	380,819,643	1,279,147,850	8,441,249,637
Liabilities								
Banks and financial institutions deposits	303,176,704	312,920,691	18,340,837	48,845,800	-	-	41,965,190	725,249,222
Customers' deposits	964,527,859	1,068,889,313	494,431,419	387,670,324	190,945,801	14,645,737	2,689,402,515	5,810,512,968
Margin accounts	78,495,027	62,137,268	24,430,682	31,922,893	12,782,673	12,814,898	56,319,731	278,903,172
Loans and borrowings	5,001,170	1,381,314	7,396,233	42,194,630	36,636,232	54,305,000	-	146,914,579
Sundry provisions	-	-	-	-	-	-	49,697,700	49,697,700
Income tax provision	-	-	-	-	-	1,131,274	42,057,258	43,188,532
Deferred tax liabilities	-	-	-	-	-	-	6,569,323	6,569,323
Lease Liability	-	-	-	2,078,202	6,683,138	17,972,880	-	26,734,220
Other liabilities	-	-	-	-	-	-	229,666,079	229,666,079
Total Liabilities	1,351,200,760	1,445,328,586	544,599,171	512,711,849	247,047,844	100,869,789	3,115,677,796	7,317,435,795
Interest rate re-pricing gap	133,270,335	(324,901,707)	209,346,934	705,528,881	1,957,149,491	279,949,854	(1,836,529,946)	1,123,813,842

2018							
Interest Rate Re-pricing Gap:							
Up to 1 Month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Non-interest Bearing Items	Total
JD	JD	JD	JD	JD	JD	JD	JD
Assets							
Cash and balances at central banks	419,355,373	-	-	-	-	763,062,333	1,182,417,706
Balances at banks and financial institutions	388,258,754	121,888,720	-	-	-	42,288,918	552,436,392
Deposits at banks and financial institutions	-	-	10,572,213	27,006,637	-	-	37,578,850
Financial assets through profit and loss	632,797	-	-	66,271	-	3,036,343	3,735,411
Credit facilities – Net	697,582,758	862,096,418	661,120,237	1,086,478,119	644,893,118	296,031,303	4,255,354,746
Financial assets at fair value through other comprehensive income	21,340,687	25,202,743	45,151,451	34,917,518	196,906,610	21,966,620	372,003,362
Financial assets at amortized cost	10,113,560	33,170,262	119,242,304	46,385,071	1,235,366,288	42,525,502	1,486,802,987
Property and equipment	-	-	-	-	-	186,565,718	186,565,718
Intangible assets – net	-	-	-	-	-	23,628,921	23,628,921
Deferred tax assets	4,009,481	-	582,308	-	-	118,567,610	123,159,399
Other assets	-	-	-	-	-	76,354,109	76,354,109
Total Assets	1,541,293,410	1,042,358,143	836,668,513	1,194,853,616	2,077,166,016	1,242,623,365	8,300,037,601
Liabilities							
Banks and financial institutions deposits	269,097,451	75,347,202	177,094,254	40,925,395	-	52,744,257	615,208,559
Customers' deposits	1,144,691,667	896,215,822	537,670,712	369,193,501	184,440,789	9,252,071	5,873,760,855
Margin accounts	103,348,774	84,449,545	19,528,502	28,405,951	8,299,697	4,680,780	286,986,276
Loans and borrowings	-	1,230,966	56,357,193	33,853,727	27,509,644	6,907,458	125,858,988
Sundry provisions	-	-	-	-	-	53,814,157	53,814,157
Income tax provision	-	-	-	-	-	92,819	49,752,994
Deferred tax liabilities	-	-	-	-	-	4,141,270	4,141,270
Other liabilities	87,517	60,131	99,895	153,605	-	210,019,780	210,420,928
Total Liabilities	1,517,225,409	1,057,303,666	790,750,556	472,532,179	220,250,130	20,933,128	7,219,944,027
Interest rate re-pricing gap	24,068,001	(14,945,523)	45,917,957	722,321,437	1,856,915,886	344,141,410	1,080,093,574

Concentration of Foreign Currency Risk:

items / Currency	US Dollar	Euro	Sterling Pound	Japanese Yen	Syrian Lira	Algerian Dinar	Other	Total
2019	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at central banks	239,465,402	37,008,040	181,819	377	66,178,346	148,824,256	91,379,155	583,037,395
Balances at banks and financial institutions	296,795,993	55,373,532	16,297,017	336,359	9,774,782	21,076,112	8,858,147	408,511,942
Deposits at banks and financial institutions	7,442,053	18,672,660	-	-	-	-	203,112	26,317,825
Credit facilities - Net	630,290,305	15,156,261	142,132,428	11,418,819	48,534,825	232,148,871	117,397,802	1,197,079,311
Financial assets through profit and loss	632,797	-	-	-	-	-	-	632,797
Financial assets at fair value through other comprehensive income	188,063,038	23,211,601	4,645,280	-	-	-	-	215,919,919
Financial assets at amortized cost	464,160,405	-	-	-	-	-	22,565,280	486,725,685
Property and equipment	-	-	712,499	-	4,543,879	1,633,318	383,633	7,273,329
Intangible assets - net	10	-	6,128,896	-	43,917	2,458,120	620,852	9,251,795
right of use Asset	2,107,074	-	3,447,060	-	690,745	1,243,345	943,460	8,431,684
Deferred tax assets	1,080,526	40,430	785,491	54	7,931	-	40,922	1,955,354
Other assets	6,168,170	1,399,854	4,190	350,513	131,237	8,363,846	8,453,709	24,871,519
Total Assets	1,836,205,773	150,862,378	174,334,680	12,106,122	129,905,662	415,747,868	250,846,072	2,970,008,555
Liabilities								
Banks and financial institutions deposits	563,766,619	38,421,498	20,193,054	92,256	4,227,631	205,732	21,933,243	648,840,033
Customers' deposits	1,372,848,335	90,293,053	59,711,824	926,409	108,936,641	160,164,071	165,248,221	1,958,128,554
Margin accounts	100,915,491	19,214,352	504,477	11,003,946	2,208,344	25,906,963	14,316,021	174,069,594
Sundry provisions	20,123	134,678	-	-	9,316,644	18,806,690	351,025	28,629,160
Income tax provision	-	-	492,113	-	418,230	-	53,258	963,601
Other liabilities	9,992,294	660,861	5,093,772	6	9,920,221	105,415,436	11,476,175	142,558,765
Total Liabilities	2,047,542,862	148,724,442	85,995,240	12,022,617	135,027,711	310,498,892	213,377,943	2,953,189,707
Net Financial Position Items	(211,337,091)	(2,137,936)	88,339,440	83,505	(5,122,049)	105,248,976	37,680,129	16,818,848
Off-financial position Contingent Liabilities	638,230,794	326,725,078	37,957,798	449,925	10,745,366	107,342,289	20,400,692	1,141,851,942
2018								
Total Assets	1,789,165,561	131,773,502	175,288,000	6,421,525	112,595,431	418,574,538	243,797,642	2,877,616,199
Total Liabilities	1,942,033,778	139,853,160	80,489,801	6,296,141	129,405,939	299,902,004	195,606,709	2,793,587,532
Net Financial Position Items	(152,868,217)	(8,079,658)	94,798,199	125,384	(16,810,508)	118,672,534	48,190,933	84,028,667
Off-financial Position Contingent Liabilities	661,855,831	352,948,519	28,144,857	3,340,258	11,802,885	104,922,310	54,902,154	1,217,916,814

Liquidity Risk

Liquidity risk is defined as the Bank's failure to provide the required funding to cover its obligations at their respective due dates.

Liquidity risk is managed through the following:

- Analyzing cash inflow for all assets and liabilities.
- Preparing stress scenarios for liquidity risk.
- Evaluating and monitoring concentration and fluctuation in financing sources.
- Assessing the Bank's ability to borrow and finance its activities.
- Monitoring the compliance with the approved policies and the instructions of the Central Bank of Jordan in this regard.
- Submitting periodic reports to higher management on the level of liquidity risk at the Bank.

Sources of Funds:

The Bank works to diversify its sources of funds including geographical sectors, currencies, customers, facilities, and conditions in order to attain financial flexibility and lower financing costs, in addition to maintaining stable financing sources. The Bank has a large customer base of individuals and corporations with varying deposit accounts, of which 61% are stable and dominated in Jordanian dinars.

	<u>Up to 1 Month</u>	<u>1 to 3 Months</u>	<u>3 to 6 Months</u>	<u>6 Months to 1 Year</u>	<u>1 to 3 Years</u>	<u>Over 3 Years</u>	<u>Non-interest Bearing Items</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
2019								
<u>Liabilities:</u>								
Banks and financial institutions deposits	303,424,298	313,942,899	18,475,642	49,563,833	-	-	41,965,190	727,371,862
Customers' deposits	965,347,708	1,072,523,537	498,213,819	393,601,680	198,736,390	15,542,056	2,689,402,515	5,833,367,705
Margin accounts	78,529,042	62,244,973	24,525,962	32,171,892	13,048,553	13,214,723	56,319,731	280,054,876
Loans and borrowings	5,011,839	1,393,101	7,538,241	43,814,904	40,387,782	62,646,248	-	160,792,115
Sundry provisions	-	-	-	-	-	-	49,697,700	49,697,700
Income tax provision	-	-	-	-	-	1,131,274	42,057,258	43,188,532
Deferred tax liabilities	-	-	-	-	-	-	6,569,323	6,569,323
Lease liability	-	-	-	3,502,784	9,451,968	22,726,612	-	35,681,364
Other liabilities	-	-	-	-	-	-	229,666,079	229,666,079
Total Liabilities	1,352,312,887	1,450,104,510	548,753,664	522,655,093	261,624,693	115,260,913	3,115,677,796	7,366,389,556
TOTAL ASSETS (ACCORDING to THEIR EXPECTED MATURITY)	1,484,471,095	1,120,426,879	753,946,105	1,218,240,730	2,204,197,335	380,819,643	1,279,147,850	8,441,249,637
2018								
<u>Liabilities:</u>								
Banks and financial institutions deposits	269,252,182	75,520,501	178,010,717	41,348,973	-	-	52,744,257	616,876,630
Customers' deposits	1,145,631,268	899,158,397	541,642,754	374,648,335	191,707,756	9,798,868	2,732,296,293	5,894,883,671
Margin accounts	103,413,367	84,660,669	19,638,350	28,725,518	8,548,688	4,891,415	38,273,027	288,151,034
Loans and borrowing's	-	1,240,752	57,365,282	35,064,844	30,134,064	7,895,915	-	131,700,857
Sundry provisions	-	-	-	-	-	-	53,814,157	53,814,157
Income tax provision	-	-	-	-	-	92,819	49,660,175	49,752,994
Deferred tax liabilities	-	-	-	-	-	-	4,141,270	4,141,270
Other liabilities	87,517	60,131	99,895	153,605	-	-	210,019,780	210,420,928
Total Liabilities	1,518,384,334	1,060,640,450	796,756,998	479,941,275	230,390,508	22,679,017	3,140,948,959	7,249,741,541
TOTAL ASSETS (ACCORDING to THEIR EXPECTED MATURITY)	1,541,293,410	1,042,358,143	836,668,513	1,194,853,616	2,077,166,016	365,074,538	1,242,623,365	8,300,037,601

Off-financial position items:

	Up to 1 Year	1 - 5 Years	Over 5 Years	Total
2019	JD	JD	JD	JD
Letters of credit and acceptances	540,718,676	127,859,786	-	668,578,462
Un-utilized ceilings	420,259,318	32,419,756	750,572	453,429,646
Letters of guarantee	444,257,182	58,184,674	158,411	502,600,267
Total	1,405,235,176	218,464,216	908,983	1,624,608,375
2018				
Letters of credit and acceptances	663,250,814	54,286,845	-	717,537,659
Un-utilized ceilings	361,347,137	24,900,644	311,497	386,559,278
Letters of guarantee	515,805,948	20,105,072	172,069	536,083,089
Total	1,540,403,899	99,292,561	483,566	1,640,180,026

47. Fair Value Hierarchy

The following table analyzes the financial instruments recorded at fair value based on the valuation method, which is defined at different levels as follows:

Level 1: List prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Information other than the stated price included in level 1, which is monitored for the asset or liability, either directly (such as prices) or indirectly (i.e., derived from the prices).

Level 3: Information on the asset or liability not based on those observed in the market (unobservable information).

	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
December 31, 2019				
Financial assets:				
Financial assets at fair value through other comprehensive income	362,825,530	2,500,000	23,128,516	388,454,046
Financial assets at fair value through profit or loss	3,040,727	-	632,797	3,673,524
Total	365,866,257	2,500,000	23,761,313	392,127,570

December 31, 2018**Financial assets**

Financial assets at fair value through other comprehensive income	350,027,298	2,500,000	19,476,065	372,003,363
Financial assets at fair value through profit or loss	3,036,343	-	699,078	3,735,421
Total	353,063,641	2,500,000	20,175,143	375,738,784

48. Fiduciary Accounts

Investment accounts managed on behalf of customers amounted to JD 608 thousands as of December 31, 2019 against JD 624 thousands as of December 31, 2018. These accounts are not included in the assets and liabilities of the Bank's financial statements. The management's commissions and fees on these accounts are recorded in the consolidated statement of profit or loss.

49. Assets and Liabilities Expected Maturities

The following table illustrates the assets and liabilities according to the expected maturity periods:

	Up to 1 Year	Over 1 Year	Total
	JD	JD	JD
2019			
Assets			
Cash and balances at central banks	931,662,850	182,932,914	1,114,595,764
Balances at banks and financial institutions	452,515,681	-	452,515,681
Deposits at banks and financial institutions	56,296,849	-	56,296,849
Financial assets through profit or loss	3,040,727	632,797	3,673,524
Credit facilities - net	1,444,097,243	2,714,723,762	4,158,821,005
Financial assets at fair value through other comprehensive income	96,935,200	291,518,851	388,454,051
Financial assets at amortized cost	199,811,257	1,626,812,694	1,826,623,951
Property and equipment - net	-	185,136,052	185,136,052
Intangible assets - net	-	23,582,588	23,582,588
Right of use asset	-	28,702,451	28,702,451
Deferred tax assets	-	73,911,906	73,911,906
Other assets	34,564,507	94,371,308	128,935,815
Total Assets	3,218,924,314	5,222,325,323	8,441,249,637
Liabilities:			
Banks and financial institutions deposits	725,249,222	-	725,249,222
Customers' deposits	2,707,196,584	3,103,316,384	5,810,512,968
Margin accounts	192,828,812	86,074,360	278,903,172
Loans and borrowings	55,973,347	90,941,232	146,914,579
Sundry provisions	444,749	49,252,951	49,697,700
Income tax provision	39,801,592	3,386,940	43,188,532
Deferred tax liabilities	-	6,569,323	6,569,323
Lease liability	2,078,202	24,656,018	26,734,220
Other liabilities	105,803,136	123,862,943	229,666,079
Total Liabilities	3,829,375,644	3,488,060,151	7,317,435,795
Net	(610,451,330)	1,734,265,172	1,123,813,842
	Up to 1 Year	Over 1 Year	Total
	JD	JD	JD
2018			
Assets			
Cash and balances at central banks	999,823,351	182,594,355	1,182,417,706
Balances at banks and financial institutions	552,436,392	-	552,436,392
Deposits at banks and financial institutions	37,578,850	-	37,578,850
Financial assets through profit or loss	3,102,614	632,797	3,735,411
Credit facilities - net	1,604,613,305	2,650,741,441	4,255,354,746
Financial assets at fair value through other comprehensive income	112,293,471	259,709,891	372,003,362
Financial assets at amortized cost	200,226,807	1,286,576,180	1,486,802,987
Property and equipment - net	-	186,565,718	186,565,718
Intangible assets - net	-	23,628,921	23,628,921
Deferred tax assets	-	76,354,109	76,354,109
Other assets	41,616,411	81,542,988	123,159,399
Total Assets	3,551,691,201	4,748,346,400	8,300,037,601
Liabilities:			
Banks and financial institutions deposits	615,208,559	-	615,208,559
Customers' deposits	2,767,781,988	3,105,978,867	5,873,760,855
Margin accounts	210,953,480	76,032,796	286,986,276
Loans and borrowings	91,441,886	34,417,102	125,858,988
Sundry provisions	1,624,366	52,189,791	53,814,157
Income tax provision	38,526,746	11,226,248	49,752,994
Deferred tax liabilities	-	4,141,270	4,141,270
Other liabilities	57,164,098	153,256,830	210,420,928
Total Liabilities	3,782,701,123	3,437,242,904	7,219,944,027
Net	(231,009,922)	1,311,103,496	1,080,093,574

50. Contractual Commitments and Contingent Liabilities

This item consists of the following:

a - Credit commitments and commitments :

	December,31	
	2019	2018
	JD	JD
Letters of credit	632,165,144	626,195,702
Acceptances	36,413,318	91,341,957
Letters of guarantee:		
• Payment	125,499,913	148,607,423
• Performance	138,561,673	138,713,291
• Other	238,538,681	248,762,375
Unutilized direct credit facilities ceilings	453,429,646	386,559,278
Total	1,624,608,375	1,640,180,026

b - Contractual commitments :

	December,31	
	2019	2018
	JD	JD
Property and equipment purchase contracts	1,102,937	2,312,978
Construction projects contracts	748,003	11,224,335
Other procurement contracts	6,409,609	7,096,284
Total	8,260,549	20,633,597

51. Lawsuits Raised by and against the Bank

Lawsuits raised against the Bank amounted to approximately JD 44.8 million as of December 31, 2019 (approximately JD 33.2 million as of December 31, 2018). In the opinion of the Bank's management and legal advisor, no liabilities will arise therefrom that exceed the booked provision of JD 4,228,077 as of December 31, 2019.

Other than the above-mentioned lawsuits, during the year 2019, the inspectors of the Central Bank of Algeria visited the management of the Housing Bank for Trade and Finance Algeria (a subsidiary company) and cited reports of violations attributed to the Bank related to violating some banking procedures in the Republic of Algeria. In this connection, an appealable preliminary decision by the Court of First Instance in Algeria was issued. The said decision imposed a fine of JD 37.6 million on the Housing Bank for Trade and Finance / Algeria (a subsidiary company) for one of the violations. Meanwhile, the Bank's lawyers in Algeria have confirmed the sound legal status of the Bank in relation to this violation. Moreover, the value of the remaining violations has not been determined as of the date of the financial statements. In the opinion of the Bank's management, legal advisor, and auditor in Algeria, the Bank has a strong legal position, and the provisions made for those violations mentioned in Note (20) are sufficient as at the end of the first quarter of the year 2020. In addition, these provisions will be reconsidered in light of the upcoming developments during the next year.

On other hand, the lawsuits raised by the Bank against others amounted to approximately JD 487.4 million as of December 31, 2019 (JD 365 million as of December 31, 2018).

51. Comparative Figures

Some of the year 2018 figures have been reclassified to correspond with the year 2019 presentation without affecting the income and equity statements for the year 2018.