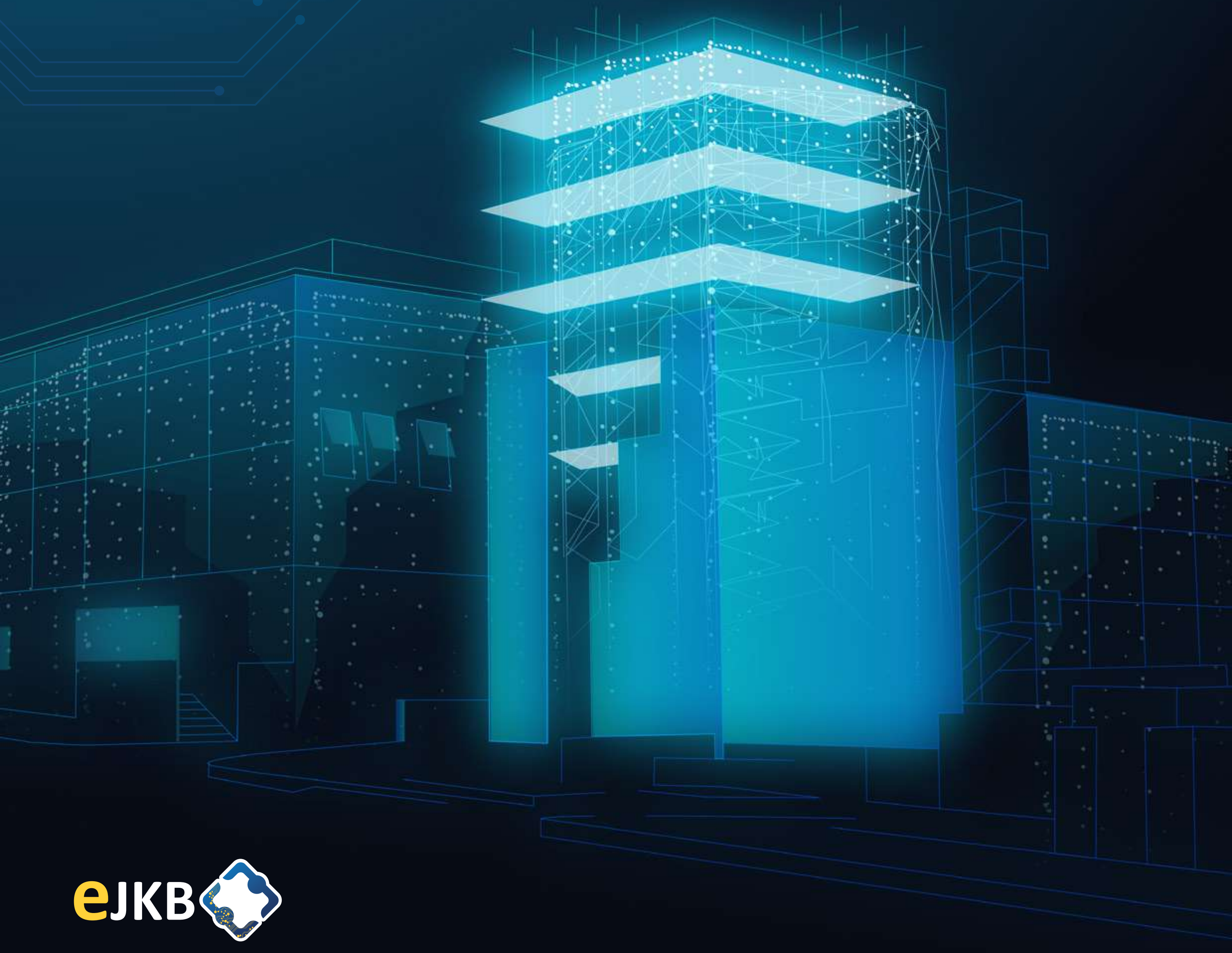
البنك الأردني الكويتي

JORDAN KUWAIT BANK

"More than just a bank"

Annual Report 2019



eJKB

البنك الأردني الكويتي
JORDAN KUWAIT BANK
"More than just a bank"

Public Ltd. Company
Established 25/10/1976
Commercial Register Number 108
Paid-up Capital JD 100 million

Member of "Kipco" Group - Kuwait

Our Vision...

" To be one of the pioneer Arab banks through offering distinguished comprehensive banking solutions, in line with the latest developments in banking industry and e-business in the world."

Our Mission...

" We are a Jordanian banking institution which offers global services assured with high quality and professionalism by taking full advantage of the Bank's advanced technological capabilities and its staff efficiency to render qualified services to customers. JKB seeks to diversify its customer base to include various Jordanian & Arab economic sectors, in order to achieve a rewarding yield to shareholders, in addition to enhance the national economy development, and society welfare."

Contents

His Majesty
King Abdullah II Bin Al-Hussein

His Highness

Sheikh Sabah Al-Ahmad Al-Sabah

Amir of the State of Kuwait

His Royal Highness
Prince Hussein Bin Abdullah II
The Crown Prince

Board of Directors

Chairman	**H.E. Mr. Abdel Karim A. Kabariti** Rep.: Al Rawabi United Holding Co. - Kuwait
Vice Chairman	**Mr. Faisal Hamad Al-Ayyar**
Members	**Mr. Masaud Mahmoud Jawhar Hayat** Rep.: Kuwait Projects Co. (Holding) - Kuwait
	Mr. Tariq Moh'd Abdul Salam
	Mr. Mohammad Adnan AlMadi Rep.: Social Security Corporation - Jordan
	Dr. Yousef Musa Goussous Rep.: Al Rawabi United Holding Co. - Kuwait
	Mr. Mansour Ahmad Louzi Rep.: Strategy Co. for Investments - Jordan
	Mr. Bijan Khosrowshahi Rep.: Odyssey Reinsurance Co. - U.S.A
	H.E. Dr. Marwan Jamil Muasher
	Mr. Hani Khalil Hunaidi
	Mr. Majed Fayyad Burjak
	Dr. Safwan Samih Toqan
	H.E. Mr. Marwan Mahmoud Awad
Board Secretary	**Mr. Suhail Moh'd Turki**
Auditors	**PricewaterhouseCoopers 'Jordan'**

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To The Shareholders,

I am pleased to present to you, in my name and on behalf of my colleagues, members of the Board of Directors, the Annual Report on the Bank's results, achievements and the Consolidated Financial Statements for the year ending on 31/12/2019.

Perhaps the year 2019 could be one of the most stagnant years that the world has witnessed since the emergence of the global financial crisis more than a decade ago. The global growth this year has experienced the weakest pace thus far as a result of the common impacts among countries worldwide due to the adversities and developments resulting from increased trade barriers that weakened the commercial activity globally and contributed towards the continued stagnation.

Notwithstanding the unfavorable developments, some signs appeared towards the end of the year indicating that the decline in global growth may have ceased, and that the global economic growth is expected to rise to 2.5% in the year 2020, the average growth rate in the emerging market economies and developing countries will rise to 4.1%, investment and trade rates will gradually recover from their lower levels, while the risk of decline in the growth rates of the developed economies shall remain and register 1.4%.

Domestically, the year 2019 did not differ much from preceding years, where the realized growth rate remained weak and did not exceed 2%, which confirms that the previous reform programmes agreed with the International Monetary Fund have not helped in remedying the distortions suffered by the National Economy and did not succeed in reducing the budget deficit and national debt, the debt increased to around 30 billion JOD ie., 96.6% of the GDP and the deficit reached around 1.85 billion JOD before grants and aids. The cost of the debt service reached around 11% of the budget in addition to the decline in the flow of foreign investments at a high rate. Despite the increase in the tax rate according to IMF's instructions, the realized revenues were less than expected. Foreign and domestic investment did not show any positive indicators and the results of most sectors declined except for the Tourism Sector, which is witnessing reasonable growth.

During the fourth quarter of 2019, the Government adopted motivating decisions to remedy the distortions that resulted in the decline of some sectors and their contribution towards the GDP, as well as to remedy the distortion in the public sector performance. Such decisions comprised of a set of incentives to several sectors, including decisions to stimulate the investment sector, reduce energy costs, tax incentives for the majority of the industrial sectors, employment-related decisions for Jordanians, and decisions to motivate the housing and real estate market.

In this instance, it is imperative to commend the Central Bank of Jordan's ongoing initiatives to mitigate unemployment; assist the economic sectors; encourage SME's investments and to mitigate the burdens of measures which were inevitable to align with the requirements of international bodies and the IMF; whereby during the year, the Central Bank continued with providing funding windows for 1.2 billion JOD to investors to acquire subsidized financing in various sectors, most importantly, the industry, tourism, renewable energy, agriculture, information technology, engineering consultancy, health, transportation, and education sectors, over and above adopting the National Self-Employment Program "Inhad" and reducing interest rates for the banking sector. It is hoped that all such measures would reflect positively and contribute towards activating the economy and realizing growth.

The general debt's negative growth remains a major challenge faced by the economy accompanied by a rise in the cost of debt service which mandates setting up a dual objective plan, namely, reduction of the debt and increasing the growth rate. In the absence of the possibility of acquiring any additional aid, and as the current situation remains as is, Jordan needs more borrowing and since the international rating agencies have negatively indicated to the volume of the banks' investments in Government Bonds, therefore, the Government must resort to foreign borrowing.

Towards the end of 2019, the Government drew-up a new economic reform program with the IMF for four years that comprises of a loan for the amount of 1.3 billion US Dollars at an interest rate of 3%, distributed over the program's term, which the Government shall use to settle previous loans due and other loans that carry high-interest rates, which will reduce the cost of the debt service. The program aims at enhancing the financial stability through a prudent financial and monetary policy to realize growth and reduce the public debt to the GDP with structural-related reforms to the general budget and monitoring thereof and the expenditure mechanism. In this instance, we look forward to the new loan program being tangible and realizes the contemplated development objectives, unlike the previous program.

As a result and notwithstanding the impediments and negativities witnessed by the national economy, there is growth in several sectors. Income from Tourism reached 3.8 billion JOD in 2019, Jordanian expatriates' transfers remained around the same as the year before albeit with a slight decline, while the national exports rose by 8.2 percent, imports declined by 5.5 percent, and the Trade Deficit also declined by 14 percent. As for the foreign currency reserves, it reached around 14.2 billion US Dollars, an increase of 849 million US Dollars over the end of 2018.

On the Banking Sector level, good results were realized during 2019 whereby the total deposits at the banks increased by 3.8 percent at the end of the year, reaching 35.1 billion JOD. As for credit facilities, the total facilities increased by 3.9 percent as at the year-end reaching 27.1 billion JOD the share of the private sector thereof was 24 billion JOD.

The Bank's Performance in 2019

During 2019, there were numerous economic situation-related issues that we had to consider, the most important of which was the weak economic cycle, declining activity of some corporates in addition to the political and security situations in the region given the negative conditions that prevailed during 2019 and before, we had to exercise greater care and allocate high provisions per our internal assessments of various risks together with what the International Standards require.

One of the most significant risks that face Jordan Kuwait Bank is the consequences of concentration in dealing with some major customers, whether in respect of deposits or facilities. Therefore, we opted for downsizing our activity and operations with a number of large corporate customers the most affected sector by the economic situation. During 2019, we acted in two parallel directions; we were quite strict in our efforts to increase liquidity, build and maintain the capital adequacy ratio at the highest possible levels and we were driven towards investing in modern technology and creating radical development in our operations and concentrating our resources and efforts to the technological aspect, whether in respect of administrative activities or dealing platforms of customers, seeking to re-gain leadership among banks in the technological and innovative applications; this had an impact not only on expenditure but also on the amortization ratios. In this context, the Bank witnessed significant development from the technological aspect and executed various projects and initiatives to further increase the Bank's business dependency on digitalized activities as well as transfer the customers' transactions towards utilizing the on-line channels. Yet, the Bank occupies a leading position in the internet and mobile-based applications, modern ATM network, Self-Services and Fintech solutions.

The Bank continues with its efforts in the digital transformation and the enhancement of cybersecurity in parallel with providing a set of initiatives to upgrade the Bank's performance and activities to the best international practices and standards as per the directives of the Central Bank of Jordan.

Financial Results

On the financial results level, the Bank's main operations realized good results during 2019 whereby the assets increased by 1.5% compared to the previous year amounting to 2,765 million JOD with the customers' deposits growing by 4.5% reaching 1,866 million JOD. The direct credit facilities portfolio reached 1573.8 million JOD with a reduction of 3.6% over 2018. On the other hand, we enhanced the provision for the anticipated credit losses by an amount of 14 million JOD which affected the Bank's profitability thus recording 46.9 million JOD (before tax) with a reduction of 16% compared with 2018, while the total equity recorded an increase of 3.1% over the previous year amounting to 459.5 million JOD.

The performance indicators and ratios recorded good levels affirming the strength of the Bank's capital base. Capital adequacy ratio recorded 19.45% while the return on equity and the return on average assets reached 6.6% and 1.1% respectively.

2020 Outlook .... Subsequent Events

The last days of 2019 and the beginning of 2020 witnessed significant events and developments, the most important of which was the spread of the COVID-19 pandemic, of which no Country was spared of its repercussions and effects. The Jordanian government, under the direct guidance and follow-up of His Majesty, and from the early days of the pandemic, carried out precautionary arrangements and strict measures to confront and besiege the spread of COVID-19, in a manner that exceeded the Kingdom's capabilities and expectations; receiving the appreciation and praise of citizens as well as international bodies.

The national economy, as a consequence of the COVID-19 pandemic, has been subjected to severe and unprecedented repercussions, that may be the worst in the past decade to affect the majority, if not all, economic sectors as a result of the disruption in the production cycle and the halt of economic activities. If the measures to confront the pandemic continue for a prolonged period, the negative impacts will extend to include the Country's inability to continue to pay its financial obligations of local and foreign debts as well as its inability to finance the public sector expenditures and the private sector will no longer be able to withstand the expected losses.

In its efforts to face the repercussions of the COVID-19 pandemic, the Central Bank of Jordan launched a loan guarantee program as part of a comprehensive package that aims to safeguard the various economic sectors and ensure that productive operations at varied levels continue. The program facilitates financing towards professionals, private business owners and small and medium enterprises at favorable terms and costs. This comes in an effort to aid these sectors to cover their needs and finance operating expenses and working capital, thus enabling these sectors to continue their activities and offering their services during measures in place to contain the pandemic and then resume their activities at a later stage. CBJ's decisions also included reducing the cost of financing the Central Bank's program for economic development sectors for existing and future loans, and extending repayment terms in addition to extending direct incentives towards the export sector.

The Central Bank of Jordan also directed the banks to be more flexible with customers within a comprehensive program that extends throughout 2020. CBJ also reduced the compulsory reserve ratio from 7% to 5% and thus providing additional liquidity to banks with the amount of 550 million JOD and hence enabling banks to grant new facilities to the private sector.

As for us at Jordan Kuwait Bank, we will always work towards what is in the best interest of our customers and shareholders and in a manner where our performance is aligned with their expectations and aspirations during this time. We shall remain a partner and a strong supporter of the Central Bank of Jordan's efforts, we shall also work sincerely with our colleagues in the Jordanian Banks to withstand these difficult times that the national economy is facing and relying on the strength and stability of the Jordanian banking system and its sense of national responsibility.

In conclusion, I am pleased to extend my profound gratitude to the colleagues, the members of the Board for their true and honest keenness and sincere cooperation, with the greatest gratitude to the Bank's customers and shareholders for their confidence and commitment. We extend our gratitude to H.E. the Governor of the Central Bank of Jordan, his deputies and the bank's administrative units for their successive initiatives towards confronting the prevailing circumstances and mitigating their effects. Thanks also go to H.E. the Chairman and members of the Jordan Securities Commission. Gratitude and praise owed to all executives and employees of the Bank for their efforts, loyalty, and role in realizing the Bank's objectives, success, and prosperity.

Abdel Karim Kabariti
Chairman

JKBREWARDS

Pay with Points Locally and Internationally

Earn points every time you use your debit or credit card from Jordan Kuwait Bank and redeem your points at any local or international point of sale or online .

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Corporate Governance Framework

Jordan Kuwait Bank believes that the existence of good corporate governance leads to good management of the Bank, and helps to achieve the Bank's strategic objectives and safely manage its operations in a manner that safeguards the depositors' interests, and ensures the responsibility towards shareholders and other stakeholders. The Bank bases the management and development of its internal corporate governance according to the legislations of the Companies Law in force, the Corporate Governance instructions issued by the Jordan Securities Commission for the year 2017, and the Corporate Governance instructions for banks No. 63/2016 issued by the Central Bank of Jordan (CBJ), in addition to the provisions and instructions issued by international regulatory authorities pertaining to banking operations and that are in line with the Bank's nature of business and its internal systems.

Jordan Kuwait Bank's Board of Directors affirms its commitment and that of the Bank's executive management and all the employees in implementing the governance instructions. The Bank's adoption of this manual aims to realize the corporate governance principles of fair treatment for all stakeholders; transparency and disclosure of JKB's actual financial and administrative standing; and the relational accountability between the Board of Directors and the executive management, between the Board and shareholders as well as between the Board and various stakeholders. To achieve greater level of disclosure and transparency, the Corporate Governance Manual is annexed to this report and is published on the Bank's website www.jkb.com.

In accordance with the instructions of the Central Bank of Jordan, work has begun on the application of the requirements for the Governance and Management of Information and Technology No. 65/2016 according to COBIT framework.

The Bank's organization and administrative procedures are based on the following principles:

- A board of directors is in place that is effective and responsible.
- A clear strategic direction for business development within clear framework for risk management.
- Sound accounting and information disclosure principles.
- Sound decision making mechanisms.
- Performance evaluation linked to the strategy.
- Human resources development.

Corporate Governance Framework

The formation of the Board of Directors is governed by the Jordanian Companies Law, the CBJ's Banks Law and Corporate Governance instructions for Banks, and the Governance instructions for listed companies for the year 2017 issued by the Jordan Securities Commission.

The main role of the Board of Directors lies in its responsibility of ensuring the soundness of the Bank's operations including its financial standing, and fulfilling its obligations towards all stakeholders. The Board sets the Bank's strategic objectives that meet the interests of the Bank, shareholders, and customers, and has oversight responsibility over the executive management. It is also accountable for ensuring the effectiveness of internal monitoring and control systems and the extent to which the Bank is abiding by the strategic plans and that written policies covering all of the Bank's activities are endorsed and in place.

The Board of Directors is also responsible for the credibility and accuracy of the Bank's financial reports and the information contained in the Annual Report and ensuring the application of appropriate risks policies as well as compliance with all laws in force.

The current Board of Directors was elected by the General Assembly on May 15, 2017 for tenure of four years. The Board of Directors elected H.E. Mr. Abdel Karim Kabariti as Chairman and Mr. Faisal Hamad Al-Ayyar as Vice-chairman.

Board Members for the Current Tenure

A- Representative Members:

No.	Members	Name of Representative	Executive / Non-Executive	Independent / Non Independent
1	Al Rawabi United Holding Co. Chairman	Mr. Abdel Karim A. Kabariti	Non - Executive	Non - Independent
2	Al Rawabi United Holding Co.	Dr. Yousef Musa Goussous	Non - Executive	Non - Independent
3	Kuwait Projects Co. (Holding)	Mr. Masaud Mahmoud Jawhar Hayat	Non - Executive	Non - Independent
4	Social Security Corporation	Mr. Mohammad Adnan AlMadi	Non - Executive	Non - Independent
5	Strategy Co. for Investments	Mr. Mansour Ahmad Louzi	Non - Executive	Non - Independent
6	Odyssey Reinsurance Co.	Mr. Bijan Khosrowshahi	Non - Executive	Non - Independent

B- Members:

7	Mr. Faisal Hamad Al-Ayyar Vice Chairman	-	Non - Executive	Non - Independent
8	Mr. Tariq Moh'd Abdul Salam	-	Non - Executive	Non - Independent
9	Dr. Marwan Jamil Muasher	-	Non - Executive	Independent
10	Mr. Hani Khalil Hunaidi	-	Non - Executive	Independent
11	Dr. Safwan Samih Toqan	-	Non - Executive	Independent
12	Mr. Majed Fayyad Burjak	-	Non - Executive	Independent
13	Mr. Marwan Mahmoud Awad	-	Non - Executive	Independent

Membership of Board of Directors in Public Shareholding Companies

Name	Board Membership in Public Shareholding Company
Mr. Abdel Karim A. Kabariti	Jordan Dairy Company
Mr. Mansour Ahmad Louzi	United Financial Investments Co.
Mr. Bijan Khosrowshahi	Arab Orient Insurance Co.
Dr. Marwan Jamil Muasher	Masafat For Specialized Transport Co., Ready Mix Concrete & Consturactions Supplies Co. , Premier Business & Projects Co.

Executive Management

Mr. “Moh’d Yaser” M. Al-Asmar
General Manager

Mr. Tawfiq A. Mukahal
Deputy General Manager, Head of Banking Group

Mr. William J. Dababneh
Head of Treasury, Investment & Intl. Relations

Mrs. Hiyam S. Habash
Head of Finance

Mr. Haethum S. Buttikhi
Head of Retail & Private Banking

Mr. Ibrahim E. Kashet
Head of Legal Affairs

Mr. Zuhdi B. Al-Jayousi
Head of Corporate Credit

Mr. Abdallah I. Mismar
Head of Administrative Affairs Dept.

Mr. Daoud A. Issa
Head of Human Resources Dept.

Mr. Ibraheem F. Taani
Head of Internal Audit Dept.

Mr. Fadi M. Ayyad
Head of Compliance

Mr. Maher M. Abu Sa’adeh
Head of Information Technology

Mr. Ibrahim F. Bisha
Co-Head, Treasury, Investment & Intl. Relations

Dr. Makram A. Qutob
Co-Head, Corporate Credit

Members of Executive Management who’s services ended during 2019:

- Mr. Abdel Kareem M. Friehat, Head of Operations & Information Technology, as of 15/3/2019
- Mr. Moh’d J. Azem Hammad, Head of Risk Dept., as of 29/6/2019 and Mr. Mahmoud Al-Ahmar was assigned to oversee risk management functions.

Board Committees

In the aim of organizing the Board of Directors' work and to increase its efficiency and effectiveness, the Board of Directors forms different committees from its members that are delegated with authorities and responsibilities to be in line with the Bank's strategies and goals. The committees' composition, duties and responsibilities have been detailed in the Corporate Governance Manual which is published on the Bank's website and annexed to the Annual Report.

1. Board Corporate Governance Committee (BCGC) (Governance Committee)

The committee oversees the development of the Corporate Governance Manual, updating it, and monitors its implementation. It ensures that the Bank's organizational structure meets the corporate governance requirements. It also adopts general policies, and raises them to the Board of Directors for approval and supervises their implementation and ensures ccommitment to the adopted JKB Code of Ethics at the level of BoD and all administrative levels in the Bank. In addition to any other duties included in the Governance instructions for listed companies for the year 2017.

Board Corporate Governance Committee Members

- Dr. Marwan J. Muasher, Committee Chair (Independent)
- Mr. Abdel Karim A. Kabariti (Non- Independent)
- Mr. Marwan M. Awad (Independent)
- Mr. Tareq M. Abdul Salam (Non- Independent)
- Mr. Hani K. Hunaidi (Independent)

2. Board Risk Committee (BRC)

The committee's role is to review the Risk Management's framework and strategy of Risk Management; create suitable work environment that helps in identifying and managing risks with significant impact; and stay abreast with the developments that affect the Bank's operations. The committee reviews reports submitted by the Risk Management Department and submits relevant recommendations to the Board of Directors, illustrating the Bank's commitment to the acceptable risk appetite level. In addition to any other duties included in the Governance instructions for listed companies for the year 2017.

Board Risk Committee Members

- Mr. Marwan M. Awad, Committee Chair (Independent)
- Dr. Safwan S. Toqan (Independent)
- Mr. Mansour A. Louzi (Non- Independent)
- Mr. Mohammad A. AlMadi (Non- Independent)

3. Board Compliance Committee (BCC)

The committee's role is to adopt the organizational structure of the Compliance Control Department and ensuring its independence, ensure that an annual non-compliance risk management plan is in place, assess the degree of effectiveness with which the Bank manages the risk of non-compliance at least once a year and review it should amendments have been made. In addition to any other duties included in the Governance instructions for listed companies for the year 2017.

Board Compliance Committee Members

- Mr. Mansour A. Louzi, Committee Chair (Non- Independent)
- Dr. Safwan S. Toqan (Independent)
- Mr. Hani K. Hunaidi (Independent)*
- Mr. Marwan M. Awad (Independent)

- Mr. Mohammad A. AlMadi (Non- Independent)

*Mr. Hani Khalil Hunaidi is the Board member responsible for the AML/CFT compliance with the Central Bank of Cyprus.

4. Board Audit Committee (BAC)

The committee shall review and ratify the internal audit plan which includes audit scope and frequency. Review internal audit reports and the reports and observations of regulatory bodies and the external auditor and ensure that the executive management takes the corrective measures. The committee also reviews the Bank's financial statements prior to submission to the Board of Directors and ensures that the Bank has properly observed and complied with international accounting and audit standards. In addition to any other duties included in the Governance instructions for listed companies for the year 2017.

The Board Audit Committee held eight meetings during 2019 and met with the External Auditor five times and one time with the Head of Compliance during the period.

Board Audit Committee Members

- **Mr. Hani K. Hunaidi, Committee Chair (Independent)**

  Education: Master of Business Administration (MBA), Portland State University -USA, 1980 and Bachelor of Business Administration, American University of Beirut. 1973, Certified Public Accountant (CPA).

  Current Position:

  - Chairman of the Board of Trustees, Mediterranean Industries
  - Chairman of the Board of Trustees, Mediterranean Energy Co.

  Previous Positions:

  - Chairman, National Ammonia and Chemical Industries (1991- 2009)
  - Managing Director, Jordan Kuwait Company for Agriculture and Food Products (1986-1992)
  - Project General Manager, Jordan Management and Consultancy Corp. (1984-1986)
  - Financial and Administrative Manager, Jordan Securities Corp. (1982-1984)
  - Auditor, Touch Ross & Co. (1980-1982)
  - Project Senior Accountant, Consolidated Contractor Company (1976-1978)
  - Accountant, Safwan Trading & Contracting Co. Kuwait (1973-1974)

- **Mr. Mohammad A. AlMadi (Non - Independent)**

  Education: Bachelor degree in Accounting, Yarmouk University, 1992, Master degree in Financing, Jordan University, 1998.

  Current Position:

  - Head of Equity Support Directorate, Social Security Investment Fund (20/10/2019 - Present)

  Previous Positions:

  - Head of Internal Audit, Social Security Investment Fund (2003 - 2019)
  - Internal Audit Department, Central Bank of Jordan (1994 - 2003)
  - Arab Bank (1993)
  - Accounts Audit, Deloitte and Touche (1992 - 1993)

- **Dr. Safwan S. Toqan (Independent)**

Education: Bachelor degree in Business Administration, American University - Beirut, 1966, Master degree in Economics, University of South California - USA, 1976, PhD in Economics, University of South California-USA, 1980.

Current Position: -

Previous Positions:

- Member of the 26th Jordanian Senate
- Chairman, Amman Stock Exchange (2012-2013)
- Chairman, Jordan Phosphate Mines Company (2000 - 2004)
- General Manager, Social Security Corporation (1994 - 1999)
- Secretary General, Ministry of Planning (1989 - 1994)
- Assistant Professor, Yarmouk University (1981 - 1989)
- Lecturer, University of South California - USA (1975 - 1980)
- Central Bank of Jordan (1966 - 1975)

5. Board Nominations & Remuneration Committee (BNRC)

The Committee shall identify eligible persons for board membership and determine members' "independency", provide recommendations to the Board for the appointment of qualified executive management members, implement a formal performance assessment policy for the Board of Directors and executive management and ensure that the Bank has a remuneration policy in place. In addition to any other duties included in the Governance instructions for listed companies for the year 2017.

Board Nominations & Remuneration Committee Members

- Dr. Safwan S. Toqan, Committee Chair (Independent)
- Mr. Masaud M. Hayat (Non - Independent)
- Dr. Marwan J. Muasher (Independent)
- Mr. Majed F. Burjak (Independent)

6. Board Credit Committee (BCrC)

The Committee's Role includes:

1. Grant, modify, renew and restructure of credit facilities that exceed the authorities of the Management Credit Committee, headed by the General Manager, within the limits set by the Board of Directors. The Board of Directors shall take the decisions in matters exceeding the Committee's authorities.
2. The Committee's authority is limited to taking the right decision regarding the facilities that have been recommended for approval by the Management Credit Committee.

The Board of Directors may delegate to the Management Credit Committee some or all of this Committee's authorities; in respect of modifying the terms or restructuring of facilities.

Board Credit Committee Members

- Mr. Abdel Karim A. Kabariti, Committee Chair (Non - Independent)
- Dr. Yousef M. Goussous (Non - Independent)
- Mr. Mansour A. Louzi (Non - Independent)
- Mr. Masaud M. Hayat (Non - Independent)
- Mr. Majed F. Burjak (Independent)

7. Board Management and Investment Committee (BMIC)

The Committee reviews and takes appropriate decisions on:

First: Management issues:

1. Administrative expenses, procurement contracts, bids, supplies, donations, and generally all commitments and contracts in excess of the powers entrusted to the senior executive management as identified within the Authority matrix and powers endorsed by the Board of Directors, and take the managerial and financial decisions in their regard.
2. Approve requests/offers for the sale of Bank owned properties beyond the limits entrusted to the Senior Executive Management as stipulated in the approved Authority matrix.
3. Approve Bank owned real estates' pricing annually or when required.

Second: Investment issues:

Take decisions with regards to proposals and requests submitted by the Management Investment Committee on matters beyond its authority as stipulated in the approved authority matrix annexed to the approved investment policy. This includes the following:

- Bank investments in Jordanian Dinar in money market and capital market instruments.
- The Bank's investments in foreign currencies in money market, capital market tools and currency exchange operations.

The Board of Directors shall decide on any of the items listed above if they exceed the authority of the Committee.

Management and Investment Committee Members

- Mr. Abdel Karim A. Kabariti, Committee Chair (Non - Independent)
- Dr. Yousef M. Goussous (Non - Independent)
- Mr. Mansour A. Louzi (Non - Independent)
- Mr. Masaud M. Hayat (Non - Independent)
- Mr. Majed F. Burjak (Independent)

8. Board Information Technology Governance Committee (BITGC)

The Committee is responsible for approving the Information Technology strategic objectives and appropriate organizational structures, including Steering Committees at Executive Management Level, to ensure the achievement of the Bank's strategic objectives, and realizing the best value-added of IT projects and investments resources while utilizing the tools and standards to monitor and ascertain the extent of achievement. The Committee shall oversee and be apprised of the progress of IT operations, resources and projects to ensure its adequacy and its effective contribution in achieving the Bank's business requirements.

Information Technology Governance Committee Members

- Mr. Majed F. Burjak, Committee Chair (Independent)
- Dr. Marwan J. Muasher (Independent)
- Mr. Hani K. Hunaidi (Independent)
- Mr. Mohammad A. AlMadi (Non - Independent)

Board Members' Remuneration

Every Board member receives the sum of JD5,000 (USD7,052) per year as Board membership allowance, in addition to allowances in lieu of travel, transportation and Board committees' membership.

Board and Committee Meetings during 2019

The following table shows the number of Board meetings and Board committees' meetings, and the number of meetings attended by each member during the year 2019, noting that Board of Director Members attended the General Assembly of Shareholders that was held on 29/4/2019.

Total number of meetings held during the year 2019	BOD	BCGC	BRC	BCC	BAC	BNRC	BITGC	BCrC	BMIC
	7	1	4	4	8	4	4	50	39
Board members	**Number of meetings attended**								
Mr. Abdel Karim A. Kabariti - Chairman	7	1						50	39
Mr. Faisal H. Al Ayyar - Vice Chairman	5								
Mr. Masaud M. Hayat	4					0		50	39
Mr. Tariq M. Abdul Salam	5	0							
Mr. Mohammad A. AlMadi	7		4	3	8		4		
Dr. Yousef M. Goussous	7							50	39
Mr. Mansour A. Louzi	7		4	4				50	39
Mr. Bijan Khosrowshahi	3								
Dr. Marwan J. Muasher	7	1				4	3		
Mr. Hani K. Hunaidi	7	1		4	8		4		
Mr. Majed F. Burjak	7					4	4	50	39
Dr. Safwan S. Toqan	7		4	4	8	4			
Mr. Marwan M. Awad	7	1	4	4					

JSC Governance Officer

Mr. Suhail Moh'd Turki / Board Secretary

Abdel Karim Kabariti
Chairman

ACO ATM Cash Order (ACO)

Transfer and Withdraw Cash with a Click of a button

Send an ACO transfer to yourself or another beneficiary to be collected from any JKB ATM immediately and without the need to use a debit card.

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Remuneration and Rewards Policy

JKB has a comprehensive remuneration and rewards policy that closely integrates with the approved performance evaluation policies. Staff annual raises and rewards are based on achievement which meets the Bank's interests and its sustainable progress in all areas. The policy also assures the independence of control units in such a way that staff salaries and rewards are not determined by the Bank's profit levels.

The remuneration and rewards policy sets the basis for annual salary raises, effect of promotion on salary, types and conditions of allowances paid to employees, and the structure of the salary scale and its review process, for the purposes of maintaining a competitive and fair work environment.

The salaries, transportation allowance and other expenses paid to the Bank's executives during the year 2019 were declared in the disclosure statement as required by article (4) of the disclosure regulations issued by the Jordan Securities Commission, and in the notes to the consolidated financial statements included in this report.

Control Environment

Internal Controls

JKB's Board of Directors and executive management are responsible for developing and maintaining the existence of internal control systems and procedures that are capable of ensuring the achievement of the following:

- Accuracy and integrity of financial and operational statements issued by the Bank.
- Effectiveness and efficiency of the Bank's operational activities.
- Effectiveness of measures and procedures set to safeguard the Bank's assets and properties.
- Compatibility with policies pertinent to internal operational procedures as well as laws, legislations and regulations in force.

The Bank believes in the importance of an effective internal monitoring and control system given that it is one of the key elements of sound management and the basis for safeguarding the safety and quality of the Bank's transactions. Hence the Bank has adopted a number of internal monitoring and control systems which their development, implementation, follow-up and update are the responsibility of the executive management. JKB's management continuously monitors and assesses the efficiency and effectiveness of these systems and their ability to achieve desired objectives. It also oversees their continuous development and enhancement.

In this context, the Board of Directors adopts internal monitoring and control policies that cover all aspects pertinent to internal control systems in terms of definition, components, implementation and the responsibility of the Board of Directors and the Executive Management towards them.

Internal Audit

The philosophy of Internal Audit (IA) was based on its task to provide independent and objective assurance and consulting services to the Bank. IA objectives were designed to add value and improve the Bank's operations and help the management to accomplish its objectives by applying a systematic and disciplined approach to assess and improve the effectiveness of risk management, internal controls, and governance.

The Internal Audit Department is administratively subordinated to the Board Audit Committee (BAC). It reports to the BAC on the results of audit engagements.

The Internal Audit Charter was established according to best international standards for the professional practice of internal auditing and it defined the following:

- IA activity is independent and has no executive tasks.
- IA activity has direct authorized / unrestricted access to the Bank's and subsidiaries' records, personnel and physical properties relevant to the performance of engagements assigned to it.
- IA activity shall be provided with appropriate and sufficient number of competent resources (academically & professionally qualified staff) in addition to training courses both locally and abroad.

- IA activity provides reasonable assurance regarding the efficiency and effectiveness of the Bank's Internal Control Systems (ICS) and its ability to achieve the following objectives:
  - Reliability and integrity of financial and operational information.
  - Efficiency of operations.
  - Compliance with laws and regulations in force.
  - Safeguarding of the Bank's assets and properties.
  - Business continuity under all circumstances.
  - Improve and develop ICS, risk management, and governance processes.
  - Improve and develop operations (processes) and products to achieve the Bank's objectives.

A code of business conduct for Internal Audit staff members was prepared according to best international practice. The code emphasizes the principles of integrity, objectivity, confidentiality and efficiency that an auditor must have.

The scope of IA activity covers all the Bank's auditable business centers, activities and operations, including branches abroad and subsidiaries, and any outsourced activities if necessary, in a way that enables the management to assess the adequacy and effectiveness of ICS, risk management and governance processes, and achieve all engagements and responsibilities assigned to it. The IA also performs many other tasks the most significant of which are:

- Conduct accepted periodical engagements (assurance reviews) as per approved risk based audit plan prioritization on the approved internal audit strategic plan by BAC.
- Conduct any special review or consulting engagements based on the directives of the Chairman, BAC, the executive management, the Head of Internal Audit, or the monitoring bodies, according to best international standards for the professional practice of internal auditing.

The quality assurance concept was introduced to provide all stakeholders with reasonable assurance about audit function in term of conformance with the common international standards at both local and international levels.

Risk Management Function

Various risks to which the Bank is exposed are managed by an independent risk management department that reports directly to the Board's Risk Committee.

The Risk Management Function at the Bank is based on three main pillars as follows:

- Full understanding and awareness by the Board of Directors, top executive management, and the Bank employees of the types of potential risks in the Bank's operations.
- Availability of appropriate strategy, policies, and procedures to manage risk, which reveal the magnitude of risk that the Bank can address, in a manner that ensures financial strength.
- Availability of systems that help in managing various forms of risk that the Bank may face.

The Risk Management Department's objectives are as follows:

- Achieve financial strength, which reflects positively on the Bank's credit rating.
- Transparently highlight risks and ensure their clarity and understanding.
- Set recommendations to identify the size and type of acceptable main risks by the Board of Directors, assuring that current risks are compatible with those that have been planned for.
- The Bank's compatibility with the Basel accords and all legislations that govern and regulate risk management in banks.

The process of identifying, evaluating, and managing risks is considered a joint responsibility, starting with each of the Bank's units which are considered the first line of defense. The Risk Management Department evaluates and monitors risks and recommends ways of mitigating them, submitting the necessary reports to the Board Risk Committee whereby it is considered the second line of defense, followed by the role of internal audit which is considered the third line of defense.

In turn, the Risk Management Department is responsible for its abovementioned role within a documented organizational structure approved by the Board Risk Committee regarding credit, market, and operational risk, information security, business continuity, and liquidity (within the assets and liabilities framework) and conformity to the Basel accords. Furthermore, the Risk Management Department is represented in different committees that manage the Bank's operations for issues related to the risk management.

The functions of the Risk Management Department are summarized as follows:

- Review the risk management framework at the Bank prior to Board approval.
- Implement the risk management strategy in addition to developing policies and procedures for managing all types of risk.
- Develop methodologies to identify, measure, and control all types of risks.
- Submit reports to the Board through the Risk Committee, with a copy to the top management, including information about the actual risk profile for all the Bank's activities, compared to the risk appetite document, and follow up on addressing deviations.
- Verify the integration of risk measurement mechanisms with management information systems in use.
- Study and analyze all types of risk faced by the Bank.
- Submit recommendations to the Board Risk Committee about the Bank's exposure to risk, recording exceptional cases against the risk management policy.
- Provide the necessary information regarding the Bank's risks for disclosure purposes.
- The Risk Management Department conducts awareness programs to the Bank employees about risk management concept.
- Assess the Bank's capital adequacy, along with the Bank's risks and stress testing, as part of the internal capital adequacy assessment process, and submitting it to the Board Risk Committee, to be approved by the Board of Directors.

Compliance Control Function

The Bank may be subject to legal sanctions or material losses or reputational risk due to non-compliance with all applicable laws and regulations, instructions and code of conduct, standards and sound banking practices issued by local and international regulatory authorities.

The Bank acknowledges the importance of compliance control, hence adopted the following:

1. BoD approved compliance policy to monitor the Bank's compliance with the laws, regulations, and instructions issued by the regulatory authorities, best practices and industry standards through programs and procedures based on the risk based approach principle.
2. The Board of Directors takes the necessary measures to enhance the values of integrity and sound professional conduct within the Bank in a manner that complies with the applied laws, regulations, instructions and standards, and constitutes a primary goal to be achieved.
3. Compliance function is managed through an independent department, which submits periodical reports to the Board Compliance Committee. The Compliance Department's scope of work covers all of the Bank's departments and branches in Jordan and abroad as well as its subsidiaries.
4. Monitoring non-compliance risks through a database containing all the laws and regulations issued by domestic and international regulatory authorities that is updated with the latest regulatory and legislative developments.

With regards to combating money laundering operations and financing terrorism, the Bank follows approved policies and procedures by the Board of Directors and that comply with the instructions issued by the Central Bank of Jordan and the best international practices in this regard so as to reduce the risks of such operations through identifying procedures for dealing with financial operations, taking due diligence in Knowing the customers, making sure of their personal identification, legal status and the beneficiary of such transactions through adopting the following principles:

- Update the Anti Money Laundering policy to keep up with the latest regulatory and legislative developments.

- Adopt the risk based rating approach to classify the clients.
- Use an automated system to combat money laundering and financing terrorism.
- Participate in providing adequate training for the Bank's employees enabling them to deal with any suspicious transactions.

Code of Conduct

The Bank adopted a code of conduct that was endorsed by the Board of Directors. JKB employees across the various administrative levels as well as the Board of Directors have pledged to commit to it.

The Code defined the ethics, values and principles of the Bank employees in four main areas which are: integrity, compliance with laws, transparency and loyalty to the Bank.

Whistle Blowing Policy

JKB maintains a policy and procedures pertinent to whistle blowing. The policy aims to promote a culture of openness and to demonstrate the shared responsibility of preserving work ethics. Procedures that deal with this policy were distributed among all Bank employees to follow. The procedures clarify accountability lines for reporting issues related to unusual and/or suspected behavior that must be reported. Monitoring of Whistle Blowing Policy Implementation is carried out by the Board Audit Committee.

Customer Complaints Processing Unit

In compliance with the Central Bank of Jordan's instructions to deal with customers fairly and transparently No.(1/2017), the Customer Complaints Processing Unit within the Compliance Department receives and deals directly with customer complaints submitted through all available channels, including telephone calls, email messages, traditional mail, and complaints boxes at the branches. All complaints received are addressed and responded to in writing or verbally, noting that the Unit dealt with 303 complaints during the year 2019. Instructions are also sent to employees regarding these complaints, clarifying work procedures to some staff members wherever required. The Customer Complaints Processing Unit submits periodical reports to the Bank's top management, including a description of complaints received and how they were handled and solved. The unit also submits periodical reports to CBJ.

Relation with Shareholders

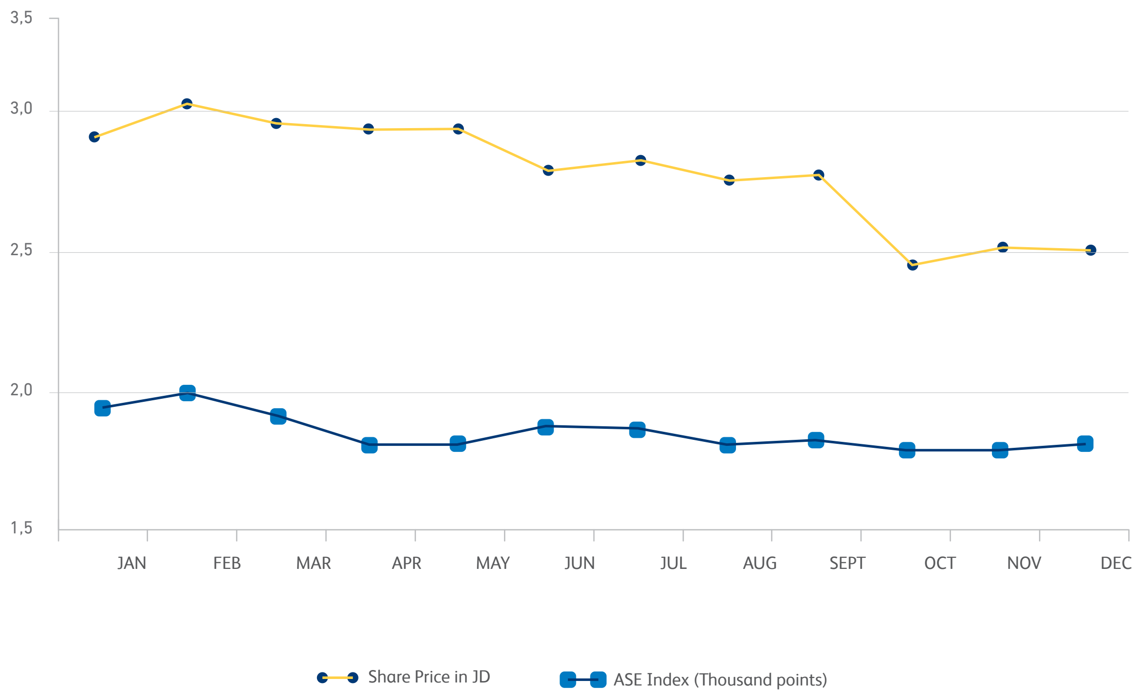
The Bank develops positive relations, based on transparency, with all its shareholders. In this regard, the Bank spares no effort to encourage all shareholders, particularly minority shareholders, to attend the General Assembly meetings and cast their votes. The Bank has a wide shareholder base of 12,925 as of 31/12/2019. The main source of information for shareholders is the Annual Report which includes the Chairman's report, the audited consolidated financial statements, the corporate governance manual, and Bank's achievements for the previous year and the business plan for the following year. Additionally, the reviewed (un-audited) quarterly and semi-annual financial statements are disclosed.

The complete financial statements and the Board of Directors' report are filed at the Jordan Securities Commission (JSC) and the Amman Stock Exchange, with a copy submitted to the Companies Controller. These reports are published on JKB's website (www.jkb.com) which also provides extensive information about JKB services, products, news and press releases. The Bank is committed to disclose any material information, should it occur, in accordance with the JSC instructions.

Shares / Ownership Classification as of 31/12/2019

Number of Shares Held	Shareholders		Shares	
	No.	%	No.	%
Up to 500	9,882	76.456	1,836,636	1.837
501 - 1,000	1,537	11.892	1,090,185	1.090
1,001 - 5,000	1,105	8.549	2,276,510	2.277
5,001 - 10,000	179	1.385	1,304,133	1.304
10,001- 100,000	189	1.462	5,697,061	5.697
100,001 - 500,000	26	0.201	5,091,294	5.091
500,001and more	7	0.054	82,704,181	82.704
Total	**12,925**	**100**	**100,000,000**	**100**

Changes in JKB Share Price (JD) vs ASE Index During 2019



Major Financial Indicators and Ratios 2019 & 2018

Amounts in thousands JOD

	2019	2018
Major Operating Results		
Net Interest and Commission	100,892	102,346
Gross Income	122,675	124,688
Income from Continuous Operations before taxes	46,935	55,849
Income from Continuous Operations after taxes	30,065	41,882
Net income after taxes and non-controlling interest	29,938	42,144
Earning per Share	0.299	0.421
Major Financial Position Items		
Total Assets	2,756,001	2,721,445
Direct Credit Facilities - Net	1,573,777	1,632,672
Customers Deposits and Cash Margins	1,948,271	1,879,886
Total Equity - Bank Shareholders	459,532	445,562
Off the Financial Position Items	675,703	647,152

Major Financial Ratios	2019	2018
Return on Average Assets	1.09%	1.52%
Return on Average Owners' Equity	6.62%	9.22%
Capital Adequacy Ratio	19.45%	17.07%
Financial Leverage Ratio	16.67%	16.37%
Efficiency Indicators		
G&A Expenses/Net Interest and Commission	60.68%	61.19%
G&A Expenses/Gross Income	49.90%	50.22%
Assets Quality Indicators		
Stage 3 loans/Gross Credit Facilities	8.59%	9.30%
Stage 3 loans Coverage Ratio	44.45%	40.95%

2020 Business Plan

As a consummation of the Bank's achievements during 2019, the 2020 business plan shall focus on the following:

1. Significantly update electronic channels to improve retail and corporate customers' experience and expand the digital payment capabilities and technologies such as e-wallets and contactless and mobile payments, invest in Artificial Intelligence applications, digital learning, and reduce paper work with use of electronic display and documentation methods and the application of transfers through Block Chain technology.
2. Launch the IT infrastructure development project and update the technology of the Main Site, High Availability Site, Disaster Recovery Site and the Management of the Business Continuity Site.
3. Intensify the Bank's efforts, based on a calculated plan, to manage and market the acquired real estate portfolio, whether directly via the Bank or through collaboration with associate investment and specialized companies.
4. Focus on supporting SME's and Renewable Energy Projects and provide the appropriate products, services and financing programmes and enhancing the Bank's role in developing this national economic sector.
5. Enhance the effective management methodology for the work force planning and management and the employees' development programmes using methods that are up to date with the technological changes and the digital transformation initiatives to raise the level of services to meet the Bank's customers' needs.
6. Continue to work on the Bank's social responsibility and community service strategy and develop purposeful initiatives to support the local community to realize sustainable development.
7. Strengthen cyber security in line with the regulatory requirements and best international practices as well as the developments that the Bank is undergoing.
8. Continue to develop and improve the processes of the Risk Management Department to implement and comply with the new regulatory requirements and the best international practices in banking.

JKB Contact Center

At your service around the clock at 06-5200999

eJKB

Consolidated Financial Statements For The Year Ended December 31, 2019 Together With IndependentAuditor’s Report

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF JORDAN KUWAIT BANK
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN

Report on the audit of the Consolidated Financial Statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of Jordan Kuwait Bank (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as amended by the Central Bank of Jordan instructions.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2019
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

Key Audit Matters	- Measurement of expected credit losses
	- Assets seized by the bank against debts

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
<u>- Measurement of expected credit losses</u> The Group applies the expected credit loss model (ECL) on all financial assets carried at amortised cost and debt instruments measured at fair value through other comprehensive income and financial guarantee contracts including financing commitments in accordance with the requirements of IFRS 9 "financial instruments " as amended by the Central Bank of Jordan instructions. The Group applies critical accounting estimates and judgments to estimate economic factors, and to place different probabilities through the process of calculating the probability of default, loss at default and exposure at default for each exposure (financed and not financed), future looking, and standards for staging. The expected credit loss model is implemented by the Group over all financial instruments measured at amortised cost, financial assets at fair value through other comprehensive income, financial guarantee contracts including financing commitments and direct and indirect credit facilities. For defaulted exposures, the Group exercises judgements to estimate the expected future cash flows related to individual exposures, including the value of collateral.	We performed the following audit procedures on the computation of the expected credit losses included in the Group's consolidated financial statements for the year ended 31 December 2019: ➢ We assessed and tested the design and operating effectiveness of the controls over impairment data and calculations. ➢ We tested the completeness and accuracy of the data used in the calculation of ECL. ➢ For a sample of exposures, we checked the appropriateness of the Group's application of the staging criteria. ➢ We involved our internal specialists to assess the following areas: • Conceptual framework used for developing the Group's impairment policy in the context of its compliance with the requirements of IFRS 9 as amended by the Central Bank of Jordan instructions. • ECL modelling methodology and calculations used to compute the probability of default (PD), loss given default (LGD), and exposure at default (EAD) for the Group's classes of financial instruments. • Reasonableness of the assumptions made in developing the modelling framework including assumptions used for estimating forward looking scenarios and significant increase in credit risk. • Recalculation of expected credit loss for a sample of financial instruments subject to impairment.

The Group's impairment policy is disclosed within the accounting policies in note 2 to the consolidated financial statements.

Measurement of expected credit losses is considered as a key audit matter as the Group applies significant judgments and makes a number of assumptions in the staging criteria applied to the financial instruments as well as in developing expected credit losses models for calculating.

- In addition, for the Stage 3 corporate portfolio, the appropriateness of provisioning assumptions were independently assessed for a sample of exposures selected on the basis of risk and the significance of individual exposures. An independent view was formed on the levels of provisions recognised, based on the detailed loan and counterparty information available in the credit file. For the Stage 3 retail portfolio, assumptions were independently assessed for each product category and an independent view was formed on the levels of provisions recognised at each category level.

- We recalculated the provision for non-performing loans in accordance with the Central Bank of Jordan Instructions Number (47/2009).

- We assessed the consolidated financial statement disclosures to ensure compliance with IFRS 7 and IFRS 9 as amended by the Central Bank of Jordan instructions. We have also ensured completeness and accuracy of the disclosures by verifying the information to accounting records.

- Seized Assets by the Bank against Debts

Assets seized by the bank are measured at acquisition value or fair value, whichever is lower. As of the consolidated statement of financial position date, these assets are revalued individually at fair value based on approved bases and methods according to the requirements of the international Financial Reporting Standards as amended by the Central Bank of Jordan instructions. Any related Impairment in their value is recorded based on recent real estate evaluations and approved by certified real estate appraisers.

Due to the importance of these estimates and assumptions adopted in estimating the fair value, they are considered as significant risks that could cause a material misstatement in the consolidated financial statements that may arise from the inaccuracy of the estimates used to determine the fair value and any impairment losses.

As disclosed in Note (13) to the consolidated financial statements, the seized assets held by the Bank against debts amounted to JD 136,505,006 as of 31 December 2019.

We have performed the following procedures to assess the reasonableness of the management's estimates of the fair value and any impairment:

- Evaluated management's methodology in estimating the fair value of seized assets against debts.
- Reviewed reports of independent real estate appraisers assigned by the management to value those assets.
- Evaluate the independence and competence of the appraisers assigned by the bank's management.
- Comparing the actual selling prices with the carrying book value of the properties as of 31 December 2019.
- Assessed the adequacy of the disclosure about the assets seized by the bank against debts in Note (13).

Other information

The Directors are responsible for the other information. The other information comprises all the other information included in the Group's annual report for the year 2019 (but does not include the consolidated financial statements and our auditor's report therein), which is expected to be made available to us after the date of this auditor's report.
Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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.
When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of directors and those charged with governance for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as amended by the Central Bank of Jordan instructions, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it 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 Group's internal control.

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

The Group maintains proper accounting records that are in agreement with the accompanying consolidated financial statements. We recommend that the General assembly of the Shareholders approve these consolidated financial statements.

For and on behalf of PricewaterhouseCoopers "Jordan" L.L.C.

Certified Public Accountants
pwc
Amman - Jordan

Hazem Sababa
License No. (802)

Amman, Jordan
27 February 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018

	Note	2019	2018
Assets		**JD**	**JD**
Cash and balances at central banks	4	402,004,690	210,936,892
Balances at banks and financial institutions	5	134,085,678	215,594,692
Deposits at banks and financial institutions	6	217,231	8,750,300
Direct credit facilities - net	7	1,573,776,716	1,632,672,467
Financial assets at fair value through other comprehensive income	8	96,124,306	127,683,431
Financial assets at amortised cost	9	308,656,110	293,048,859
Property and equipment, net	10	26,711,598	26,106,712
Intangible assets, net	11	1,357,766	3,020,319
Deferred tax assets	19	31,137,943	29,918,911
Other assets	13	163,332,131	170,218,835
Right of use assets	12	14,278,048	-
Assets held for sale, net	46	4,318,694	3,493,721
Total assets		**2,756,000,911**	**2,721,445,139**
Liabilities and Owners' Equity			
Liabilities:			
Bank and financial institutions deposits	14	141,237,514	223,387,840
Customers deposits	15	1,866,092,506	1,785,172,783
Cash margins	16	82,178,622	94,713,087
Borrowed funds	17	102,207,464	83,458,298
Other Porvisions	18	12,408,652	11,540,044
Provision for income tax	19	14,760,848	12,053,013
Deferred tax liabilities	19	3,489,800	4,231,861
Other liabilities	20	59,542,151	60,644,778
Lease liabilites	12	13,245,180	-
Liabilities directly related to assets held for sale	46	1,305,735	681,626
Total liabilities		**2,296,468,472**	**2,275,883,330**
Owners' Equity			
Equity – Bank Shareholders:			
Authorized and paid-in capital	21	100,000,000	100,000,000
Statutory reserve	22	96,043,640	91,350,185
Voluntary reserve	22	181,023,362	171,636,452
Financial assets valuation reserve - net of tax	23	2,296,466	4,160,518
Equity directly related to assets held for sale	46	(17,829)	(17,829)
Retained earnings	24	80,186,800	78,432,483
Total Owners' Equity		**459,532,439**	**445,561,809**
Total Liabilities and Owners' Equity		**2,756,000,911**	**2,721,445,139**

The accompanying notes from 1 to 46 constitute an integral part of these consolidated financial statements and should be read with the independent auditor's report

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018

	Note	2019	2018
		JD	JD
Interest income	26	152,228,944	146,443,509
Less: Interest expense	27	62,373,111	55,498,598
Net interest income		89,855,833	90,944,911
Net commission income	28	11,035,726	11,400,650
Net interest and commissions income		100,891,559	102,345,561
Foreign currency income	29	3,345,425	3,960,557
Gain on sale of financial assets at fair value through statement of comprehensive income	8	91,329	2,379,579
Cash dividends from financial assets at fair value through comprehensive income	8	1,878,337	1,262,957
Gain on sale of external branches		-	1,280,419
Other income	30	16,468,794	13,459,256
Gross income		**122,675,444**	**124,688,329**
Employees' expenses	31	27,843,261	26,709,630
Depreciation and amortization	10 and 11	6,575,780	6,309,945
Provision of impairment loss in direct credit facilities	7	14,003,821	2,328,885
(Recoverable) credit losses expected to be indirect	44	290,843	(4,789,575)
(Recoverable) credit losses expected by banks	4, 5 and 6	(30,279)	(63,645)
(Recoverable) expected losses on investments	8 and 9	(391,011)	(146,720)
Other provisions	18	3,875,582	2,023,201
Other expenses	32	23,572,901	36,467,223
Total expenses		**75,740,898**	**68,838,944**
Income for the year before income tax		**46,934,545**	**55,849,385**
Less: Income tax expense	19	(16,869,524)	(13,967,820)
Income for the Year from continuous operations		30,065,021	41,881,565
Net (loss) profit from non-continuous operations	46	(127,402)	261,943
Income for the year		**29,937,619**	**42,143,508**
Pertains to:			
Bank's shareholders		29,937,619	42,143,508
Earnings per Share for the Year Attributable to the Bank's Shareholders;			
Basic and diluted	33	0.299	0.421
Earnings per Share from continuing operations for the Year Attributable to the Bank's Shareholders;			
Basic and diluted	33	0.301	0.419
Earnings (losses) per Share from non-continuing operations for the Year Attributable to the Bank's Shareholders;			
Basic and Diluted	33	(0.001)	0.003

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
	JD	JD
Income for the year	29,937,619	42,143,508
Other comprehensive income items		
Items subsequently transferable to the consolidated statement of income:		
Net change in financial assets at fair value valuation reserve net of tax - debt instruments	3,634,818	(3,999,023)
Items not subsequently transferable to consolidated statement of income:		
Net change in financial assets at fair value valuation reserve net of tax - equity instruments	398,194	216,088
Total comprehensive income for the year	**33,970,631**	**38,360,573**
Total Comprehensive Income for the Year Pertains to:		
Bank's shareholders	33,970,631	38,360,573
Total	**33,970,631**	**38,360,573**

The accompanying notes from 1 to 46 constitute an integral part of these consolidated financial statements and should be read with the independent auditor’s report

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018

Description	Authorized and Paid-up Capital	Reserves				«Financial Assets Valuation Reserve - Net of Tax»	Equity directly related to assets held for sale	Retained earnings	Total
		Statutory	Voluntary	Pro-Cyclicality	General banking risks				
For the year ended 31 December 2019	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	100,000,000	91,350,185	171,636,452	-	-	4,160,518	(17,829)	78,432,483	445,561,809
Income for the year	-	-	-	-	-	-	-	29,937,619	29,937,619
Net change in financial assets at fair value- net of tax	-	-	-	-	-	4,033,012	-	-	4,033,012
Realized from financial assets at fair value through comprehensive income	-	-	-	-	-	(5,897,063)	-	5,897,063	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(1,864,052)**	**-**	**35,834,682**	**33,970,630**
Transferred to reserves (note 25)	-	4,693,455	9,386,910	-	-	-	-	(14,080,365)	-
Paid dividends	-	-	-	-	-	-	-	(20,000,000)	(20,000,000)
Balance - End of the Year	**100,000,000**	**96,043,640**	**181,023,362**	**-**	**-**	**2,296,466**	**(17,829)**	**80,186,800**	**459,532,439**
For the year ended 31 December 2018	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	100,000,000	86,034,401	160,466,574	227,597	14,288,875	8,135,930	(17,829)	99,275,774	468,411,322
Effect of application of IFRS 9 - Net after tax	-	-	-	-	-	-	-	(41,210,085)	(41,210,085)
Adjusted balance - beginning of the year	**100,000,000**	**86,034,401**	**160,466,574**	**227,597**	**14,288,875**	**8,135,930**	**(17,829)**	**58,065,689**	**427,201,237**
Income for the year	-	-	-	-	-	-	-	42,143,508	42,143,508
Net change in financial assets at fair value- net of tax	-	-	-	-	-	(3,782,935)	-	-	(3,782,935)
Realized from financial assets at fair value through comprehensive income	-	-	-	-	-	(192,477)	-	192,477	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(3,975,412)**	**-**	**42,335,984**	**38,360,573**
Transferred from general banking risks	-	-	-	-	(14,288,875)	-	-	14,288,875	-
Transferred to reserves (note 25)	-	5,315,784	11,169,878	(227,597)	-	-	-	(16,258,065)	-
Paid dividends	-	-	-	-	-	-	-	(20,000,000)	(20,000,000)
Balance - End of the Year	**100,000,000**	**91,350,185**	**171,636,452**	**-**	**-**	**4,160,518**	**(17,829)**	**78,432,483**	**445,561,809**

- Retained earnings includes an amount of JD 31,137,943 as of December 31, 2018 (against JD 29,918,911 as of December 31, 2018) restricted, according to the Central Bank of Jordan instructions, against deferred tax assets.
- Retained earnings includes an amount of JD 3,537,266 as of December 31, 2019 (against JD 3,537,266 as of December 31, 2018) restricted against the effect of adopting International Financial Reporting Standard No. (9) according to the Jordan Securities Commission instructions in relation to the unrealized revaluation of financial assets at fair value through profit or loss, net of amounts recognized through sales.
- "In accordance with the Central Bank of Jordan instructions No. 2018/13, the accumulated balance of the general bank risk reserve item of JD 14,288,875 as at 1 January 2018 was transferred to the retained earnings item in recognition of the effect of IFRS 9, Clearing."
- Use of credit financial assets valuation reserve is restricted and requires the pre-approval of the Central Bank of Jordan.

The accompanying notes from 1 to 46 constitute an integral part of these consolidated financial statements and should be read with the independent auditor's report

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018

	Note	2019	2018
		JD	JD
Cash flows from operating activities:			
Income for the year before income tax		46,934,545	55,849,385
Net (loss) gain from non-continuous operations		(127,402)	261,943
Adjustments:			
Depreciation and amortisation	11 and 10	6,575,780	6,309,945
Provision for impairment in direct credit facilities	7	14,003,821	2,328,885
Provision (recoverable) credit losses expected to be indirect	44	290,843	(4,789,575)
(Recoverable) credit losses expected by banks	4, 5 and 6	(30,279)	(63,645)
Recoverable expected losses on investments	8 and 9	(391,011)	(146,720)
Net interest income		(420,391)	(4,327,882)
Provision for staff indemnity	18	2,227,728	1,592,301
Provision for lawsuits against the Bank and contingent claims	18	1,647,854	430,900
(Gain) Loss on sale of assets seized by the Bank	30	(52,050)	644,017
(Gain) sale of property and equipment	30	(350)	(3,096)
Gain on sale of financial assets at fair value through statement of comprehensive income		(91,329)	(2,379,579)
(Recoverable form) Provisions on seized assets	13 and 30	(2,410,542)	8,887,554
Amortisation of the right of use assets	12	2,283,613	-
Effect of exchange rate fluctuations on cash and cash equivalents	29	(7,461)	(557,665)
Total		**70,433,369**	**64,036,768**
Change in assets and liabilities:			
Decrease (increase) in deposits at banks and financial institutions		8,563,348	(2,563,919)
Decrease (increase) in direct credit facilities		44,891,930	(121,014,523)
Decrease in other assets		24,007,415	20,636,021
(Increase) decrease in assets held for sale		(824,973)	668,312
Increase (decrease) in banks and financial institutions deposits due after three months		39,704,000	(34,774,816)
Increase (decrease) in customers deposits		80,919,723	(23,136,151)
Decrease in cash margins		(12,534,465)	(1,466,609)
Decrease in other liabilities		(18,700,842)	(2,015,143)
Increase in liabilities directly related to assets held for sale		624,109	19,832
Net change in assets and liabilities		**166,650,246**	**(163,646,996)**
Net cash flows generated from (used in) operating activities before paid income tax and provisions		**237,083,615**	**(99,610,228)**
End-of-service indemnity paid	18	(992,157)	(1,379,705)
Lawsuits provision paid	18	(2,014,817)	(24,581)
Income tax paid	19	(15,380,721)	(15,656,643)
Net cash flows generated from (used in) operating activities		**218,695,920**	**(116,671,157)**
Cash flows from investing activities:			
Right of use assets		(16,561,661)	-
Leased liabilites		13,245,180	-
(Increase) decrease in financial assets at amortized cost		(15,216,240)	71,327,834
Decrease (increase) in financial assets at fair value through comprehensive income		34,941,405	(3,863,688)
Increase in property, equipment and intangible assets		(5,517,763)	(949,715)
Equity directly related to assets held for sale		624,109	-
Net cash flows generated from investing activities		**11,515,030**	**66,514,431**
Cash flows from financing activities:			
Increase in borrowed funds		18,749,166	3,320,325
Dividends paid to shareholders		(19,344,781)	(19,204,957)
Net cash used in finance activities		**(595,615)**	**(15,884,632)**
Effect of exchange rate fluctuations on cash and cash equivalents		7,461	557,665
Net increase (decrease) in cash and cash equivalents		**229,622,795**	**(65,483,693)**
Cash and cash equivalents - beginning of the year		207,432,021	272,915,714
Cash and cash equivalents - end of the year	**34**	**437,054,816**	**207,432,021**

The accompanying notes from 1 to 46 constitute an integral part of these consolidated financial statements and should be read with the independent auditor's report

1- General information

Jordan Kuwait Bank was established as a Jordanian public shareholding company limited under number (108) on 25 October 1976 in accordance with the Jordanian Companies Law No. (13) for the year 1964. The Bank›s Head Office address is as follows: Omaya Bin Abdshams Street, Abdali – Amman. Tel. +962 (6) 5629400, P.O. Box 9776, Amman – 11191 Jordan.

The Bank is engaged in all banking and financial related operations through its branches totalling 64 branches inside Jordan, one foreign branch, and two subsidiaries for leasing and financial consulting.

Jordan Kuwait Bank is a public shareholding company limited and is listed in Amman Stock Exchange.

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

The consolidated financial statements have been approved by the Bank's Board of Directors on 18 February 2020.

2- Summary of significant accounting policies

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

2.1 Basis of preparation

The accompanying consolidated financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards modified according to the Central Bank of Jordan instructions and arrangements with regards to the calculation of the provision for impairment loss for one of direct credit facilities customer. At the same time, the financial statements of the subsidiary companies have been prepared in accordance with the standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the Committee of the IASB.

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

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

The accounting policies adopted in the consolidated financial statements are consistent with the accounting policies adopted for the year ended 31 December 2018 except for the effect of application of Note 2.2 to the consolidated financial statements.

The main differences between the IFRSs as they must be applied and what has been approved by the Central Bank of Jordan are the following:

- Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan (No. 13/ 2018) "Application of the IFRS (9)" dated 6 June 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter. The significant differences are as follows:
    1. Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit losses.
    2. When calculating credit losses against credit exposures, the calculation results are compared according to the IFRS (9) under the instructions of the Central Bank of Jordan No. (47/2009) of 10 December 2009 for each stage separately and the stricter results are taken.
- Interest and commissions are suspended on non-performing credit facilities granted to clients in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter.

Assets seized by the Bank appear in the consolidated statement of financial position within other assets at the lower of amount reverted to the Bank or the fair value, and are reassessed on the date of the consolidated financial statements individually. Any impairment in their value is recorded as a loss in the consolidated statement of profit or loss and the increase is not recorded as revenue. The subsequent increase is taken to the consolidated statement of profit or loss to the extent that it does not exceed the value of the previously recorded impairment. As of the beginning of 2015, a gradual provision was made for real estate acquired for more than 4 years against debts according to the Circular of the Central Bank of Jordan No. 15/1/4076 dated 27 March 2014 and No. 10/1/2510 dated 14 February 2017. Noting that the Central Bank of Jordan issued Circular No. 10/1/13967 dated 25 October 2018, in which the Circular No. 10/1/16607 dated 17 December 2017 confirmed to defer the calculation of the provision until the end of 2019. According to the Central Bank's Circular No. 10/1/16239 dated 21 November 2019, deduction of the required provisions against real estate acquired is made at the rate of (5%) of the total book values of these properties (regardless of the duration of violation) as of the year 2021, so that the required percentage of 50% of these properties are reached by the end of the year 2029.

Additional provisions are calculated in the consolidated financial statements against some of the Bank›s external investments in some neighbouring countries.

These consolidated financial statements are the first statements to which IFRS (16) "Leases" is applied. The most significant changes in accounting policies are explained in Note 2-2.

2.2 Changes in accounting policies and disclosures

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

New and amended standards and interpretations issued and adopted by the Group for the first time effective for the financial year beginning on 1 January 2019:

- Amendments to IAS 19 'Employees' benefits':
- Annual improvements to the IFRSs issued during the years 2015-2017

Improvements to IFRS (3) include "Business combination", and IFRS (11) "Joint arrangements" and IAS (12) "Income taxes" and IAS (23) "Borrowing costs".

- IFRS 9 "Financial instruments"

Nature of change: The amendment allows for more assets to be measured at amortised cost more frequently compared to the previous version of IFRS 9, in particular for some prepaid financial assets. The amendment also confirms that the adjustments in financial liabilities will result in immediate recognition of profit or loss.

- IFRIC 23 'Uncertainty over income tax treatments':

IFRIC 23 explains the determination of taxable profit (tax loss), tax bases, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

1. Whether tax treatments should be considered collectively.
2. Assumptions of tax authorities.
3. Determination of tax profit (tax loss), tax bases, unused tax losses and tax rates.
4. Impact of changes in facts and circumstances.

- IFRS 16 "Leases":

Nature of change: IFRS 16 was issued in January 2016. The standard recognised all leases in the consolidated statement of financial position, where the distinction between operating and financing leases is removed. Under this standard, the asset (the right to use the leased item) and the financial liability for lease payments will be recognised except for short-term and low-value leases. With respect to accounting of lessors, there is no significant change.

Impact: The standard will affect primarily the accounting for the Group's operating leases.

Mandatory date of application: Mandatory for financial years beginning on or after 1 January 2019. The Group has applied the simplified transition approach so that the comparative amounts for the previous year have not been restated.

All contracts that are processed within this standard represent the locations of the Bank›s branches and subsidiaries in addition to ATMs.

Assets that are included in the consolidated statement of financial position are amortised using the straight-line method over the expected period of time to use the asset and for each asset separately.

Leases were previously treated as operating leases in accordance with IAS (17) and recorded as lease expense for the period in the consolidated statement of income.

As at 1 January 2019, the Group had non-cancellable operating lease obligations of JD 15.426.485.

The impact on the consolidated statement of income is to reduce the lease expense by an amount of JD 2.923.578, increase the depreciation expense by an amount of JD 2,283,613 and increase the interest expense by an amount of JD 1,172,812.

The following is a reconciliation between the value of operating lease obligations in accordance with IAS 17 and the opening balance of a liability item against operating leases in accordance with IFRS 16:

Item	As at 1 January 2019
Operating lease obligations as at 31 December 2018	21,669,257
Deduction of operating lease obligations, using the additional lessee's borrowing rate	6,242,772
Operating lease obligations as at 1 January 2019	**15,426,485**
Less: Obligations settled during the year	2,181,304
Operating lease obligation as at 31 December 2019	**13,245,180**
Including:	
Operating lease obligations due within a period of less than one year	765,213
Operating lease obligations due within a period of more than one year	12,479,967

Movement on the right of use of leased assets:

Item	As at 1 January 2019
Adjusted balance as at 1 January 2019	**16,561,661**
Less: Depreciation during the year	2,283,613
Right of use assets as at 31 December 2019	**14,278,048**

Below are the balance of the financial position related to operating leases:

Item	31 December 2019	1 January 2019
Right of use assets	14,278,048	16,561,661
Operating lease obligations	13,245,180	15,426,485

Leases are recognised as the right of use assets and corresponding liabilities are recognised on the date that the leased assets are available for the Group's use. Each lease payment is distributed between the obligation and finance cost. Finance cost is charged to the consolidated statement of income over the term of the lease to obtain a constant periodic rate of interest payable on the remaining balance of liabilities for each period. Depreciation is calculated on the right to use assets over the useful life of the asset or lease term, whichever is shorter, using the straight-line method.

Assets and liabilities arising from leases are measured based on the present value. Lease assets include the net present value of the following lease payments:

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

Operating lease commitments are measured at the present value of the remaining lease payments, where the lease payments are deducted using the interest rate included in the lease. If this rate cannot be determined, the additional borrowing rate of the lessee, which is the rate at which the lessee must pay to borrow funds to obtain an asset of similar value in a similar economic environment, is used on similar terms and conditions.

The right of use assets are asset measured at cost, which includes the following:

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

Payments relating to short term leases and low value assets are recognised on a straight line basis as an expense in the consolidated statement of income. Short-term leases are 12 months or less.

The Group implemented IFRS (16) using the simplified transition approach as of 1 January 2019 and the Group did not reissue the 2018 financial statements under the transitional provisions specified in the standard.

New and revised standards and interpretations issued and not yet in effect:

The Group did not implement the following new and revised IFRSs, which are issued but not yet effective, as at the date of the consolidated financial statements, and their details are as follows:

Amendments to IAS 1 'Presentation of financial statements'. These amendments relate to the definition of materiality.

Amendments to IFRS (3) "Business combinations".

These amendments clarify the definition of business as the revised International Accounting Standards Board (IASB) published the revised the "Conceptual framework for financial reporting". This includes the revised definitions of assets and liabilities, as well as new guidance on measurement, de-recognition, presentation and disclosure.

In addition to the revised conceptual framework, the IASB issued amendments to the references for the conceptual framework in the IFRSs, as the document contains amendments to IFRSs (2, 3, 6 and 14) and IASs (1, 8, 34, 37 and 38) and the IFRICs (12 and 19, 20 and 22) and SIC (32) in order to update these pronouncements regarding references and quotations from the framework or to indicate what they refer to.

Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures (2011)". The effective date has been postponed indefinitely, and adoption is still permitted.

These amendments relate to the transaction to sell or contribute assets from the investor to the associate or joint venture.

The management expects the application of these new standards, interpretations, and amendments to the Group's consolidated financial statements when applicable, and the adoption of these new standards, interpretations and amendments may not have any material impact on the Group's consolidated financial statements in the initial application period.

2.3 Basis of consolidation of financial statements

The consolidated financial statements include the financial statements of the Group and the companies under its control (its subsidiaries), and control is achieved when the Group:

- power over an investee,
- is exposed, or has rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect the amount of the investor'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 three elements of control listed above.

When the Bank has less than a majority of the voting rights of an investee, 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. 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 Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders and other parties;
- rights raising 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 and previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and/or ceases when the Bank loses control over the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Profit or loss of each component of other comprehensive income is attributable to the owners of the Bank and to the non-controlling interests. Total comprehensive income of subsidiaries is attributable to the owners of the Bank and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Bank's accounting policies. All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Bank are eliminated in full on consolidation.

Non-controlling interests in the subsidiaries are determined separately from the Bank's equity in these entities. The non-controlling interests of the shareholders currently present in the equity granted to their owners with a proportionate share of the net assets upon liquidation may be measured initially at fair value or by the proportionate share of non-controlling interests in the fair value of the identifiable net purchase amount of assets. The measurement is selected on an acquisition basis. Other non-controlling interests are initially measured at fair value. After acquisition, the carrying value of non-controlling interests is the value of these interests upon initial recognition, in addition to the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributable to the non-controlling interests even if that results in a deficit in the non-controlling interests balance.

Changes in the Bank's interest in subsidiaries that do not result in loss of control are accounted for as equity transactions. The present value of the Bank's and non-controlling interests are adjusted to reflect changes in their relative shares in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Bank.

When the Bank loses control of a subsidiary, the profit or loss resulting from the disposal is calculated in the statement of profit or loss, with the difference between (1) the total fair value of the consideration received and the fair value of any remaining shares and (2) the present value of the assets (including goodwill), less the liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in the consolidated other comprehensive income in relation to that subsidiary are accounted for as if the Bank had directly disposed of the assets or liabilities related to the subsidiary.

The fair value of the investment that is held in the previous subsidiary at the date of loss of control is considered to be the fair value upon initial recognition of subsequent accounting under IFRS (9) "Financial instruments" when the provisions of this standard apply, or the cost of initial recognition of investment in an associate or a joint venture.

The Bank has the following subsidiaries as at 31 December 2019 and 31 December 2018:

Name of the company	Paid in capital	Percentage of Bank's ownership	Nature of Company's operations	Place of business	Date of Ownership
	JD	%			
Ejara Finance Leasing Company	20,000,000	100	Finance lease	Amman	2011
Specialised Managerial Company for Investment and Financial Consultation	530,000	100	Management of issues and financial consultations	Amman	2016

The result of operations of the subsidiaries are consolidated in the consolidated statement of income from the date of their ownership which is the date on which the control on the subsidiaries is actually transferred to the Bank. The results of disposed operations of subsidiaries are consolidated in the consolidated statement of income up to the disposal date, which is the date on which the Bank loses control over the subsidiaries.

The financial statements of the subsidiaries are prepared for the same financial year of the Bank, using the same accounting policies used by the Bank. If the accounting policies adopted by the subsidiaries are different, the required adjustments are made on the financial statements of the subsidiaries to be consistent with the policies. If separate financial statements are prepared for the Bank as an independent entity, the investments in subsidiaries are stated at cost.

2.4 Segment information

The business segment represents a group of assets and operations that jointly provide products or services subject to risks and returns that are different from those related to other business segments and that are measured according to the reports that are used by the executive managers and decision makers in the Bank.

A geographical segment is associated with the provision of products or services in a particular economic environment that is subject to risks and rewards different from those related to segments operating in other economic environments.

2.5 Financial instruments

Initial recognition of measurement:

Financial assets and financial liabilities are recognised in the consolidated statement of financial position of the Bank when the Bank becomes a party to the contractual provisions of the instrument and loans and advances to customers are recognised if they are credited to the customers' account.

Financial assets and liabilities are measured initially at fair value, and transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities are added to the fair value of the financial assets or financial liabilities, or deducted therefrom, as necessary, upon initial recognition. Transaction costs that are directly related to the acquisition of financial assets or financial liabilities at fair value through the consolidated statement of income are recognised directly in the consolidated statement of income.

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

- When the 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, the difference is recognised in the consolidated statement of income on initial recognition (i.e. profit or loss on the first day).
- In all other cases, the fair value is adjusted to align with the transaction price (i.e. day 1 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 released to the consolidated statement of income on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability, or upon the de-recognition of such instrument.

Initial recognition:

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

Subsequent measurement:

All recognised financial assets that are within the scope of IFRS (9 are required to be subsequently measured at amortised 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:

- Financing instruments held in the business model that aims to collect contractual cash flows, and which have contractual cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, and are subsequently measured at amortised cost;
- Financing instruments held within the business model that aim to both collect contractual cash flows and sell debt instruments, which have contractual cash flows, are SPPI on the principal amount outstanding, and are subsequently measured at fair value through other comprehensive income;
- All other financing instruments (such as debt instruments managed on fair value basis, or held for sale), and equity investments are subsequently measured at fair value through the consolidated statement of income.

However, the Bank can take a non-cancellable option/ determination after initial recognition of the financial asset on an asset-by-asset basis, as follows:

- The Bank can take the non-cancellable option by including subsequent changes in the fair value of the investment in equity that is not held for trading or a possible replacement recognised by the buyer within the business combination to which the IFRS (3) applies, in other comprehensive income;

- The Bank can determine in a non-cancellable manner the financing instruments that meet the criteria of amortised cost or fair value through other comprehensive income as measured by the fair value through the consolidated statement of income if it eliminates or significantly reduces mismatches in accounting (referred to as the fair value option).

Debt instruments at amortised cost or at fair value through other comprehensive income:

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

The contractual terms of the asset that is classified and measured at amortised cost or at FVTOCI, should give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding.

For the purpose of the SPPI test, the 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 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 options and risks, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

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

Business model assessment:

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

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

On initial recognition of the financial asset, the Bank determines whether the recently recognised financial assets are part of an existing business model or whether it reflects the beginning of a new business model. The Bank reassesses its business models in each reporting period to determine whether the business models have changed since the previous period.

When a debt instrument that is measured at fair value through other comprehensive income is derecognised, the cumulative gain/ loss previously recognised in other comprehensive income in equity is reclassified to the consolidated statement of income. On the other hand, as for equity investment measured at fair value through other comprehensive income, the cumulative gain/ loss previously recognised in other comprehensive income is not subsequently reclassified to the consolidated statement of income but is rather transferred directly within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are tested for impairment.

Financial assets - assessing whether contractual cash flows are solely payments of principal and interest (SPPI):

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether contractual cash flows are only SPPI, the Bank has considered the contractual terms of the instrument. This includes assessing whether the financial assets involve a contractual period that can change the timing or amount of contractual cash flows and therefore they do not meet the conditions of SPPI. In making this assessment, the Bank considers:

- Contingent events that change the amount or timing of cash flows.
- Prepaid features and the possibility to extend.
- Terms that limit the Bank's claim to cash flows from specified assets.

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

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

- Assets of contractual cash flows, and which have are not (SPPI); or
- Assets held within the business model other than those held to collect contractual cash flows or held for collection and sale; or
- Assets designated at fair value through the consolidated statement of income using fair value option.

These assets are measured at fair value, and any gains/ losses arising from re-measurement are recognised in the consolidated statement of income.

Reclassification:

If the business model, under which the Bank holds financial assets, changes, the financial assets that were 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 that results in reclassifying the Bank's financial assets. Changes in contractual cash flows are considered within the framework of the accounting policy for the amendment and exclusion of financial assets set out below.

Foreign exchange gains and losses

The carrying amount of financial assets recorded in foreign currency is determined and translated at the rates prevailing at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in the statement of income of profit or loss;
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in the statement of profit or loss. Other exchange differences are recognised in OCI in the investments revaluation reserve;
- For financial assets measured at amortised cost through the statement of profit or loss that are not part of a designated hedging relationship, gains and losses of exchange differences are recognised in the statement of profit or loss; and

- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income within investments revaluation reserve.

Fair value option

A financial instrument with a fair value can be measured reliably at fair value through the statement of profit or loss (fair value option) upon initial recognition, even if the financial instruments are not acquired or incurred primarily for the purpose of selling or repurchasing. The fair value option for financial assets can be used if it substantially eliminates or reduces the inconsistency of the measurement or recognition that would otherwise have arisen from the measurement of assets or liabilities, or the recognition of related profit and loss on a different basis ("accounting mismatch"). The fair value option for financial liabilities can be chosen in the following cases:

- If the choice leads to the cancellation or substantially reduces accounting mismatch;
- If the financial liabilities are part of a portfolio managed on a fair value basis, according to a documented risk or investment management strategy; or
- If there is a derivative that is included in the host financial or non-financial contract and the derivative is not closely related to the host contract.

These tools cannot be reclassified to fair value through the consolidated statement of income while they are held or issued. Financial assets designated at fair value through the statement of profit or loss are recorded at fair value with any unrealised gains or losses arising from changes in the fair value recognised in investment income.

2.6 Expected credit losses

The Bank recognises loss allowances for expected limit loss on the following financial instruments that are not measured at fair value through the statement of profit or loss:

- Balances and deposits with banks and financial institutions.
- Direct credit facilities (loans and advances to customers).
- Financial assets at fair value through the statement of comprehensive income.
- Financial assets at amortised cost (debt instruments securities).
- Exposures off the statement of financial position that are subject to credit risk (issued financial guarantee contracts).

Impairment loss is not recognised in equity instruments.

With the exception of financial assets originated or purchased that have low credit value (which are considered separately below), ECL are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that can be realised within 12 months after the reporting date, referred to in Stage 1; or
- 12-month ECL, i.e. lifetime ECL that result from those possible default events over the age of the financial instrument, referred to in Stage 2 and Stage 3.

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

ECL 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, which arise from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

For the limits not utilised, the expected credit loss is the difference between the present value of the difference between the contractual cash flows due to the Bank if the borrower withdraws the financing and the cash flows that the Bank expects to receive if the financing is utilised; and

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

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

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 faced by borrower or issuer;
- Breach of contract, for example, default or delay in payment;
- The Bank grants the borrower a waiver for economic or contractual reasons related to the borrower's financial difficulty;
- The disappearance of an active market for that financial asset 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 amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

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

Purchased or originated credit-impaired' (POCI) financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Bank recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in the statement of profit or loss. A favourable change for such assets creates an impairment gain.

Definition of default

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

The Bank considers the following as an event of default:

- The borrower defaults for 90 days or more on any significant credit obligation to the Bank; or
- The borrower is unlikely to pay his credit obligations to the of 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 of another obligation to the same counterparty are key inputs in this analysis. The Bank uses a variety of sources of information to assess default which are 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 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 will measure the loss allowance based on lifetime rather than 12-month ECL.

The Bank will not consider that financial assets with 'low' credit risk at the reporting date did not have 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 that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. 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 financing, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, that can be obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as taking into consideration various internal and external sources of actual and forecast economic information.

For retail financing, forward looking lending 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 behaviour. The Bank allocates its counterparties to a relevant credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- The remaining lifetime PD at the date of reporting; and
- The remaining lifetime PD at a point in time that was estimated based on facts and circumstances at the initial recognition of the exposure.

The PDs are considered forward-looking, and the Bank uses the same methodologies and data used to measure the expected credit loss provisions.

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

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

Modification and de-recognition of financial assets

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

The Bank renegotiates loans with customers who face financial difficulties to increase collection and reduce the risk of default. The terms of repayment of the loan are facilitated in cases where the borrower has made all reasonable efforts to pay under the original contractual terms, and an important risk of default or default has occurred and it is expected that the borrower will be able to fulfil 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 a waiting policy that applies to corporate and individual lending.

When a financial asset is modified, the bank assesses whether this amendment leads to de-recognition. As per the Bank's policy, the modification leads to de-recognition when it causes a significant difference in the terms.

- Qualitative factors, such as the non-existence of contractual cash flows after modification as SPPI, change in currency or change in the counterparty, or extent of change in interest rates, maturity, or covenants. If this does not clearly indicate a fundamental modification, then;
- Conducting a quantitative evaluation to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows in accordance with the revised terms, and deduct both amounts based on the original effective interest.

In the case where the financial asset is derecognised, the loss allowance for ECL is remeasured at the date of de-recognition 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 de-recognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated as credit- impaired. This applies only in the case where the fair value of the new loan is recognised 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 de-recognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

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

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

ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

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

The Bank derecognises a financial asset only when the contractual rights to the asset's cash flows expire, 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 recognises 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 recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition 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 recognised in OCI and accumulated in equity is recognised in the statement of profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/ loss previously recognised in OCI is not subsequently reclassified to the statement of profit or loss.

Write-offs

Financial assets are written off when there is no reasonable expectation of recovery, such as the customer not participating in a payment plan with the Bank. The Bank classifies the funds or amounts due for write-off after exhausting all possible payment methods. However, if the financing or receivable is written off, the Bank continues the enforcement activity to try to recover the outstanding receivables, which are recognised in the consolidated statement of profit or loss upon recovery.

Loss allowances for ECL presented in the consolidated statement of financial position as follows

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- For debt instruments measured at FVTOCI: no loss allowance is recognised 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;
- Loan commitments and financial guarantee contracts: as a provision; and
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Financial liabilities and equity

Issued Debt and equity instruments 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 that are potentially unfavourable 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.

2.7 Loans and advances

The "loans and advances" included in the statement of financial position comprise the following:

- Loans and advances measured at amortised cost; initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortised cost using the effective interest method;
- Loans and advances, which are measured at fair value or designated as at fair value through the consolidated statement of income; are measured at fair value with changes recognised immediately in profit or loss; and
- Interest and commissions are suspended on non-performing credit facilities granted to clients in accordance with the instructions of the Central Bank of Jordan.
- Credit facilities and their suspended interest covered by provisions are transferred entirely off the consolidated statement of financial position, in accordance with the decisions of the Board of Directors in this regard.

When the Group purchases a financial asset and concludes an agreement simultaneously to resell the asset (or a substantially similar asset) at a fixed price at a later date (repurchase or borrowing shares), the consideration paid is calculated as a loan or advance, and the asset is not recognised in the Group's financial statements.

Equity instruments

Share 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 recognised at the proceeds received, net of direct issue costs.

Financial liabilities

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

Financial liabilities at fair value through the statement of profit or loss

Financial liabilities are classified at fair value through the statement of profit or loss when financial liabilities (1) are held for trading or (2) are classified at fair value through the statement of profit or loss. A financial liability is classified as held for trading if:

- It is incurred principally for the purpose of repurchasing in the near term;
- Upon initial recognition it is part of a portfolio of identified financial instruments that the Bank manages 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 the purpose of trading or the potential consideration that a buyer may pay as part of a business combination at fair value is determined through the statement of profit or loss upon initial recognition if:

- This designation substantially eliminates or reduces the inconsistency of the measurement or recognition that may otherwise arise;
- 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
- If the financial obligation forms part of a contract that contains one derivative or more. IFRS 9 allows a fully hybrid contract (composite) to be determined at fair value through the consolidated statement of income.

Financial liabilities at fair value through the statement of profit or loss are stated at fair value. Any gains or losses arising on remeasurement are recognised in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/ loss recognised in the statement of profit or loss includes any interest paid on the financial liabilities and is incorporated in the item "net profit or loss from other financial instruments" at fair value through the consolidated statement of income.

However, in respect of non-derivative financial liabilities classified at fair value through the statement of profit or loss, the amount of the change in the fair value of the financial liabilities that resulted from changes in the credit risk of those liabilities is recognised in other comprehensive income, unless recognition of the effects of changes in the credit risk of liabilities in other comprehensive income would create or increase accounting mismatch in the consolidated statement of profit or loss. The remaining amount of changes in the fair value of the liability is recognised in the consolidated statement of profit or loss, and changes in the fair value attributable to the credit risk of financial liabilities recognised in other comprehensive income are not reclassified subsequently to the statement of profit or loss. Instead, it is transferred to retained earnings upon de-recognition of the financial liability.

With regard to liabilities for issued loans and financial guarantee contracts classified as fair value through the statement of profit or loss, all gains and losses are recognised in the consolidated statement of profit or loss.

When determining whether recognition of changes in the credit risk of liabilities in other comprehensive income will create or increase the accounting mismatch in the consolidated statement of profit or loss, the Bank assesses whether it expects to offset the effects of changes in the credit risk of the liabilities in the consolidated statement of profit or loss with a change in the fair value of another financial instrument that has been measured at fair value through the consolidated statement of profit or loss.

Other Financial Liabilities

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

The effective interest method is a method for calculating the amortised cost of a financial liability and allocating interest expenses over the relevant period. An effective interest rate is the rate that exactly discounts estimated future cash payments during the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount at initial recognition to obtain details on the effective interest rate.

De-recognition of financial liabilities

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated statement of profit or loss.

The exchange between the Bank and its existing lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Likely, the Bank treats the significant modification of the outstanding obligation conditions or part thereof as extinguishment of the original financial liabilities and the recognition of new liabilities. The terms are assumed to be 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 interest rate, is at least 10% 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 maintained to manage exposure to interest rate risk, credit risk, and foreign exchange rate risk. Financial derivatives include foreign currency forward contracts, interest rate swaps, interest rate swaps across currencies and credit default swaps.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value at the date of each statement of financial position. The resulting profits/ losses are recognised in the statement of profit or loss immediately unless the derivative is identified and are effective as a hedging instrument, in which case the timing of recognition in the statement of profit or loss depends on the nature of the hedge relationship. The Bank identifies certain derivatives as either fair value hedges for recognised assets and liabilities, or for the company's obligations (fair value hedges), potential forecasting hedges, foreign currency risk hedges for fixed obligations (cash flow hedges) or net investments in foreign operations (net investment hedges).

Derivatives with positive fair value are recognised as a financial asset, while derivatives with negative fair value are recognised as financial liabilities. Derivatives are presented as non-current assets or non-current liabilities if the residual maturity of the instrument is more than (12) months and is not expected to be realised or settled within (12) months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in financial liabilities or other non-financial asset host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through 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 realised or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

Financial guarantee contracts

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

Financial guarantee contracts issued by the Bank's entity are initially measured at their fair value, and if they are not determined at fair value through the statement of profit or loss that does not result from the transfer of a financial asset, they are subsequently measured:

- The amount of the loss allowance determined in accordance with IFRS (9); and
- The amount initially recognised, less, where appropriate, the amount of accumulated profit or loss recognised in accordance with the Bank's revenue collection policies, whichever is greater.

Financial guarantee contracts that are not designated at fair value through the statement of profit or loss are presented as provisions in the consolidated statement of financial position and remeasurement is presented in other income.

The Bank did not specify any financial guarantee contracts at fair value through the statement of profit or loss.

Commitments to provide a loan at an interest rate lower than the market price.

Commitments to provide a loan at an interest rate lower than the market price are measured initially at their fair value, and if they are not determined at fair value through the consolidated statement of income, they are subsequently measured:

- The amount of the loss allowance determined in accordance with IFRS (9); and
- The amount initially recognised, less, where appropriate, the amount of accumulated profit or loss recognised in accordance with the Bank's revenue collection policies, whichever is greater.

Commitments to provide a loan at an interest rate lower than the market price, which are not designated at fair value through the consolidated statement of income are presented as provisions in the consolidated statement of financial position, and remeasurement is presented in other income.

The bank did not designate any commitments to provide a loan at an interest rate lower than the market price, which are designated at fair value through the consolidated statement of income.

Financial derivatives

Financial derivatives for trading

The fair value of derivatives of financial instruments held for trading purposes (such as foreign exchange forward contracts, future interest contracts, swaps contracts, foreign exchange rate options rights) is recognised in the consolidated statement of financial position and the fair value is determined according to the prevailing market rates, In the event that market rates are not available, the valuation method is mentioned. The amount of changes in the fair value is recorded in the consolidated statement of income.

Hedge accounting

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

At the beginning of the hedge relationship, the Bank documents the relationship between the hedging instrument and the hedged item, as well as the risk management objectives and strategy for undertaking various hedging transactions. Furthermore, at the commencement of the hedging and on a continuous basis, the Bank documents whether the hedging instrument is effective in offsetting changes in the fair value or cash flows of the hedged item that can be attributed to the hedged risk, and for which all hedging relationships meet the following hedging 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 this economic relationship; and
- The hedge ratio for the hedge relationship is the same as that results from the amount of the hedged item to which the Bank actually hedges and the amount of the hedging instrument that the Bank actually uses to hedge that amount of the hedged item.

The Bank rebalances the hedging relationship in order to comply with the requirements of the hedge rate when necessary. In such cases, the suspension may apply to only part of the hedge relationship. For example, the hedge ratio may be adjusted in such a way that part of the hedged item is not part of the hedge relationship, and therefore the hedge accounting is suspended only for the size of the hedging item that is no longer part of the hedge relationship.

If the hedge relationship ceases to meet the hedge effectiveness requirements related to the hedge ratio but the risk management objective of this hedge relationship remains the same, the Group adjusts the hedge ratio for the hedging relationship (such as the hedge rebalance) so that the qualification criteria are combined again.

In some hedging relationships, the Bank only determines the true value of the options. In this case, a change in the fair value of the component of the time value of the option in the other comprehensive income is deferred, over the hedging period, 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 lead to recognition of non-financial items. The Bank's risk management policy does not include hedging items that lead to recognition of non-financial items, because the Bank's risks relate to financial items only.

The hedged items determined by the Bank are hedging items related to the time period, which means that the original time value of the option related to the hedged item of equity is amortised to the statement of profit or loss on a rational basis (for example, according to the straight-line method) over the period of hedging relationship.

In some hedging relationships, the Bank does not determine the forward component of a forward contract or the difference on a currency basis for the hedging instrument across the currencies. In this case, a similar treatment applies to the time value of the options. It is optional to treat the forward component of the forward contract and the difference on a currency basis, and the option is applied on a hedging basis separately, other than treating the time value of options that are mandatory. With regard to hedging relationships and forward derivatives or foreign currencies such as interest rate swaps across currencies, when the forward component or the difference on the currency basis is excluded from classification, the Bank generally recognises the excluded item in other comprehensive income.

Details of 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 change in the fair value of the qualified hedging instrument is recognised in the consolidated statement of income except when the hedging instrument hedges the equity instrument designated at fair value through other comprehensive income, in which case it is recognised in other comprehensive income. The Bank has not specified fair value hedging relationships when the hedging instrument hedges the equity instrument designated at fair value through other comprehensive income.

The carrying amount of the hedged item that was not measured at fair value is adjusted for the change in the fair value, which can be attributed to the hedged risk and a corresponding recognition in the statement of profit or loss. For debt instruments that are measured at fair value through other comprehensive income, the carrying amount is not adjusted as it is at fair value, but the profit or loss portion of the fair value on the hedged item associated with the risk hedged is included in the statement of profit or loss instead of the other comprehensive income. When the hedged item has a fair value equity instrument determined through other comprehensive income, the hedging gains/ losses remain in the other comprehensive income to match the hedging instrument.

When the hedging gains/ losses are recognised in the statement of profit or loss, they are recognised in the same item as the hedged item.

The Bank does not suspend hedging accounting except when the hedging relationship (or part of it) ceases to meet the qualifying criteria (after rebalancing, if any). This includes cases where the hedging instrument expires, is sold, terminated, or exercised, and exclusion is stated for the future effect. Amortisation is accounted for the fair value adjustment to the book value of the hedged items for which the effective interest method is used (i.e. tools we have measured at amortised cost or at fair value through other comprehensive income) that results from the hedged risk in the statement of profit or loss as of a date not later than the date of suspension of hedge accounting.

Cash flow hedges

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

Amounts previously recognised in other comprehensive income and the accumulation of shareholders' equity in the statement of profit or loss in the periods in which the hedging item affects profit or loss are reclassified in the same line of the hedged recognised item. If the Bank no longer expects the transaction to occur, then this amount is immediately reclassified to the statement of profit or loss.

The bank does not suspend hedging accounting except when the hedging relationship (or part of it) ceases to meet the qualifying criteria (after rebalancing, if any). This includes cases where the hedging instrument expires, is sold, terminated, or exercised, or when the occurrence of a specific hedging transaction is not considered to be highly probable. Suspension is calculated with a future effect. Any gains/ losses recognised in other comprehensive income and accumulated in equity at that time remain in equity and recognised when the expected transaction is finally recorded in profit or loss. When the occurrence of a forecast transaction becomes unpredictable, the accumulated profits/ losses in shareholders' equity is reclassified and recognised directly 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 gains/ losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income and accumulated in the reserve of foreign exchange.

The profits and losses resulting from the hedging instrument related to the effective portion of the hedging accumulated in the foreign currency translation reserve are reclassified into profits or losses in the same way as the foreign exchange differences of the foreign operation as described above.

Offsetting

Financial assets and liabilities are offset and net amounts are reported in the consolidated statement of financial position, only when legally enforceable rights are established and when such amounts are settled on a net basis, and when assets and liabilities are settled simultaneously.

2.8 Accounts Managed on Behalf of Customers

This item represents the accounts managed by the Bank on behalf of its customers. These accounts are shown in the consolidated statement of income. Furthermore, a provision is taken against the decline in the value of capital-guaranteed portfolios managed on behalf of customers.

2.9 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account, when pricing the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value such as value as used in IAS (36).

In addition, for the purposes of preparing financial reports, fair value measurements are categorised to level (1), (2) or (3) based on the clarity of the inputs in relation to the fair value measurements and the importance of the inputs in relation to the full fair value measurements, and they are defined as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs for the asset or liability that are not based on observable market data.

2.10 Assets Seized by the Bank

Assets seized by the Bank are shown under “other assets” at the acquisition value or fair value, whichever is lower. As of the consolidated financial statements date, these assets are revalued individually at fair value. Any decline in their market value is taken to the consolidated statement of income whereas any such increase is not recognized. A subsequent increase is taken to the consolidated statement of income to the extent it does not exceed the previously recorded impairment.

As of the beginning of 2015, a gradual provision was made for real estate acquired for more than 4 years against debts according to the Circular of the Central Bank of Jordan No. 4076/1/15 dated 27 March 2014 and No. 2510/1/10 dated 14 February 2017. Noting that the Central Bank of Jordan issued Circular No. 13967/1/10 dated 25 October 2018, in which the Circular No. 16607/1/10 dated 17 December 2017 was approved for extension. The Central Bank of Jordan also confirmed postponing the calculation of the provision until the end of the year 2019. According to the Central Bank’s Circular No. 16239/1/10 dated 21 November 2019, deduction of the required provisions against real estate acquired is made at the rate of (5%) of the total book values of these properties (regardless of the period of violation) as of the year 2021, so that the required percentage of (50%) of these properties are reached by the end of the year 2029.

2.11 Property and equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment in value. Moreover, property and equipment (except for land) are depreciated according to the straight-line method over their estimated useful lives using the following rates:

	%
Buildings	3
Furniture , Fixtures , and Equipment	9- 15
Vehicles	15
Computers	20
Building improvements	20

When the carrying values of property and equipment exceed their recoverable values, assets are written down to the recoverable value, and impairment losses are recorded in the consolidated statement of income.

The useful lives of property and equipment are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the following years, being a change in estimate.

Property and equipment are derecognized when disposed of or when there is no expected future benefit from their use or disposal.

2.12 Intangible assets

Intangible assets acquired through consolidation are recognized at fair value at the date of acquisition. Intangible assets acquired through a method other than consolidation are recorded at cost.

Intangible assets are classified based on an estimate of their useful lives for a specified period or indefinite period. Intangible assets with a finite useful life are amortized during that life and the amortization is recognized in the consolidated statement of income. Intangible assets with an indefinite useful life are reviewed for impairment at the reporting date and any impairment loss is recognized in the consolidated statement of income.

Intangible assets arising from the business of the Bank are not capitalized and are recognized in the consolidated income statement in the same period

Intangible assets arising from the business of the Bank are not capitalized and are recognized in the consolidated income statement in the same period.

Computer systems and software are amortised over their estimated useful lives using the straight-line method, at a rate of 20-33% annually.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash balances with the Central Bank of Jordan and balances with banks and financial institutions maturing within three months from purchase date, less balances due to banks and financial institutions maturing within three months and restricted funds.

2.14 Non-current asset held for sale

Non-current assets are classified as held for sale in the event that the recoveries of the restricted amounts will be mainly through sale rather than through continuing operations. The asset must be ready for sale in its current condition and the sale order must be highly probable. In addition, there is a commitment to the sale plan by the management so that the sale is eligible to be recognized as a completed sale within one year from the date of this classification.

When the Bank is committed to a sale plan involving loss of control over a subsidiary, it must classify all its assets and liabilities as held for sale, upon fulfillment of all the conditions referred to above.

Non-current assets classified as held for sale are measured at their carrying amount or at fair value less costs to sell, whichever is lower. The results of the company's business are also reported as a separate item in the consolidated statement of income as net income from discontinued operations.

2.15 Pledged financial assets

These are the financial assets pledged in favour of other parties, with the other party having the right to dispose of it (by selling or re-pledging). These assets continue to be evaluated according to the accounting policies used to evaluate each asset according to its original classification.

2.16 Foreign currencies

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

The separate financial statements of the Bank's subsidiaries are prepared, and the separate financial statements of each of the Group's companies are presented in the main functional economic currency in which they operate. Transactions are recorded in currencies other than the Bank's functional currency, according to the exchange rates prevailing on the dates of those transactions. On the date of the statement of financial position, the financial assets and liabilities are translated into foreign currencies at the exchange rates prevailing on that date. Non-monetary items carried at fair value and denominated in foreign currencies are also translated at the exchange rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not reclassified.

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

- Foreign currency exchange differences on transactions made in order to hedge foreign currency risk.
- Foreign currency exchange differences on monetary items required to/ from a foreign operation that are not planned or unlikely to be settled in the near future (and therefore these differences are part of the net investment in the foreign operation), which is recognised initially in the calculation of other consolidated comprehensive income, and are reclassified from equity to the statement of profit or loss upon sale or partial disposal of net investment.

For the purpose of the presentation of the consolidated financial statements, assets and liabilities of foreign operations of the Bank are transferred according to the exchange rates prevailing at the date of the statement of financial position. Revenue is also transferred according to the average exchange rates for the period, unless exchange rates change significantly during that period, in which case exchange rates are used on the date of transactions. Emerging differences, if any, are recognised in the consolidated statement of comprehensive income and grouped into a separate component of equity.

2.17 Provision for end of service indemnity

A provision is made to meet the statutory and contractual obligations of employees for the end of service or for the accumulated service period of employees at the date of the consolidated statement of financial position in accordance with the internal regulations of the Bank.

Annual compensations paid to employees who leave the service are paid from the provision. A provision for the Bank's obligations for employees' end of service is stated in the consolidated statement of income.

2.18 Provisions

Provisions are recognized when the Bank has an obligation on the date of the consolidated statement of financial position as a result of past events, it is probable to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.19 Income tax

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the consolidated financial statements because the latter includes non¬taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.

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

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or deferred tax assets are recognized.

Deferred tax assets are reviewed as of the date of the consolidated financial statements, and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

2.20 Net interest income

Interest income and expense for all financial instruments with the exception of those classified as held for trading or measured or those determined at fair value through the consolidated statement of income in "net interest income" as "interest income" and "interest expenses" are recognised in the consolidated statement of income using the effective interest method. Interest on financial instruments measured at fair value through the consolidated statement of profit or loss also included in the fair value movement during the period.

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

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised 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 and are credit-impaired, the EIR reflects the ECL 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 for derivatives that are designated as hedging instruments in the cash flow hedges of interest rate risk. As for the fair value hedges of interest rate risk on interest expense and income, the effective portion of fair value changes for specific derivatives are also included, and fair value changes to the specific risks of the hedged item are also included in interest income and expense. Interest expenses also include the value of the interest against the lease obligations.

2.21 Net commissions income

Commissions' net income and expense include fees other than those that are an integral part of EIR. The commissions included in this part of the Bank's consolidated statement of profit or loss also include commissions charged for the loan service, non-use commissions related to loan obligations when this is unlikely to result in a specific arrangement for lending and commissions of co-financing loans.

Commission's expenses with regard to services are accounted for upon receipt of services.

2.22 Net income of other financial instruments at fair value through the statement of profit or loss

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

The movement in the fair value of derivatives held for economic hedging is presented where hedge accounting is not applied in "net income from other financial instruments at fair value through the consolidated statement of income".

However, with respect to the designated and effective fair value hedge relationship, the gains and losses on the hedging instrument are presented on the same line item in the statement of profit or loss as a hedged item. With respect to certain and effective cash flows and hedge accounting relationships for net investment, the hedging instrument gains and losses, including any hedging ineffectiveness included in the statement of profit or loss, are included in the same item as a hedged item that affects the statement of profit or loss.

2.23 Dividends income

Dividends income is recognised when the right to receive payment is established, being the date preceding the dividends of listed shares, and usually the date on which the shareholders agree to dividends of unlisted shares.

Dividends distribution in the consolidated statement of profit or loss on the classification and measurement of the shares, i.e.:

- With regard to equity instruments held for trading, dividend income is included in the statement of profit or loss under the item of profit (loss) of financial assets at fair value through the statement of profit or loss;
- In the case of equity instruments classified as fair value through other comprehensive income, dividends are included in the statement of profit or loss as dividend from financial assets at fair value through other comprehensive income; and
- For equity instruments not designated at FVTOCI and not held for trading, dividend income is included as net income from financial instruments at fair value through the statement of profit or loss.

2.24 Impairment of non-financial assets

- The carrying value of the Group's non-financial assets is reviewed at the end of each fiscal year except for the deferred tax assets, to determine whether there is an indication of impairment. In the event of 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 those assets.
- The recoverable amount is the higher of an asset's fair value -less costs to sale - and the value in use.
- All impairment losses are taken to 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 carrying amount of the asset does not exceed the carrying amount that was determined after deduction of depreciation or amortisation if the impairment loss is not recognised.

2.25 Foreign currencies

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

The separate financial statements of the Bank's subsidiaries are prepared, and the separate financial statements of each of the Group's companies are presented in the main functional economic currency in which they operate. Transactions are recorded in currencies other than the Bank's functional currency, according to the exchange rates prevailing on the dates of those transactions. On the date of the statement of financial position, the financial assets and liabilities are translated into foreign currencies at the exchange rates prevailing on that date. Non-monetary items carried at fair value and denominated in foreign currencies are also translated at the exchange rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not reclassified.

Exchange differences are recognised in the consolidated statement of profit or loss in the period in which they arise,exceptfor:

- Foreign currency exchange differences on transactions made in order to hedge foreign currency risk.
- Foreign currency exchange differences on monetary items required to/ from a foreign operation that are not planned or unlikely to be settled in the near future (and therefore these differences are part of the net investment in the foreign operation), which is recognised initially in the calculation of other consolidated comprehensive income, and are reclassified from equity to the statement of profit or loss upon sale or partial disposal of net investment.

For the purpose of the presentation of the consolidated financial statements, assets and liabilities of foreign operations of the Bank are transferred according to the exchange rates prevailing at the date of the statement of financial position. Revenue is also transferred according to the average exchange rates for the period, unless exchange rates change significantly during that period, in which case exchange rates are used on the date of transactions. Emerging differences, if any, are recognised in the consolidated statement of comprehensive income and grouped into a separate component of equity.

When excluding foreign operations (i.e. eliminating the Bank's entire share in foreign operations, or that resulting from the loss of control of a subsidiary within foreign operations or partial disposal of its share in a joint arrangement or an associate of a foreign nature in which the held share becomes a financial asset), all foreign currency exchange differences accumulated in the separate item that represent the equity of that operation attributable to the owners of the bank, are reclassified to the consolidated statement of profit or loss.

In addition, with regard to partial disposal of a subsidiary that includes foreign operations and does not result in the Bank losing control of the subsidiary, its share of the accumulated exchange differences is reversed to net comprehensive income at a rate that is excluded and is not recognised in the consolidated statement of profit or loss. As for all other partial liquidations (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.

2.26 Leases

The Bank has implemented IFRS (16) "Leases" that have replaced existing guidance on lease contracts, including IAS (17) "Leases" and IFRIC (4) "Determining whether an arrangement contains a lease", SIC (15) "Operating lease -incentives" and SIC (27) "Evaluating the substance of transactions involving the legal form of a lease".

Accounting policy applied at 1 January 2019:

The Bank determines whether the contract is a lease or includes lease. A contract is considered a lease or includes a lease if it includes transferring control of a specific asset for a specific period in exchange for a consideration according to the definition of a lease in the standard.

The Bank as a lessee

On the date of signing the contract, or on the date of the revaluation of the contract that contains the lease elements, the Group distributes the entire contract value to the contract components in a proportional manner consistent with the value. It is to be noted that the Bank has decided for leases that include land and building to treat the components of the contract as one item.

Short-term leases and leases for low-value assets:

The Bank chose not to recognise the right of use assets and lease obligations for short-term leases for items with a 12-month lease term or less and the low-value leases. The Bank recognises the lease payments associated with these contracts as operating expenses on a straight-line basis over the lease term.

The Bank as a lessor

- When the bank is lessor, at the start of the lease, it determines whether each lease is a finance lease or an operating lease.
- To classify each lease, the Bank performs a comprehensive evaluation to demonstrate whether the lease largely transfers all risks and benefits associated with ownership of this asset. If this is the case, the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the Bank takes into account certain indicators such as whether the lease is the greater part of the economic life of the asset.
- The Bank applies the requirements of de-recognition and impairment in IFRS 9 for net investment in the lease. The Bank performs a periodic review of the expected non-guaranteed residual value that was used to calculate the total investment amount in the lease.

Policy applied before 1 January 2019:

With respect to contracts concluded before 1 January 2019, the Bank determines whether the arrangement was or contained a lease based on an assessment of whether:

- The implementation of the arrangement depends on the use of a specific asset or specific assets.
- The arrangement had transferred the right to use the asset.

The Bank as a lessee

- There were no financing leases with the Bank as per the requirements of IAS (17) "Leases".
- Assets held as other assets are classified as operating leases and are not recognised in the statement of financial position of the Bank. The amounts paid under operating leases are recognised in the statement of profit or loss on a straight-line basis over the term of the lease. The lease incentives recognised were an integral part of the total lease expense, over the term of the lease.

The Bank as a lessor

- When the bank is lessor, at the start of the lease, it determines whether each lease is a finance lease or an operating lease.
- To classify each lease, the Bank performed a comprehensive evaluation to demonstrate whether the lease largely transfers all risks and benefits associated with the use of this asset to the lessee. If this is the case, the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the Bank takes into account certain indicators such as whether the lease is the greater part of the economic life of the asset.

2.27 Earnings per share (EPS)

Basic and diluted earnings per share are calculated for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the company's shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting the profit or loss for the year, which is attributable to the company's shareholders and the weighted average of ordinary shares, so that it shows the effect on the share's profit on all the ordinary shares traded during the year and its return is likely to decrease.

3- Use of estimates

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

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

Impairment of acquired properties

Impairment of acquired properties is recognised based on recent property valuation approved by credited valuators for the purposes of calculating the impairment. The impairment is reviewed periodically.

Provision for expected credit loss

The Bank's management is required to use significant judgments and estimates to estimate future cash flows amounts and timings, and estimate the risks of a significant increase in credit risk for financial assets after initial recognition and future measurement information for expected credit losses. The most significant policies and estimates used by the Bank's management are detailed in Note (7).

Leases

Determination of lease term: In determining the lease term, the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension options (or periods after the termination options) are included only in the term of the lease 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 that affect this evaluation and that are under the control of the lessee. Extension and termination of leases options: these are included in a number of leases. These conditions are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are renewable by both the Bank and the lessor.

Discounting of lease payments: Lease payments are discounted using the bank's additional borrowing rate ("IBR"). Management applied provisions and estimates to determine the additional borrowing rate at the start of the lease.

Useful lives of tangible assets and intangible assets

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

Assets and liabilities that are stated at cost

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

Income tax

The financial year is charged with its own income tax expense in accordance with the laws and regulations, and accounting standards. Deferred tax assets and liabilities and required tax provision are accounted for.

Provision for lawsuits

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

Risk management:

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

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

- **Credit risk:**

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

- **Market risk:**

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

- **Liquidity risk:**

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

- **Interest rate risk:**

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

- **Operational risk:**

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

- **Information security & business continuity management risks**:

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

Detailed responsibilities and functions of risk management sections

1. Credit risk:

- The Risk Management Department reviews the credit policy periodically and in coordination with the representatives of corporate and individual facilities. The policy is the indicator and the basic guide for the different duty stations in clarifying the degree of credit risk acceptable to these stations.
- Opinions on credit applications are expressed by the Risk Management within the credit terms specified by the Board of directors without financial responsibility.
- The internal credit rating system is reviewed and evaluated independently of the credit marketing departments through the Risk Management. The Bank has a system documented and approved by the Board. Any element that may contribute to the expectation of a client's default is taken into consideration, which helps in measuring and classifying customer risks. This should facilitate the decision-making process, pricing facilities and determining customer and product profitability, credit management and the review and analysis of credit portfolio. In addition, it helps to retain the necessary data that facilitate the application of foundation internal ratings-based approach (FIRB) to credit risk within the Basel requirements. An automated credit rating system is implemented to support this. The Scoring Card System is used in the same framework.

- The Risk Department recommends, independently of the credit marketing departments, to set specific controls and limits, documented with clear policies and procedures to ensure compliance therewith. Such limits are reviewed periodically and adjusted, if necessary. There are specific limits set out and approved by the Board of Directors in dealing with banks, countries and various economic sectors. One of its tasks includes defining limits for any possible concentration of credit guarantees or products.
- The Risk Management Department prepares an analysis of the credit portfolio whereby the Board of Directors is clearly provided with an indication of the quality and different ratings thereof. The Board is also provided with any concentrations as well as historical benchmarking comparisons along with the banking sector where possible. Thereafter, appropriate recommendations to mitigate existing risks are made.

2. Market risk:

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

- Investment policy: the representatives of Treasury and Risk Departments develop and review this policy and amend it annually, if required. They also present it to the Investment Committee and the Assets and Liabilities Committee.
- The Bank has a written market risk policy approved by the Board of Directors that describes how to identify, measure, control and mitigate market risks. The Bank also has written policies approved by the Board of Directors, which define the fundamentals of portfolio management and investment funds, including operational bases, desired investment instruments and effective controls, in addition to a policy clarifying the basis for dealing between the Bank and its customers in convertible foreign currencies and major precious metals on a margin basis. The Risk Management Department develops such policies in cooperation with the concerned departments. Periodic (daily and monthly) reports are submitted by Middle Office under market risk / risk management for adherence with the above policies.
- The Risk Management Department prepares Value at Risk (‘VAR’) and measures sensitivity analysis, interest rate risk, limits and other reports included in the relevant policies approved.

3. Liquidity risk:

- The Risk Management Department, in cooperation with the Treasury Department, develops a written policy for liquidity risk management which is approved by the Board of Directors of the Bank.
- The Risk Management Department monitors the Bank’s commitment to liquidity ratios set by the Central Bank of Jordan and the supervisory authorities under which the Bank’s branches operate. The Bank’s liquidity is monitored on a daily basis by the Treasury Department.
- Liquidity is also monitored by the Asset and Liability Management Committee chaired by the Director General and comprises the Head of Risk Management. It is governed by the ALCO Policy through periodic reports prepared by the Risk Management Departments and the Treasury Department. They are presented and considered by the Committee members who make appropriate recommendations in this regard.
- The Risk Management Department, in coordination with the Treasury Department, prepares a written policy for a Liquidity Contingency Plan to address any liquidity problems at the Bank, at various levels and scenarios, which is approved by the Board of Directors of the Bank.

4. Operational risk:

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

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

5. Information security & business continuity management:

- The Risk Management Department develops a clear, documented, and approved Business Continuity Plan. The necessary tests are made regularly thereto, in accordance with the broad concept of Business Continuity Management supported by the DRS automated system for more efficient business continuity management, and in line with the instructions issued by the Central Bank of Jordan, and in accordance with international best practices in this regard.
- A team for Information Technology Security has been mobilized, reporting directly to Risk Management in order to support them. Such team is independent in its reporting from the Director of Information Systems Department. This is done in accordance with the international best practices including the ISO27001 and PCI requirements.
- Risk Management participates in the preparation of an appropriate risk assessment in the event of a new activity or product on the verge of being launched in a particular market.

6. Interest rate risk:

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

7. Compliance with Basel requirements:

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

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

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

Descriptive disclosures related to the application of the IFRS (9):

1. Definition of the Bank's implementation of default and the mechanism of addressing it:

Definition of the Bank's implementation of default and the mechanism of addressing it:

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

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

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

The mechanism of addressing default:

The Bank will follow-up with the customer before their default, trying not to reach the stage of classification of the facilities granted to them. In case of classification, the specific provision will be made against the facilities in accordance with the instructions and standards. In addition, they will be followed-up by the Department of Follow-up & Collections before starting the legal procedures in case of failure to reach solutions or schedules according to the instructions of the Central Bank of Jordan and the supervisory authorities in the countries where the Bank operates.

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

Internal credit rating system for corporate customers:

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

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

- Large Enterprises Rating Model.
- SME Rating Model (with financial data).
- SME Rating Model (without financial data).
- Customer Rating Model for Project Financing.
- High net worth customers Rating Model.
- The grades in the system range from 1 (Exceptional: a very high quality and low risk company) to 10 (Poor: a non-performing classified company) - 7 working grades and 3 non-performing grades.
- There is a clear and specific Master scale. Each credit rating is calculated by Moody's, offset by the probability of default (PD).
- Financial and non-financial analysis of clients is made. Moody's Financial Analysis Structure consists of four main sections:
    1- Operations:
    2- Liquidity:
    3- Capital structure:
    4- Debt Service:

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

Internal credit scoring system for individual customers:

Retail customers (individuals) are rated and given a rating grade based on their risk before their loans are approved. This is done for housing loan products, auto finance and consumer loans.

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

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

- 12-month impairment losses: The expected impairment of default is calculated within 12 months following the date of the financial statements.
- Impairment losses for the useful life of the instrument: The expected impairment on the life of the financial instrument is calculated until the maturity date of the consolidated financial statements.

The mechanism for calculating expected losses depends on the probability of default, which is calculated according to the credit risk, future economic factors and loss given default (LGD), which depends on the value of the existing collateral and the amount of the exposure at default (EAD).

ECL are calculated for all financial assets of the Bank individually using the risk components of each instrument according to the following equation: ECL = PD*LGD*EAD .

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

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

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

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

A. Probability of Default (PD):

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

Corporate customers:

- PD is calculated by linking the credit ratings within the internal credit rating to the grade of default identified in the Master Scale and for each individual customer. The probability of default is converted from Through the Cycle (TTC) to Point In Time, after the credit rating has been calibrated and the probability of default to match the bank's default data.
- For defaulted loans (Stage 3), the probability of default is set at 100%.
- Accounts not rated internally are assumed to have a rating grade of (5 for large enterprises, +5 for SME's) with the Bank and -5 with Ejara Company.
- The probability of default was calculated for the Jordanian government based on its external credit rating.

Retail customers:

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

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

B. The ratio of Losses Given Default (LGD):

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

Corporate customers and debt instruments:

- An LGD accounting system is used based on a number of determinants, including the customer's credit rating, economic sector, type and value of collateral and coverage ratio. These are calculated based on historical information.
- Haircut rates have been made for guarantees greater than those specified by the instructions of the Central Bank of Jordan.
- Setting floor limits for LGD ranging from 0% to 10%.
- Defaulted facilities (Stage 3) - The proportion of LGD has been identified for the unsecured portion with guarantees of 100%.
- The ratio of LGD to the Jordanian government was set at 0%.

Retail customers:

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

C. Exposure at Default (EAD):

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

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

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

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

- There are clear and specific criteria for ratings in the three stages (1, 2 and 3) and the transfer among them. According to the instructions of the Central Bank of Jordan, which state that in the event of an improvement in the quality of credit and the availability of sufficient and documented reasons making it possible to transfer credit exposures from Stage 3 to Stage to or from Stage 2 to Stage 1, the transfer should only take place after the improvement of the credit position of the exposure and the obligation to pay at least three monthly instalments, two quarterly instalments or semi-annual instalment on time, in addition to improving the credit rating of the customer to be higher than -7 in order to be transferred to Stage 1.
- The downgrade of credit rating (corporates clients)/ debt instrument by two grades on the 10-point rating system since the date of initial recognition is evidence of a significant credit risk decline.

6. Key economic indicators used by the Bank in calculating expected credit loss.

The Bank uses key economic indicators in calculating expected credit loss, as follows:

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

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

The Bank's Board of Directors:

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

Board of Directors' Audit Committee:

- The Committee monitors compliance with the expected credit loss accounting framework in accordance with IFRS 9 and ensures that internal audit carried out its duties in this regard.
- The Committee recommends to the Board of Directors the adoption of expected credit loss figures as part of thequarterlyfinancialstatements.

Board's Risk Committee:

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

Management Committee for Provisions:

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

Risk management:

- The Risk Management Department undertakes the necessary work to verify the validity and integrity of the methodologies and systems used in the application of IFRS 9.
- It is responsible for the accounting of expected credit losses.
- It reviews the used models and assumptions used in the accounting and recommends any required modifications to the independent model validation.
- It evaluate the credit rating systems, determinants and results.

- It analyses the various accounting results and reviews the accuracy and efficiency of the accounting process.
- It prepares detailed statements required by the Central Bank of Jordan
- It makes recommendations to the Appropriations Committee on any override operation .
- It develops indicators that are indicators of significant change in credit risk.
- It reviews the transition between different stages, compares them with staging rules and reviews these limits periodically.

Finance Department:

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

Internal audit:

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

4. Cash and balances at the Central Banks

The details of this item are as follows:

	2019	2018
	JD	JD
Cash in vaults	50,448,890	48,208,766
Balances at the Central Banks :		
Current and call accounts	30,413,041	1,502,120
Time and notice deposits	229,642,389	68,097,183
Mandatory cash reserve	91,500,370	93,128,823
Total balances at the Central Banks	**351,555,800**	**162,728,126**
Less: Provision for expected credit losses	-	-
Net balance	351,555,800	162,728,126
Total	**402,004,690**	**210,936,892**

- Except for the statutory cash reserve, there are no restricted balances as of December 31, 2019 and 2018.
- There are no balances due within a period exceeding three months as of December 31, 2019 and 2018.
- The distribution of the total balances with central banks according to the Bank's internal classification categories as at 31 December 2019 and 2018:

Credit rating categories based on the Bank's bylaws	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
From 1 to 5	1,357,715	-	-	1,357,715	-
From 6 to 7	-	-	-	-	3,230,763
From 8 to 10	-	-	-	-	-
Unclassified	350,198,085	-	-	350,198,085	159,497,363
Total	**351,555,800**	**-**	**-**	**351,555,800**	**162,728,126**

- Movement of balances with central banks during the year ended 31 December 2019:

	Stage 1 "Individuals"	"Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	162,728,126	-	-	162,728,126	172,531,779
New balances during the year	190,700,722	-	-	190,700,722	37,304,334
Repaid / derecognized	(1,873,048)	-	-	(1,873,048)	(47,107,987)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the Second stage	-	-	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Write-off	-	-	-	-	-
Total balance at the end of the year	**351,555,800**	**-**	**-**	**351,555,800**	**162,728,126**

- The movement has disclosed the provision for the expected credit losses of central bank balances during the year ended 31 December 2019 and 2018:

	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	-	-	-	-	31,114
Expected credit losses on new balances during the year	-	-	-	-	-
Recoverable from expected credit losses on balances paid during the year	-	-	-	-	(31,114)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the Second stage	-	-	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications					
Write-off					
Total balance at the end of the year	**-**	**-**	**-**	**-**	**-**

5. Balances at banks and financial institutions

The details of this item are as follows:

Description	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	31 December		31 December		31 December	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Current and call accounts	38,770	61,396	120,889,278	112,637,930	120,928,048	112,699,326
Deposits maturing within three months or less	-	2,126,942	13,159,391	100,776,273	13,159,391	102,903,215
Total balance at banks and financial institutions	38,770	2,188,338	134,048,669	213,414,203	134,087,439	215,602,541
Deduct: Provision for expected credit losses of balances with banks and financial institutions	-	(58)	(1,761)	(7,791)	(1,761)	(7,849)
Net total balances with banks and banking institutions	**38,770**	**2,188,280**	**134,046,908**	**213,406,412**	**134,085,678**	**215,594,692**

- Non-interest bearing balances at banks and financial institutions amounted to JD 66.753.963 as of 31 December 2019 (against JD 75.825.974 as of 31 December 2018).
- Restricted balances amounted to JD 2.502.038 as at 31 December 2019 (against JD 711.723 as at 31 December 2018).
- The distribution of the total balances with banks and financial institutions during the year ended 31 December 2019 and 2018:

Credit rating categories based on the Bank's bylaws	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
From 1 to 5	76,230,459	-	-	76,230,459	81,492,414
From 6 to 7	3,548,391	3,899,500	-	7,447,891	95,497,352
From 8 to 10					-
Unclassified	50,409,089	-	-	50,409,089	38,612,775
Total	**130,187,939**	**3,899,500**	**-**	**134,087,439**	**215,602,541**

- Movement of balances with central banks during the year ended 31 December 2019 and 2018:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Balance at the beginning of the year	215,602,541	-	-	215,602,541	317,656,834
New balances during the year	37,065,317	-	-	37,065,317	83,731,204
Repaid / derecognized	(97,664,919)	(20,915,500)	-	(118,580,419)	(185,785,497)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the Second stage	(24,815,000)	24,815,000	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Write-off	-	-	-	-	-
Adjustments due to change in exchange rates					
Total balance at the end of the year	**130,187,939**	**3,899,500**	**-**	**134,087,439**	**215,602,541**

- The movement has disclosed the provision for the expected credit losses of banks and banking institutions during the year ended 31 December 2019 and 2018:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	7,849	-	-	7,849	36,660
Expected credit losses on new balances during the year	548	79	-	626	15,795
Recoverable from expected credit losses on balances paid during the year	(6,714)	-	-	(6,714)	(44,606)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the Second stage	(1,036)	1,036	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Write-off	-	-	-	-	-
Total balance at the end of the year	**646**	**1,114**	**-**	**1,761**	**7,849**

6. Deposits with banks and banking institutions

The details of this item are as follows:

Particulars	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	31 December		31 December		31 December	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Deposits	200,000	250,000	17,725	8,525,725	217,725	8,775,725
Total	-	250,000	17,725	8,525,725	217,725	8,775,725
Deduct: Provision for expected credit losses of balances with banks and financial institutions	(458)	(739)	(36)	(24,686)	(494)	(25,425)
Net total deposits with banks and banking institutions	**199,542**	**249,261**	**17,689**	**8,501,039**	**217,231**	**8,750,300**

- Restricted deposits amounted to JD 17,725 as at 31 December 2019 and 2018.

- The distribution of total deposits with banks and financial institutions according to the Bank's internal classification categories as at 31 December 2019 and 2018:

Credit rating categories based on the Bank's bylaws	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
From 1 to 5	-	-	-	-	-
From 6 to 7	217,725	-	-	217,725	8,775,725
From 8 to 10	-	-	-	-	-
Unclassified	-	-	-	-	-
Total	**217,725**	**-**	**-**	**217,725**	**8,775,725**

- The movement of deposits with banks and financial institutions during the year ended 31 December 2019 and 2018 is as follows:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	8,775,725	-	-	8,775,725	6,246,210
New balances during the year	200,000	-	-	200,000	8,758,000
Repaid / derecognized	(8,758,000)	-	-	(8,758,000)	(6,228,485)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the second stage	-	-	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Write-off	-	-	-	-	-
Total balance at the end of the year	**217,725**	**-**	**-**	**217,725**	**8,775,725**

- The movement on the provision for credit losses expected for deposits with banks and banking institutions during the year ended 31 December 2019 and 2018:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	25,425	-	-	25,425	55,700
Expected credit losses on new balances during the year	459	-	-	459	25,390
Recoverable from expected credit losses on balances paid during the year *	(25,390)	-	-	(25,390)	(55,665)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the second stage	-	-	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Write-off	-	-	-	-	-
Total balance at the end of the year	**494**	**-**	**-**	**494**	**25,425**

7. Direct credit facilities - net

The details of this item are as follows:

	2019	2018
	JD	JD
Individuals (retail):		
Overdraft accounts	80,370	174,248
Loans and promissory notes*	149,644,254	123,634,895
Credit cards	11,388,754	11,971,783
Real estate loans	238,491,792	243,384,566
Companies:		
Large		
Overdraft accounts	153,906,086	177,463,472
Loans and promissory notes*	889,925,959	920,815,187
Small and Medium		
Overdraft accounts	18,553,288	22,110,986
Loans and promissory notes*	79,254,919	72,966,444
Government and public sector	128,438,162	146,795,699
Total	**1,669,683,586**	**1,719,317,280**
Less: Provision of impairment loss in direct credit facilities	(77,230,045)	(74,997,329)
Interests in suspense	(18,676,825)	(11,647,484)
Net direct credit facilities	**1,573,776,716**	**1,632,672,467**

* Net after deducting interest and commission received in advance amounting to JD 107,896 as 31 December 2019 (against JD 171,787 as at 31 December 2018).

- Credit facilities within the third stage amounted to JD 143,460,322 which is equivalent to 8.6% of the total direct credit facilities as at 31 December 2019 (against JD 159,947,162 of non-performing facilities which is equivalent to 9.3% of the total direct credit facilities as at 31 December 2018).

- The credit facilities within the third stage excluding interest in suspense amounted to JD 124,799,884 which is equivalent to 7.5% of the direct credit facilities balance as at 31 December 2019 (against JD 148,348,359 for non-performing facilities which is equivalent to 8.6% of the balance of direct credit facilitiescluding interest in suspense as at 31 December 2018).

- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to JD 74,000,353 which is equivalent to 4.4% of the total direct credit facilities as at 31 December 2019 (against JD 96,250,442 which is equivalent to 5.6%, as at 31 December 2018).

- Following is the movement on the provision for direct expected credit losses: 31 December 2019 and 2018:

Description	Stage 1		Stage 2		Stage 3	Total	2018
	Individuals	Collective	Individuals	Collective			
	JD	JD	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	1,427,710,697	-	131,659,421	-	159,947,162	1,719,317,280	1,624,009,781
New facilities during the year	223,628,431	-	8,019,425	-	10,090,614	241,738,470	506,543,482
Facilities paid during the year	(246,425,651)	-	(14,244,678)	-	(18,599,585)	(279,269,915)	(379,772,642)
What has been converted to the first stage	28,483,346	-	(22,746,573)	-	(5,736,773)	-	-
What has been converted to the second stage	(46,044,115)	-	64,813,654	-	(18,769,538)	-	-
What has been converted to the third stage	(11,480,518)	-	(17,150,173)	-	28,630,691	-	-
Changes resulting from modifications	-	-	-	-	-	-	-
Bad facilities (written off and transferred outside the statement of financial position)	-	-	-	-	(12,102,249)	(12,102,249)	(31,463,341)
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Total balance at the end of the year	**1,375,872,190**	**-**	**150,351,075**	**-**	**143,460,322**	**1,669,683,586**	**1,719,317,280**

Provision for expected credit losses

The following is the movement on the provision for impairment loss in direct credit facilities:

For the year 2019	Individuals	Real estate loans	Companies		Government and public sector	Total
			Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	9,779,708	14,177,840	45,615,899	4,991,359	432,523	74,997,329
Deducted from income during the year	5,366,149	3,403,415	11,465,989	2,972,335	-	23,207,888
Surplus in provision for credit facilities	(2,668,434)	(1,855,309)	(2,444,410)	(2,206,633)	(29,281)	(9,204,066)
Used from provision during the year (written-off) *	(516,139)	-	(292,172)	(595,930)	-	(1,404,242)
Debt transferred from the consolidated statement of financial position**	(122,966)	-	(9,899,746)	(344,151)	-	(10,366,863)
Balance – End of the Year	**11,838,317**	**15,725,946**	**44,445,560**	**4,816,981**	**403,242**	**77,230,045**
Total provisions for the first stage	5,557,870	1,099,270	3,620,708	222,586	403,242	10,903,675
Total provisions for the second stage	997,362	2,027,354	7,411,315	410,975	-	10,847,006
Total provisions for the third stage	5,283,085	12,599,322	33,413,538	4,183,419	-	55,479,365
Total	**11,838,317**	**15,725,946**	**44,445,560**	**4,816,981**	**403,242**	**77,230,045**

For the year 2018	Individuals	Real estate loans	Companies		Government and public sector	Total
			Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	6,277,001	3,901,119	37,772,012	1,371,199	-	49,321,331
Effect of application of IFRS 9 - Net after tax	4,497,126	10,294,972	27,576,533	3,844,280	240,822	46,453,733
Balance adjusted at the beginning of the year	**10,774,127**	**14,196,091**	**65,348,545**	**5,215,479**	**240,822**	**95,775,064**
Deducted from income during the year	4,329,073	4,169,990	8,448,104	3,655,114	201,172	20,803,454
Surplus in provision for credit facilities	(4,971,850)	(4,162,157)	(5,805,217)	(3,585,563)	(9,471)	(18,534,258)
Used from provision during the year (written-off) *	(351,642)	(26,084)	(5,323)	(293,671)	-	(676,721)
Debt transferred from the consolidated statement of financial position**	-	-	(22,370,211)	-	-	(22,370,210)
Balance – End of the Year	**9,779,708**	**14,177,840**	**45,615,899**	**4,991,359**	**432,523**	**74,997,329**
Total provisions for the first stage	4,587,782	1,286,251	2,823,877	303,990	432,523	9,434,423
Total provisions for the first stage	705,848	869,429	2,894,948	358,260	-	4,828,485
Total provisions for the third stage	4,486,078	12,022,160	39,897,074	4,329,109	-	60,734,420
Total	**9,779,708**	**14,177,840**	**45,615,899**	**4,991,359**	**432,523**	**74,997,329**

* During the year 2019, direct credit facilities including interest in suspense amounting to JD 1,585,781 were written off in accordance with the decision of the Board of Directors in that regard, compared to JD 841,972 for the year 2018.

** During the year 2019, direct credit facilities including interest in suspense amounting to JD 10,516,469 (against JD 30,621,370) in 2018 were transferred off the consolidated statement of financial position in accordance with the decision of the Board of Directors in that regard.

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

-The amount of provisions that were no longer required as a result of settlements or repayment of debts and transferred against other debts amounted to JD 9,204,066 as at 31 December 2019 (against to JD 18,534,258 as at 31 December 2018).

- The movement on the provision for credit losses expected for direct facilities has been consolidated in the year ended 31 December 2019 and 2018:

Description	Individuals	Real estate loans	Companies		Government and public sector	Total	2018
			Large	Small and Medium			
	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	9,779,708	14,177,840	45,615,899	4,991,359	432,523	74,997,328	95,775,064
Expected credit losses on new facilities during the year	5,366,149	3,403,415	11,465,989	2,972,335	-	23,207,888	34,928,120
Recovered from expected credit losses on facilities paid during the year	(2,668,434)	(1,855,309)	(2,444,410)	(2,206,633)	(29,281)	(9,204,066)	(32,658,925)
What was converted to the first stage	882,261	424,874	(207,420)	63,806	-	1,163,522	3,608,126
What was converted to the second stage	(176,175)	565,370	227,639	376,011	-	992,844	(3,186,201)
What was converted to the third stage	(706,086)	(990,243)	(20,219)	(439,817)	-	(2,156,366)	(421,924)
Changes resulting from modifications	-	-	-	-	-	-	-
Provision for bad credit facilities	(639,106)	-	(10,191,918)	(940,080)	-	(11,771,104)	(23,046,932)
Adjustments due to change in exchange rates	-	-	-	-	-	-	-
Balance - End of the Year	**11,838,317**	**15,725,946**	**44,445,560**	**4,816,981**	**403,242**	**77,230,046**	**74,997,329**
Redistribution:							
Provisions on individual level	11,838,317	15,725,946	44,445,560	4,816,981	403,242	77,230,046	74,997,329
Provisions at a collective level	-	-	-	-	-	-	-

Interests in suspense

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

For the year 2019	Individuals	Real estate loans	Companies		Government and public sector	Total
			Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	1,330,377	3,133,199	6,444,893	739,015	-	11,647,484
Add: Interest suspended during the year	604,532	2,973,721	7,379,362	511,343	-	11,468,958
Less: Interest reversed to income	(423,454)	(776,466)	(2,820,562)	(87,990)	-	(4,108,472)
Interest in suspense written-off	(113,184)	-	-	(68,355)	-	(181,539)
Non performing credit off-consolidated statement of financial positions	(21,197)	-	(98,320)	(30,090)	-	(149,606)
Balance at the end of the year	**1,377,074**	**5,330,454**	**10,905,372**	**1,063,924**	**-**	**18,676,824**

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

- The Bank adopts a policy for suspending interest off - the consolidated statement of financial position for credit facilities with lawsuits outstanding in courts. During the year 2019, suspended interest on non-performing credit facilities off the consolidated statement of financial position,as per the decision of the Board of Directors, amounted to JD 2,253,492 (JD 3,576,675 for the year 2018). Suspended interest on non-performing credit facilities out of the system totaled JD 22,547,071 as of December 31, 2019 (JD 20,293,579 for the year 2018).

- The breakdown of the total retail facilities by categories of the Bank's internal area as at 31 December 2019 and 2018:

Credit rating categories based on the Bank's bylaws	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
From 1 to 5	3,067,846	313,632	-	3,381,478	2,607,027
From 6 to 7	-	-	-	-	-
From 8 to 10	-	-	3,028,504	3,028,504	3,719,936
Uncalssified	141,043,476	4,399,722	9,260,199	154,703,397	129,453,962
Total	**144,111,322**	**4,713,354**	**12,288,703**	**161,113,378**	**135,780,926**

- The movement on the balance of the retail facilities during the year ended 31 December 2019 and 2018 is as follows:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	118,126,274	4,225,553	13,429,099	135,780,926	136,338,077
New facilities during the year	50,339,948	636,385	791,840	51,768,173	61,568,112
Facilities paid during the year	(22,185,636)	(1,124,307)	(2,352,291)	(25,662,233)	(61,702,526)
What has been converted to the first stage	4,740,095	(2,665,451)	(2,074,644)	-	-
What has been converted to the second stage	(3,654,457)	4,473,076	(818,619)	-	-
What has been converted to the third stage	(3,254,902)	(831,903)	4,086,805	-	-
Changes resulting from modifications	-	-	-	-	-
Bad facilities (written off and transferred outside the statement of financial position)	-	-	(773,486)	(773,487)	(422,737)
Adjustments due to change in exchange rates	-	-	-	-	-
Total balance at the end of the year	**144,111,322**	**4,713,354**	**12,288,703**	**161,113,378**	**135,780,926**

- The movement on the provision for credit losses expected for the retail facilities during the year ended 31 December 2018:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	4,587,782	705,848	4,486,078	9,779,708	10,774,127
Expected credit losses on new credit facilities during the year	1,906,991	660,222	2,798,936	5,366,149	5,942,804
Recovered from expected credit losses on credit facilities paid during the year	(1,819,165)	(192,532)	(656,737)	(2,668,434)	(6,585,582)
What has been converted to the first stage	1,152,646	(443,449)	(709,197)	-	-
What has been converted to the second stage	(142,075)	422,409	(280,334)	-	-
What has been converted to the third stage	(128,309)	(155,135)	283,445	-	-
Changes resulting from modifications	-	-	-	-	-
Provision for doubtful facilities	-	-	(639,106)	(639,106)	(351,642)
Adjustments due to change in exchange rates	-	-	-	-	-
Total balance at the end of the year	**5,557,870**	**997,362**	**5,283,085**	**11,838,317**	**9,779,708**

- The following table sets out the distribution of the total real estate credit facilities according to the Bank's internal classification categories as of 31 December 2019 and 2018:

Credit rating categories based on the Bank's bylaws	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
From 1 to 5	57,130,328	4,651,993	-	61,782,322	60,085,695
From 6 to 7	59,500	18,842,156	-	18,901,656	7,563,641
From 8 to 10	-	-	28,696,061	28,696,061	37,176,023
Unclassified	108,299,346	5,469,446	15,342,961	129,111,753	138,559,208
Total	**165,489,174**	**28,963,596**	**44,039,022**	**238,491,792**	**243,384,566**

- The movement on the balance of real estate credit facilities during the year ended 31 December 2018 is as follows:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	165,815,208	26,129,531	51,439,827	243,384,566	246,396,631
New facilities during the year	27,849,139	1,726,558	3,064,350	32,640,047	53,132,282
Facilities paid during the year	(29,967,432)	(5,578,260)	(1,987,129)	(37,532,821)	(56,096,942)
What has been converted to the first stage	11,805,773	(9,010,075)	(2,795,698)	-	-
What has been converted to the second stage	(6,511,886)	18,787,555	(12,275,669)	-	-
What has been converted to the third stage	(3,501,628)	(3,091,712)	6,593,341	-	-
Changes resulting from modifications	-	-	-	-	-
Doubtful facilities (written off and transferred off the consolidated statement of financial position)	-	-	-	-	(47,405)
Adjustments due to change in exchange rates	-	-	-	-	-
Total balance at the end of the year	**165,489,174**	**28,963,596**	**44,039,022**	**238,491,792**	**243,384,566**

- The movement on the provision for the expected credit losses for real estate credit facilities during the year ended 31 December 2019 and 2018:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	1,286,251	869,429	12,022,160	14,177,840	14,196,091
Expected credit losses on new facilities during the year	385,703	655,277	2,362,435	3,403,415	4,372,387
Recovered from expected credit losses on facilities paid during the year	(997,558)	(62,722)	(795,028)	(1,855,309)	(4,364,554)
What has been converted to the first stage	721,193	(541,782)	(179,411)	-	-
What has been converted to the second stage	(99,881)	1,271,290	(1,171,410)	-	-
What has been converted to the third stage	(196,438)	(164,139)	360,577	-	-
Changes resulting from modifications	-	-	-	-	-
Provision for doubtful facilities	-	-	-	-	(26,084)
Adjustments due to change in exchange rates	-	-	-	-	-
Total balance at the end of the year	**1,099,270**	**2,027,354**	**12,599,322**	**15,725,946**	**14,177,840**

- The distribution of the total facilities of major companies according to the Bank›s internal classification categories as at 31 December 2019 and 2018:

Credit rating categories based on the Bank's bylaws	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
From 1 to 5	739,309,293	13,002,634	-	752,311,927	765,437,201
From 6 to 7	120,005,494	95,081,756	-	215,087,250	247,368,947
From 8 to 10	-	-	76,059,430	76,059,430	85,217,012
Unclassified	54,504	11,961	306,974	373,439	255,498
Total	**859,369,291**	**108,096,351**	**76,366,404**	**1,043,832,046**	**1,098,278,659**

- The movement on the balance of major corporate facilities during the year ended 31 December 2018 was as follows:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	919,447,360	93,415,047	85,416,251	1,098,278,659	1,015,814,200
New facilities during the year	118,041,241	3,705,762	4,890,803	126,637,806	293,324,757
Facilities paid during the year	(155,629,376)	(4,510,939)	(10,653,867)	(170,794,182)	(180,238,928)
What has been converted to the first stage	8,894,025	(8,786,213)	(107,812)	-	-
What has been converted to the second stage	(30,971,254)	36,154,982	(5,183,728)	-	-
What has been converted to the third stage	(412,706)	(11,882,288)	12,294,993	-	-
Changes resulting from modifications	-	-	-	-	-
Doubtful facilities (written off and transferred off the consolidated statement of financial position)	-	-	(10,290,237)	(10,290,237)	(30,621,370)
Adjustments due to change in exchange rates	-	-	-	-	-
Total balance at the end of the year	**859,369,291**	**108,096,351**	**76,366,404**	**1,043,832,046**	**1,098,278,659**

- The movement on the provision for credit losses expected for major corporate facilities during the year ended 31 December 2018:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	2,823,877	2,894,948	39,897,074	45,615,899	65,348,545
Expected credit losses on new facilities during the year	1,587,305	4,895,768	4,982,916	11,465,989	19,182,123
Recovered from expected credit losses on facilities paid during the year	(583,055)	(607,039)	(1,254,316)	(2,444,410)	(16,539,235)
What has been converted to the first stage	180,934	(109,779)	(71,155)	-	-
What has been converted to the second stage	(387,815)	921,630	(533,816)	-	-
What has been converted to the third stage	(539)	(584,213)	584,752	-	-
Changes resulting from modifications	-	-	-	-	-
Provision for doubtful facilities	-	-	(10,191,918)	(10,191,918)	(22,375,534)
Adjustments due to change in exchange rates	-	-	-	-	-
Total balance at the end of the year	**3,620,708**	**7,411,315**	**33,413,538**	**44,445,560**	**45,615,899**

- The distribution of the total Small to Medium enterprise facilities according to the Bank's internal rating categories as at 31 December 2019 and 2018:

Credit rating categories based on the Bank's bylaws	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
From 1 to 5	69,154,077	4,832,102	-	73,986,180	68,395,592
From 6 to 7	9,080,671	3,725,113	-	12,805,784	16,894,511
From 8 to 10	-	-	10,561,008	10,561,008	9,425,718
Unclassified	229,492	20,558	205,184	455,235	361,610
Total	**78,464,240**	**8,577,774**	**10,766,193**	**97,808,207**	**95,077,430**

- The movement on the balance of Small to Medium enterprises facilities during the year ended 31 December 2019 and 2018 is as follows:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	77,526,155	7,889,290	9,661,986	95,077,430	110,648,993
New facilities during the year	23,505,554	1,950,720	1,343,621	26,799,895	41,712,491
Facilities paid during the year	(16,393,121)	(3,031,172)	(3,606,299)	(23,030,592)	(56,912,225)
What has been converted to the first stage	3,043,453	(2,284,834)	(758,619)	-	-
What has been converted to the second stage	(4,906,517)	5,398,040	(491,523)	-	-
What has been converted to the third stage	(4,311,282)	(1,344,270)	5,655,552	-	-
Changes resulting from modifications		-	-	-	-
Doubtful facilities (written off and transferred off the consolidated statement of financial position)	-	-	(1,038,525)	(1,038,525)	(371,829)
Adjustments due to change in exchange rates	-	-	-	-	-
Total balance at the end of the year	**78,464,240**	**8,577,774**	**10,766,193**	**97,808,207**	**95,077,430**

- The movement on the provision for credit losses expected for the facilities of Small to Medium enterprises during the year ended 31 December 2019 and 2018:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	303,990	358,260	4,329,109	4,991,359	5,215,479
Expected credit losses on new facilities during the year	259,090	71,014	2,642,231	2,972,335	5,229,630
Recovered from expected credit losses on facilities paid during the year	(404,301)	(394,310)	(1,408,023)	(2,206,633)	(5,160,078)
What has been converted to the first stage	237,573	(4,795)	(232,778)	-	-
What has been converted to the second stage	(37,400)	413,191	(375,791)	-	-
What has been converted to the third stage	(136,367)	(32,385)	168,752	-	-
Changes resulting from modifications	-	-	-	-	-
Provision for doubtful facilities	-	-	(940,080)	(940,080)	(293,671)
Adjustments due to change in exchange rates	-	-	-	-	-
Total balance at the end of the year	**222,586**	**410,975**	**4,183,419**	**4,816,981**	**4,991,359**

- The distribution of the total government and public sector facilities according to the Bank's internal classification categories as at 31 December 2019 and 2018:

Credit rating categories based on the Bank's bylaws	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
From 1 to 5	78,438,162	-	-	78,438,162	90,545,699
From 6 to 7	50,000,000	-	-	50,000,000	56,250,000
From 8 to 10	-	-	-	-	-
Unclassified	-	-	-	-	-
Total	**128,438,162**	**-**	**-**	**128,438,162**	**146,795,699**

- The movement on the balance of government and public sector facilities during the year ended 31 December 2019 and 2018 is as follows:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	146,795,699	-	-	146,795,699	114,811,880
New facilities during the year	3,892,552	-	-	3,892,552	56,805,839
Facilities paid during the year	(22,250,089)	-	-	(22,250,089)	(24,822,020)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the second stage	-	-	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Doubtful facilities (written off and transferred off the consolidated statement of financial position)	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-
Total balance at the end of the year	**128,438,162**	**-**	**-**	**128,438,162**	**146,795,699**

- The movement on the provision for credit losses expected for government and public sector facilities during the year ended 31 December 2019 and 2018 is as follows:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	432,523	-	-	432,523	240,822
Expected credit losses on new facilities during the year	-	-	-	-	201,170
Recovered from expected credit losses on facilities paid during the year	(29,281)	-	-	(29,281)	(9,469)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the second stage	-	-	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Provision for doubtful facilities	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-
Total balance at the end of the year	**403,242**	**-**	**-**	**403,242**	**432,523**

* In accordance to the Central Bank of Jordan instructions, which is related to implementation of IFRS (9), the Bank did not calculate the expected credit losses provision over the credit facilities granted & guaranteed by the Government of Jordan.

8. Financial assets at fair value through other comprehensive income

The details of this item are as follows:

	2019	2018
	JD	JD
Quoted shares in active markets	18,608,695	24,270,722
Unquoted shares in active markets	27,206,325	23,192,572
Total	45,815,020	47,463,294
Quoted bonds in an active market	38,030,583	66,144,429
Unquoted bonds in an active market	13,720,000	15,900,000
Total bonds (debt instruments)	51,750,583	82,044,429
Less: Provision for expected credit losses of debt instruments	(1,441,297)	(1,824,291)
Total net debt instruments	50,309,286	80,220,137
Total net financial assets through other comprehensive income	96,124,306	127,683,431
Analysis of Bonds and Bills:		
Fixed rate	38,030,583	62,641,349
Floating rate	13,720,000	19,403,080
Total	**51,750,583**	**82,044,429**

- Realized gain from the sale of shares through comprehensive income amounted to JD 5,897,063 in 2019, (against JD 192,477 during the year 2018) booked directly to retained earnings in the consolidated statement of owners' equity.

- Realized gain amounted JD 91,329 (against JD 2,379,578) through comprehensive income was due to a settlement of bonds and was booked directly in the consolidated statement of income.

- Cash dividends on the above investments amounted to JD 1,878,377 for the year ended December 31, 2019 (JD 1,262,957 for the year ended December 31, 2018).

- The following table sets out the distribution of total debt instruments at fair value through comprehensive income according to the Bank's internal classification categories as at 31 December 2019 and 2018:

Credit rating categories based on the Bank's bylaws	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
From 1 to 5	3,157,326	-	-	3,157,326	27,594,575
From 6 to 7	30,276,538	9,584,794	8,720,000	48,581,331	43,408,054
From 8 to 10	-	-	11,925	11,925	11,041,800
Unclassified	-	-	-	-	-
Total	**33,433,864**	**9,584,794**	**8,731,925**	**51,750,583**	**82,044,429**

- The movement on the balance of debt instruments at fair value through comprehensive income for the year ended 31 December 2019 and 2018 is as follows:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	61,404,541	9,598,088	11,041,800	82,044,429	91,383,331
New debt instruments during the year	3,194,508	327,912	-	3,522,420	2,488,807
Debt instruments paid during the year	(25,502,047)	(6,004,344)	(2,309,875)	(33,816,266)	(11,827,709)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the second stage	(5,663,138)	5,663,138	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Bad debt instruments	-	-	-	-	-
Total balance at the end of the year	**33,433,864**	**9,584,794**	**8,731,925**	**51,750,583**	**82,044,429**

-The movement on the provision for the expected credit losses of debt instruments at fair value through comprehensive income during the year ended 31 December 2019 and 2018:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	282,562	296,345	1,245,384	1,824,291	1,968,856
Expected credit losses on new facilities during the year	1,010	187,956	-	188,965	280,722
Recovered from expected credit losses on facilities paid during the year	(75,468)	(170,030)	(326,461)	(571,959)	(425,286)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the second stage	(126,474)	126,474	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Provision for doubtful facilities	-	-	-	-	-
Total balance at the end of the year	**81,629**	**440,745**	**918,923**	**1,441,297**	**1,824,291**

9. Financial assets at amortised cost

The details of this item are as follows:

	2019	2018
	JD	JD
Quoted Financial Assets:		
Companies bonds and debentures	-	-
Total Quoted Financial Assets	-	-
Unquoted Financial Assets:		
Bonds and treasury bills	308,656,110	291,638,876
Companies bonds and debentures	-	1,418,000
Total Unquoted Financial Assets	308,656,110	293,056,876
Less: Provision for impairment of financial assets at amortized cost	-	(8,016)
Total	**308,656,110**	**293,048,859**
Bonds and Bills Analysis:		
Fixed rate	308,656,110	293,048,859
Floating rate	-	-
Total	**308,656,110**	**293,048,859**

-The breakdown of the total financial assets at amortized cost according to the Bank›s internal classification categories as at 31 December 2019 and 2018:

Credit rating categories based on the Bank's bylaws	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
From 1 to 5	-	-	-	-	-
From 6 to 7	308,656,110	-	-	308,656,110	293,056,876
From 8 to 10	-	-	-	-	-
Unclassified	-	-	-	-	-
Total	**308,656,110**	**-**	**-**	**308,656,110**	**293,056,876**

- Movement of financial assets at amortized cost during the year ended 31 December 2019 and 2018:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	293,056,876	-	-	293,056,876	364,263,949
New debt instruments during the year	90,968,313	-	-	90,968,313	15,001,384
Debt instruments paid during the year	(75,369,079)	-	-	(75,369,079)	(86,208,456)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the second stage	-	-	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Bad debt instruments	-	-	-	-	-
Total balance at the end of the year	**308,656,110**	**-**	**-**	**308,656,110**	**293,056,876**

- The movement on the provision for the expected credit losses of financial assets at amortized cost during the year ended 31 December 2019 and 2018:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	8,016	-	-	8,016	33,976
New debt instruments during the year	-	-	-	-	-
Debt instruments paid during the year	(8,016)	-	-	(8,016)	(25,960)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the second stage	-	-	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Bad debt instruments	-	-	-	-	-
Total balance at the end of the year	**-**	**-**	**-**	**-**	**8,016**

In accordance to the Central Bank of Jordan instructions which are related to implementation of IFRS (9), the Bank did not calculate or record the expected credit losses provision for bonds and treasury bills related to the Government of Jordan.

- The movement on the balance of investments during the year ended 31 December 2019 and 2018 is as follows:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	354,461,417	9,598,088	11,041,800	375,101,305	455,647,280
New investments during the year	94,162,819	327,912	-	94,490,731	17,490,190
Investments due during the year	(100,871,126)	(6,004,344)	(2,309,875)	(109,185,346)	(98,036,165)
Change in fair value	-	-	-	-	-
What has been converted to the first stage	-	-	-	-	-
What has been converted to the second stage	(5,663,138)	5,663,138	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Written off investments	-	-	-	-	-
Total balance at the end of the year	**342,089,972**	**9,584,794**	**8,731,925**	**360,406,690**	**375,101,305**

- The movement on the provision for the expected credit losses for investments during the year ended 31 December 2019 and 2018 is as follows:

Description	Stage 1 "Individuals"	Stage 2 "Individuals"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	290,578	296,345	1,245,384	1,832,307	2,002,832
Expected credit losses on new investments during the year	1,010	187,956	-	188,965	280,720
Recoverable from expected credit losses on investments paid during the year	(83,484)	(170,030)	(326,461)	(579,975)	(451,245)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the second stage	(126,474)	126,474	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Provision for impaired investments	-	-	-	-	-
Total balance at the end of the year	**81,629**	**440,745**	**918,923**	**1,441,297**	**1,832,307**

10. Property and equipment- net

A. The details of this item are as follows:

2019	Land	Buildings	Fixtures, Equipment and Furniture	Vehicles	Computers	Building Improvements	Total
	JD	JD	JD	JD	JD	JD	JD
Cost:							
Balance - beginning of the year	3,046,712	10,483,891	15,495,262	1,191,917	15,441,583	16,463,409	62,122,773
Additions	1,090,000	896,011	697,301	4,008	387,171	546,995	3,621,486
Disposals	-	-	108,682	-	15,958	-	124,640
Balance - End of the Year	4,136,712	11,379,902	16,083,881	1,195,925	15,812,796	17,010,404	65,619,619
Accumulated depreciation:							
Balance - beginning of the year	-	2,305,739	8,829,950	717,252	11,929,893	12,722,309	36,505,142
Depreciation for the year	-	209,183	1,238,656	123,562	1,505,593	1,474,482	4,551,476
Disposals	-	-	24,232	-	13,897	-	38,129
Balance - End of the Year	-	2,514,922	10,044,374	840,814	13,421,589	14,196,791	41,018,489
Net book value of property and equipment	4,136,712	8,864,980	6,039,506	355,111	2,391,207	2,813,613	24,601,130
Add: Down payments on property and equipment purchases	-	-	2,110,468	-	-	-	2,110,468
Net Book Value of Property and Equipment - End of the Year	4,136,712	8,864,980	8,149,974	355,111	2,391,207	2,813,613	26,711,598

2018	Land	Buildings	Fixtures, Equipment and Furniture	Vehicles	Computers	Building Improvements	Total
	JD	JD	JD	JD	JD	JD	JD
Cost:							
Balance - beginning of the year	3,046,712	10,675,735	13,558,801	1,358,388	17,628,967	18,063,982	64,332,585
Additions	-	275,062	3,572,842	22,422	1,085,541	186,866	5,142,732
Disposals	-	466,906	1,636,381	188,893	3,272,925	1,787,439	7,352,544
Balance - End of the Year	3,046,712	10,483,891	15,495,262	1,191,917	15,441,583	16,463,409	62,122,773
Accumulated depreciation:							
Balance - beginning of the year	-	2,094,076	9,023,348	643,408	13,287,793	12,180,121	37,228,748
Depreciation for the year	-	211,662	790,672	123,315	1,429,604	1,596,226	4,151,479
Disposals	-	-	984,070	49,471	2,787,504	1,054,040	4,875,085
Balance - End of the Year	-	2,305,739	8,829,950	717,252	11,929,893	12,722,309	36,505,142
Net book value of property and equipment	3,046,712	8,178,152	6,665,311	474,665	3,511,690	3,741,100	25,617,631
Add: Down payments on property and equipment purchases	-	-	489,081	-	-	-	489,081
Net Book Value of Property and Equipment - End of the Year	3,046,712	8,178,152	7,154,392	474,665	3,511,690	3,741,100	26,106,712
Annual depreciation rate %	-	3	9-15	15	20	20	-

B. Property and equipment includes an amount of JD 27,494,650 as at 31 December 2019 (against JD 22,560,894 as at 31 December 2018), representing fully depreciated assets.

11. Intangible assets, net

The details of this item are as follows:

For the year 2019	Computer software and application	Total
	JD	JD
Balance - beginning of the year	3,020,319	3,020,319
Additions	361,751	361,751
Amortization for the year	2,024,304	2,024,304
Balance - ending of the year	**1,357,766**	**1,357,766**

For the year 2018	Computer software and application	Total
	JD	JD
Balance - beginning of the year	5,095,610	5,095,610
Additions	83,175	83,175
Amortization for the year	2,158,466	2,158,466
Balance - ending of the year	**3,020,319**	**3,020,319**
Annual amortisation rate %	20-33	

12. Leased assets and corresponding liabilities

The Bank has implemented IFRS 16: "Leases" as of 1 January 2019. The application has resulted in recognizing right of use for leased assets amounted to JD (14,278,048) and the resulted corresponding liabilities amounted to JD (13,245,180) as of 31 December 2019.

The amounts recognised represent the present value of expected future payments on a contract-by-contract basis using a discount rate equivalent to the Bank's additional borrowing rate.

All contracts treated under IFRS 16 comprise leases of the Bank's locations and branches. The Bank choose to use the exemption provided by the standard of not recognising the right of use of leased assets under contracts of less than one year, and their amounts are immaterial.

Assets that are recognised within the financial position are amortised using the straight-line method over the expected term of the right of use of each asset individually, as amortisation value for the period amounted to (JD 2,283,613).

The liability is amortised by decreasing the lessor›s payments, after subtracting the interest value from the present value. The interest expense was (JD 1,173,880).

13. Other assets

The details of this item are as follows:

	2019	2018
	JD	JD
Accrued interest and income	16,941,733	15,705,154
Prepaid expenses	2,102,357	2,293,133
Assets seized by the Bank against debts - net	136,505,006	142,291,276
Debtors*	2,125,082	310,078
Clearing cheques	306,891	773,738
Other*	5,351,063	8,845,456
Total	**163,332,131**	**170,218,835**

* Debtors and other assets include balances relating to subsidiaries of JD 77,732 as of December 31, 2019 (JD 89,257 as of December 31, 2018).

The movement on assets seized by the Bank against due debts is as follows:

	2019			2018
	Acquired properties	Other acquired assets*	Total	Total
	JD	JD	JD	JD
Balance at beginning of the year, net	141,458,722	832,554	142,291,276	151,099,594
Additions	3,836,717	-	3,836,717	4,221,330
Disposals	(10,549,540)	(832,554)	(11,382,094)	(4,142,094)
Recoverable from the provision as per the instructions of the Central Bank of Jordan**	1,910,542	-	1,910,542	217,627
Recoverable from the additional provision for acquired properties	500,000	-	500,000	(9,119,838)
Impairment loss	(651,435)	-	(651,435)	14,657
Balance at the end of the year	136,505,006	-	136,505,006	142,291,276

* This item represents shares in local banks seized against due debts sold with a gain of JD 52,050 during 2019 against JD 246,146 in 2018.

** This item represents the provision for assets seized by the Bank against debts based on the instructions of the Central Bank of Jordan in which the bank started to provide for all assets that have been seized for a period of more than four years gradually in accordance with the instructions.

The Central Bank of Jordan instructions have been modified to continuing the deducting of required provisions related to the seized assets which violates the provisions of article (48) of Banks' Law No. (28) for the year 2000 and its amendments in accordance to the mentioned circular and at 5% annually of the total book value of those assets. (regardless of the period of viloation). This was starting from 2021, where it will reach the required percentage of 50% by the end of the year 2029.

14. Deposits with banks and banking institutions

The details of this item are as follows:

	31 December 2019			31 December 2018		
	Inside Kingdom	Outside Kingdom	Total	Inside Kingdom	Outside Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current and call accounts	1,353	16,096,467	16,097,820	-	15,931,389	15,931,389
Time deposits*	28,397,000	96,742,694	125,139,694	8,500,000	198,956,451	207,456,451
Total	**28,398,353**	**112,839,161**	**141,237,514**	**8,500,000**	**214,887,840**	**223,387,840**

* Time deposits due within a period exceeding three months amounted to JD 44,704,000 as of December 31, 2019 (JD 5,000,000 as of December 31, 2018).

15. Customers' deposits

The details of this item are as follows:

31 December 2019					
	Individuals	Companies		Government and public sector	Total
		Large	Small and Medium		
	JD	JD	JD	JD	JD
Current and call accounts	263,876,628	94,848,724	219,980,556	4,161,083	582,866,991
Saving deposits	158,239,117	204,904	3,703,971	1,376,025	163,524,017
Time deposits subject to notice	719,378,149	225,482,375	106,765,764	68,027,206	1,119,653,494
Certificates of deposit	48,004	-	-	-	48,004
Total	**1,141,541,898**	**320,536,003**	**330,450,291**	**73,564,314**	**1,866,092,506**

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

- The amount of deposits of Jordanian Government and public sector inside the Kingdom amounted to JD 73,564,314 which is equivalent to 3.9% of total deposits as at 31 December 2019 against JD 122,011,428 which is equivalent to 6.8% as at 31 December 2018.

- The amount of non-interest bearing deposits amounted to JD 582,866,991 which is equivalent to 31.2% of total deposits as at 31 December 2019 against JD 614,804,299 which is equivalent to 34.4% as at 31 December 2018.

- The value of restricted deposits amounted to JD 27,252,952 which is equivalent to 1.5% of total deposits as at 31 December 2019 against JD 24,239,868 which is equivalent to 1.4% as at 31 December 2018.

- The amount of frozen deposits amounted to JD 42,925,851 as at 31 December 2019 compared to JD 42,457,026 as at 31 December 2018.

16. Cash deposits

The details of this item are as follows:

	2019	2018
	JD	JD
Cash margins against direct credit facilities	54,996,430	64,442,645
Cash margins against indirect credit facilities	27,182,192	30,270,442
Total	**82,178,622**	**94,713,087**

17. Borrowed Funds

These funds have been obtained under a loan agreement with the Central Bank of Jordan and Jordan Mortgage Refinance Company in which maturity dates that ranges between a period of less than 1 year to 20 years to finance micro, small and medium-sized companies. These also include grants obtained from the Central Bank of Jordan for two years to finance micro, small and medium-sized companies within a medium-term funding program as follows: of using it to finance

31 December 2019	Funds Borrowed	Amount	Number of Installments	Installment Repayment	Lending interest rate	Collaterals
	JD	JD				
Loan through the Central Bank of Jordan	4,000,000	3,200,000	Repaid over 9 years	Semi-annual	3.85%	-
Loan through the Central Bank of Jordan	3,000,000	1,950,000	Repaid over 5 years	Semi-annual	2.51%	-
Loan through the Central Bank of Jordan	4,663,500	4,663,500	Repaid over 11 years	Semi-annual	3.90%	-
Loan through the Central Bank of Jordan	3,209,734	3,209,734	Repaid over 20 years	Semi-annual	3.00%	-
Loan through the Central Bank of Jordan	500,000	500,000	Repaid over 17 years	Semi-annual	2.51%	-
Central Bank of Jordan borrowed funds	2,484,101	998,152	Repaid over 10 years	Under repayment tranches -every 6 months	1.00%	At call promissory notes
Central Bank of Jordan borrowed funds	2,831,965	825,365	Repaid over 10 years	Under repayment tranches -every 9 months	1.00%	At call promissory notes
Central Bank of Jordan borrowed funds	9,523,148	5,658,972	Repaid over 10 years	Monthly	1.00%	At call promissory notes
Central Bank of Jordan borrowed funds	1,050,000	883,195	Repaid over 10 years	Monthly	1.75%	At call promissory notes
Central Bank of Jordan borrowed funds	3,244,482	2,788,426	Repaid over 5 years	Monthly	1.00%	At call promissory notes
Central Bank of Jordan borrowed funds	6,273,000	4,119,608	Repaid over 5 years	Monthly	1.75%	At call promissory notes
Central Bank of Jordan borrowed funds	1,596,772	381,896	Repaid over the year	Monthly	1.00%	At call promissory notes
Central Bank of Jordan borrowed funds	1,444,200	354,421	Repaid over the year	Monthly	1.75%	At call promissory notes
Loan through Jordan Mortgage Refinance Company	20,000,000	20,000,000	To be repaid in one payment during the year 2020			-
Loan through Jordan Mortgage Refinance Company	10,000,000	10,000,000	To be repaid in one payment during the year 2020			-
Loan through Jordan Mortgage Refinance Company	10,000,000	10,000,000	To be repaid in one payment during the year 2024			-
Housing Bank	5,000,000	3,305,146	-			-
Bank Audi	5,000,000	4,037,200	To be repaid over 36 instalments as of the date of utilising it			-
Housing Bank	15,000,000	6,444,214	To be repaid over 36 instalments as of the date of utilising it			-
Loan through Jordan Mortgage Refinance Company	5,000,000	5,000,000	To be repaid in one payment on 4 February 2020			-
Loan through Jordan Mortgage Refinance Company	10,000,000	10,000,000	To be repaid in one payment on 4 July 2021			-
Société Bank	4,000,000	3,887,635	To be repaid over 36 instalments as of the date of utilising it			-
Total	**127,820,902**	**102,207,464**				

31 December 2018	Funds Borrowed	Amount	Number of Installments	Installment Repayment	Lending interest rate	Collaterals
	JD	JD				
Loan through the Central Bank of Jordan	4,000,000	3,600,000	Repaid over 10 years	Semi-annual	4.02%	-
Loan through the Central Bank of Jordan	3,000,000	2,370,000	Repaid over 6 years	Semi-annual	2.50%	-
Loan through the Central Bank of Jordan	4,663,500	4,663,500	Repaid over 13 years	Semi-annual	4.07%	-
Loan through the Central Bank of Jordan	1,611,086	1,611,086	Repaid over 22 years	Semi-annual	3.00%	-
Loan through the Central Bank of Jordan	500,000	303,752	Repaid over 19 years	Semi-annual	2.53%	-
Central Bank of Jordan borrowed funds	7,196,165	5,248,848	Repaid over 10 years	Monthly	1.00%	At call promissory notes
Central Bank of Jordan borrowed funds	1,050,000	999,946	Repaid over 10 years	Monthly	1.75%	At call promissory notes
Central Bank of Jordan borrowed funds	1,734,620	1,724,093	Repaid over 5 years	Monthly	1.00%	At call promissory notes
Central Bank of Jordan borrowed funds	4,982,708	3,263,464	Repaid over 5 years	Monthly	1.75%	At call promissory notes
Central Bank of Jordan borrowed funds	589,700	383,547	Repaid over the year	Monthly	1.75%	At call promissory notes
Central Bank of Jordan borrowed funds	806,000	80,582	Repaid over the year	Monthly	2.25%	At call promissory notes
Central Bank of Jordan borrowed funds	3,713,055	1,279,423	Repaid over the year	Monthly	1.00%	At call promissory notes
Central Bank of Jordan borrowed funds	500,000	35,718	Repaid over the year	Quarterly	2.25%	At call promissory notes
Loan through Jordan Mortgage Refinance Company	20,000,000	20,000,000	To be repaid in one payment during the year 2020			-
Loan through Jordan Mortgage Refinance Company	10,000,000	10,000,000	To be repaid in one payment during the year 2020			-
Local bank	5,000,000	3,380,274	Not applicable			-
Local bank	5,000,000	2,739,210	To be repaid over 36 instalments as of the date of utilising it			-
Local bank	5,000,000	1,774,856	To be repaid over 36 instalments as of the date of utilising it			-
Loan through Jordan Mortgage Refinance Company	5,000,000	5,000,000	To be repaid in one payment on 15 May 2019			-
Loan through Jordan Mortgage Refinance Company	5,000,000	5,000,000	To be repaid in one payment on 15 February 2020			-
Loan through Jordan Mortgage Refinance Company	10,000,000	10,000,000	To be repaid in one payment on 4 July 2021			-
Total	**99,346,834**	**83,458,298**				**-**

18. Other provisions

The details of this item are as follows:

For the year 2019	Balance at the beginning of the year	Provision for the year	Released during the year	Balance at the end of the year
	JD	JD	JD	JD
Provision for end of service indemnity	10,067,360	2,227,728	992,157	11,302,931
Provision for lawsuits against the Bank and contingent claims	1,472,684	1,647,854	2,014,817	1,105,721
Total	**11,540,044**	**3,875,582**	**3,006,974**	**12,408,652**

For the year 2018	Balance at the beginning of the year	Provision for the year	Released during the year	Balance at the end of the year
	JD	JD	JD	JD
Provision for end of service indemnity	9,854,764	1,592,301	1,379,705	10,067,360
Provision for lawsuits against the Bank and contingent claims	1,066,365	430,900	24,581	1,472,684
Total	**10,921,129**	**2,023,201**	**1,404,286**	**11,540,044**

19. Income tax

A. Income tax provision

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

	2019	2018
	JD	JD
Balance at beginning of the year	12,053,013	12,210,713
Income tax for the year	18,088,556	15,498,943
Income tax paid	(15,380,721)	(15,656,643)
Balance at the end of the year	**14,760,848**	**12,053,013**

B. Income tax expense

Income tax expense for the year in the consolidated statement of income consists of the following:

	2019	2018
	JD	JD
Income tax for the year	18,088,556	15,498,943
Effect of deferred tax assets for the year	(1,219,032)	(1,531,123)
Total	**16,869,524**	**13,967,820**

C. Tax status

Below is the tax status of the Bank's branches and subsidiaries:

Branches/ companies	Income Tax Return up to End of the Year	Provision Final Clearance up to End of the Year	Payments to Income and Sales Tax Department	Years under Dispute
Jordan's branches	2018	2018	Accrued Taxes paid	2017
Cyprus' branch	2019	2019	Accrued Taxes paid	None
Ejarah Capital Leasing Company	2018	2018	Accrued Taxes paid	None
United Financial Investment Company	2018	None	None	None

D. Deferred Tax assets/ liabilities

The details of this item are as follows:

					31 December	
2019					2019	2018
	Balance at the beginning of Year	Amount Realized	Balance - End Additions	Balance at At end of the year	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
A. Deferred tax assets						
Provision for end-of-service indemnity	10,067,360	992,157	2,227,728	11,302,931	4,295,114	3,825,597
Provisions for seized assets	23,055,453	1,721,916	-	21,333,537	8,106,744	8,761,072
Provision for lawsuits against the Bank	1,401,784	1,948,849	1,652,786	1,105,721	420,174	532,678
Provision for watch list credit facilities	32,187,589	9,896,343	17,055,923	39,347,169	14,951,924	12,231,284
Provision for financing lease contracts - subsidiaries	264,537	176,863	-	87,674	24,549	63,489
Provision for trade receivables and acrrued revenue -subsidiaries	-	-	155,854	155,854	32,729	0
Provision for indirect facilities	5,116,281	3,103,496	3,339,846	5,352,631	2,034,000	1,940,210
Provision for investments	1,935,963	891,210	-	1,044,753	397,006	562,100
Provision for deposits with banks	32,535	29,353	3,107	6,288	974	11,571
Valuation losses from financial assets at fair value through profit or loss	5,239,237	2,937,318	-	2,301,919	874,729	1,990,910
Total	**79,300,739**	**21,697,505**	**24,435,243**	**82,038,477**	**31,137,943**	**29,918,911**

B. Deferred tax liabilities*						
Financial assets revaluation reserve*	11,136,477	1,952,793	-	9,183,684	3,489,800	4,231,861
Total	**11,136,477**	**1,952,793**	**-**	**9,183,684**	**3,489,800**	**4,231,861**

* Deferred tax liabilities resulting from the revaluation gain of financial assets at fair value through comprehensive income are stated within the financial assets valuation reserve in the consolidated statement of owners' equity.

- Deferred tax assets have been calculated at 38% instead of 35%, in accordance with the amended Income Tax Law effective 1 January 2019

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

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	29,918,911	4,231,861	11,299,456	3,791,258
Impact of adopting IFRS 9	-	-	17,282,559	-
Additions during the year	9,446,398	-	8,591,553	440,603
Released during the year	8,227,366	742,061	7,254,657	-
Balance at the end of the year	31,137,943	3,489,800	29,918,911	4,231,861

C. Summary of the reconciliation of accounting profit and taxable income:

The following is the reconciliation of accounting profit and taxable icome for the year:

	2019	2018
	JD	JD
Accounting profit	46,934,545	55,849,385
Add: Non-deductable expenses in terms of tax	42,104,658	24,623,102
Less: Non-taxable profits	(22,713,122)	(27,063,779)
Tax profit	66,326,081	53,408,708
Percentage of statutory income tax:		
Bank's branches in Jordan	38%	38%
Bank's branch in Cyprus	12.5%	12.5%
Subsidiaries	21-28%	21-28%

20. Other liabilities

The details of this item are as follows:

	2019	2018
	JD	JD
Accrued interest	16,521,342	11,374,835
Inward transfers	2,677,070	871,635
Accounts payable (A)	983,385	268,544
Accrued expenses	918,744	1,218,987
Temporary deposits (B)	9,786,958	13,428,515
Temporary deposits -customers	3,416,708	3,679,796
Shareholders' deposits (C)	4,721,090	4,835,893
Certified and acceptable checks	5,809,483	7,094,249
Lock boxes deposits	514,287	501,043
Subscriptions deposits (C)	80,815	131,782
Expected credit losses against indirect facilities - Note (44)	5,403,583	5,112,741
Other liabilities (A)	8,708,686	12,126,758
Total	**59,542,151**	**60,644,778**

(A) Accounts payable and other liabilities include balances related to subsidiaries amounting to JD 1,607,373 as at 31 December 2019 (JD790,585 as at 31 December 2018).

(B) This item represents temporary payment deposits to other public shareholding companies.

(C) This item represents refunds of subscriptions in public shareholding companies under establishment.

The Central Bank of Jordan requires the disposal of seized assets within a period of maximum two years from the date of seizure.

21. Auhorized and paid in capital

Paid-up capital amounted to JD 100 million, divided into 100 million shares at a par value of JD 1 per share as of December 31, 2019 and 2018.

22. Reserves

The details of these reserves as at 31 December 2019 and 2018 are as follows:

A. Statutory reserve

This item represents the accumulated amount of the appropriations from income before tax at 10% during the current and previous years according to the Banks Law and the Jordanian Companies Law. This amount is not distributable to shareholders.

B. Voluntary reserve

This item represents the accumulated amount of appropriations from income before tax at a maximum rate of 20% per year. The voluntary reserve is to be used according to a resolution by the Board of Directors. The General Assembly has the right to distribute this reserve or any portion therefrom as dividends to shareholders.

Restricted reserves are as follows:

	31 December		
Name of Reserve	2019	2018	Nature of restriction
	JD	JD	
Statutory reserve	96,043,640	91,350,185	According to the Jordanian Companies Law and the Banks Law.

23. Financial assets at fair value valuation reserve - net of tax

The movement on this item during the year is as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	4,160,518	8,135,930
Unrealised (loss) gain - net	3,290,951	(3,342,333)
Realised (gain) loss	(5,897,063)	(192,476)
Deferred tax liabilities	742,061	(440,603)
Balance at the end of the year*	**2,296,466**	**4,160,518**

*The financial assets valuation reserve is presented as a net amount after deducting the related deferred tax liabilities of JD 3,489,800 as of December 31, 2019 (JD 4,231,861 as of December 31, 2018), and it is not transferable to the consolidated statement of income.

24. Retained earnings

The movement on this item during the year is as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	78,432,483	99,275,774
Effect of application of IFRS 9 - Net after tax	-	(41,210,085)
Balance adjusted at the beginning of the period	78,432,483	58,065,689
Gain (loss) from financial assets at fair value through comprehensive income - Net of tax (Note 9)	5,897,063	192,476
Income for the year	29,937,619	42,143,508
Transferred from general banking risks	-	14,288,875
Transferred to reserves	(14,080,365)	(16,258,065)
Dividends paid (Note 25)	(20,000,000)	(20,000,000)
Balance - End of the Year	80,186,800	78,432,483

- Retained earnings includes JD 31,137,943 as of December 31, 2019 restricted against deferred tax assets according to the Central Bank of Jordan instructions (JD 29,918,911 as of December 31, 2018).

- Retained earnings includes JD 3,508,448 as of December 31, 2019 JD 3,537,266 as of December 31, 2018) restricted against the effect of adopting International Financial Reporting Standard (9) according to the instructions of the Jordan Securities Commission. The restriction is waived for the amount realized from actual sale, which represents the revaluation of financial assets.

- Use of Credit financial assets valuation reserve is restricted and requires the preapproval of the Central Bank of Jordan and the security exchange commission.

25. Proposed Dividends

The Board of Directors proposed to the General Assembly to approve the distribution of free shares to the shareholders at half a share per every outstanding share by the capitalization of 50 million share/JD from the voluntary reserves making the authorized and paid up capital 150 million shares/JD.

Based on the Bank's performance for the year ended 31st of December 2018, the General Assembly approved the proposal of the Board of Directors at its meeting on the 29th of April 2019, to distribute cash dividends to the shareholders at 20% of the paid up capital which is equivalent to JD 20 million.

26. Interest Income

The details of this item are as follows:

	2019	2018
	JD	JD
Direct credit facilities:		
Individuals (retail):		
Overdraft accounts	4,998	3,254
Loans and promissory notes	11,970,243	8,352,622
Credit cards	1,946,015	2,008,632
Real estate loans	19,374,525	13,622,475
Companies		
Large		
Overdraft accounts	11,433,820	12,884,033
Loans and promissory notes	64,700,169	63,436,533
Small and meduim		
Overdraft accounts	1,374,979	1,858,425
Loans and promissory notes	5,141,968	10,609,482
Government and public sector	8,715,981	3,341,048
Balances at central banks	5,649,625	2,267,247
Balances and deposits with banks and banking institutions	4,791,787	8,462,129
Financial assets at amortised cost	12,021,053	15,524,718
Financial assets at fair value through comprehensive income	5,103,781	4,072,911
Total	**152,228,944**	**146,443,509**

27. Interest expense

The details of this item are as follows:

	2019	2018
	JD	JD
Deposits with banks and financial institutions	4,975,310	7,898,815
Customers deposits		
Term and notice deposits	45,664,509	36,928,824
Cash margins	2,167,944	2,161,723
Current and call accounts	308,252	267,115
Saving deposits	888,391	909,628
Certificates of deposit	1,498	50,876
Borrowed funds	5,015,584	4,169,430
Loan guarantee fees	2,177,743	3,112,187
Interest expense corresponding lease liabilities	1,173,880	-
Total	**62,373,111**	**55,498,598**

28. Net commission income

The details of this item are as follows:

	2019	2018
	JD	JD
Commission-direct credit facilities	3,377,125	4,171,855
Commission-indirect credit facilities	5,755,678	6,116,650
Other commissions	1,902,923	1,112,145
Total	**11,035,726**	**11,400,650**

29. Foreign currency income

The details of this item are as follows:

	2019	2018
	JD	JD
Income from trading / dealing	3,337,964	3,402,892
Gain from valuation	7,461	557,665
Total	**3,345,425**	**3,960,557**

30. Other income

The details of this item are as follows:

	2019	2018
	JD	JD
Rental of deposit boxes	203,078	193,197
Stamps income	61,539	62,738
Credit cards revenues	7,193,108	6,961,157
Recoveries from bad debts previously written off	292,888	842,027
Shares trading revenue - subsidiary company	588,925	410,248
Telecommunication income	351,075	357,770
Transfer income	1,339,554	1,427,225
Gain on sale of seized assets	52,050	246,146
Gain on sale of property and equipment	350	3,096
Recoveries from the impairment loss of assets seized by the Bank against due debts	2,410,542	-
Recoveries from impairment loss of assets held for sale	328,267	-
Others	3,647,418	2,955,652
Total	**16,468,794**	**13,459,256**

31. Employees' expenses

The details of this item are as follows:

	2019	2018
	JD	JD
Salaries, allowances and employees' benefits	23,106,038	22,188,555
Contribution in social security	2,369,733	2,259,435
Medical expenses	1,672,659	1,560,566
Staff training	225,392	167,340
Travel expenses - per diems	344,937	392,486
Employees life insurance	124,502	141,248
Total	**27,843,261**	**26,709,630**

32. Other expenses

The details of this item are as follows:

	2019	2018
	JD	JD
Cards services expenses	4,616,874	4,102,021
Maintenance and repairs	3,809,903	3,560,348
Amortisation of the right of use of rented assets	2,283,613	-
Telecommunication expenses	1,477,076	1,329,541
Insurance expenses	1,280,101	1,119,148
Advertisements	1,092,724	2,152,742
Fees, taxes and stamps	946,392	776,510
Management fees (Note 36)	904,684	904,684
Donations and social responsibility	844,696	886,132
Provisions for impairment of properties for settlement of due debts	651,435	-
Stationery	639,456	813,563
Water, electricity and heating	553,642	1,206,912
Correspondents services fees	409,018	292,867
Security services	372,141	303,762
Subscriptions	362,398	244,392
Professional fees	238,591	200,263
Transportation expenses	163,866	207,174
Board of Directors' remunerations	135,000	90,000
Legal fees	113,313	122,238
Rent	102,205	2,934,060
Hospitality	82,256	88,090
Impairment loss of assets seized by the Bank against due debts (Note 13)	-	8,902,211
Loss on sale of seized assets	-	890,163
Impairment loss of assets held for sale	-	950,087
Other	2,493,517	4,390,315
Total	**23,572,901**	**36,467,223**

33. Earnings per share - Bank’s shareholders (Basic and Diluted)

The details of this item are as follows:

	2019	2018
	JD	JD
Income for the year attributed to the Bank's shareholders	29,937,619	42,143,508
	Share	Share
Weighted average of the number of shares	100,000,000	100,000,000
	JD/ share	JD/ share
Earnings per share from net profit for the year		
(Basic and diluted)	0.299	0.421
Profit for the year from continuing operations	30,065,021	41,881,565
	Share	Share
Weighted average of the number of shares	100,000,000	100,000,000
	JD/ share	JD/ share
Earnings per share from continuing operations for the year		
(Basic and diluted)	0.301	0.419
Profit (loss) for the year from non-continuous operations	(127,402)	261,943
	Share	Share
Weighted average of the number of shares	100,000,000	100,000,000
	JD/ share	JD/ share
Earning (losses) per share for the year attributable to the shareholders of the Bank:		
(Basic and diluted)	(0.001)	0.003

34. Cash and cash equivalents

The details of this item are as follows:

	2019	2018
	JD	JD
Balances at central banks due within three months	402,004,690	210,936,892
Add: Balances at banks and financial institutions due within three months	134,085,678	215,594,692
Less: Banks and financial institutions deposits due within three months	96,533,514	218,387,840
Restricted balances -Note (5)	2,502,038	711,723
Total	**437,054,816**	**207,432,021**

35. Related party transactions

The Bank entered into transactions with subsidiary companies, affiliate companies, major shareholders, Board of Directors, and executive management within the normal banking practice and according to the normal interest rates. All of the credit facilities granted to related parties are considered to be performing facilities, and no impairment provisions have been taken as of the consolidated financial statements date.

The following is a summary of the transactions with related parties during the year:

	Related party					Total 31 December	
	Affiliates	Board of Directors Members	Executive Managers	Subsidiaries*	Others**	2019	2018
Items in the consolidated statement of financial position:	JD	JD	JD	JD	JD	JD	JD
Direct credit facilities**	-	47,381	1,936,115	1,119,538	-	3,103,034	4,063,118
Deposits at banks in financial institutions	30,742,128	-	-	-	6,851,838	37,593,966	92,227,771
Deposits	-	56,859,560	2,735,022	302,112	674,730	60,571,424	65,497,732
Banks and financial institutions deposits	661,061	-	-	-	3,545,000	4,206,061	1,770,877
Cash margins	-	-	-	4,000	13,175	17,175	9,625
Financial assets at fair value through comprehensive income	22,025,423	-	-	-	13,841,332	35,866,755	49,172,103
Assets held for sale	-	-	-	4,318,694	-	4,318,694	3,506,406
Liabilities directly related to assets held for sale	-	-	-	1,305,735	-	1,305,735	681,576
Off- Consolidated Statement of Financial Position Items:							
Letters of guarantee	5,000	11,300	-	157,500	2,387,812	2,561,612	1,136,500
Letters of credit	142,112	-	-	508,736	4,254,000	4,904,848	4,922,257

						Total 31 December	
						2019	2018
Consolidated Statement of Income items:						JD	JD
Interest and commission income ***	279,127	211	12,480	7,214	7,632	306,664	817,557
Interest and commission expense ****	42	1,361,274	19,290	1,295	10,538	1,392,439	1,856,467
Management fees	904,684	-	-	-	-	904,684	904,684
Financial assets dividends	1,149,920	-	-	-	-	1,149,920	888,589

All transactions with subsidiaries are cancelled for the purposes of the consolidated financial statements and shown only for purposes of clarification.

* Included in the direct credit facilities granted to the executive management and Board of Directors an amount of (JD 275,711) granted to members of the Board of Directors of the Specialized Management Co. For Investment & Financial Advisory (subsidiary company) as of 31 December 2019 (JD 103 as at 31 December 2018).

* Included within direct credit facilities granted to the executive management and Board of Directors an amount of an amount of (JD 299,114) granted to members of the Board of Directors of the United Financial Investments Company (a subsidiary) as of 31 December 2019, against JD 21,751 as at 31 December 2018.

** Represents companies in which the Bank has the right to vote on its boards of directors.

*** Interest income rates range from (1.75)% to (10)%.

**** Interest expense rates range from (0.25)% to (6)%.

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

Salaries and Remunerations of Executive Management:
Salaries of the key executive management of the Bank and subsidiaries amounted to JD 3,836,422 for the year 2019 (against JD 3,710,323 for the year 2018).

36. The fair value of financial assets and liabilities that do not appear at fair value in the consolidated financial statements

There are no material differences between the book value and the fair value of the financial assets and liabilities as at the end of the year 2019 and 2018.

37. Risk management

The Board of Directors performs its role in ensuring that the Bank manages the various risks and adopts the policies and procedures that streamline the Bank's risks management through the Risks and Audit Committee. Moreover, the Bank sets the risks acceptable limits (risk appetite). The Risks Management Department evaluates, controls, and recommends mitigating risks, and submits the necessary reports to higher management independently from the other Bank's departments (risk takers) which perform other banking activities in order to ensure the objectivity of the Risks Management Department in analyzing the various risk types.

Furthermore, the Risks Management Department is responsible for the market operating, credit, and liquidity risks (within the Assets and Liabilities Model) of the Bank's local and external branches. It submits its reports to the Risks and Audit Committee within the Board of Directors. These reports are audited by the Internal Audit Department.

Credit risk refers to the risk that a counterparty will default on its credit terms, and/or its creditworthiness will deteriorate resulting in financial loss to the Bank.

The Board of Directors periodically reviews the credit risk management policies compatible with the laws and the Central Bank of Jordan instructions after being prepared by the concerned departments. Moreover, the Board of Directors ensures that management of the Bank works according to these policies and executes the related requirements. Moreover, these policies include the Bank's credit policy through which many factors are determined such as:

- Setting clear requirements, policies, and decision-making procedures relating to the new or to be renewed credit facilities or any material amendment thereon within specified authorities that match the size and specifications of the credit facilities. Among the factors taken into consideration when granting credit are the purpose of the credit facilities and payment sources.
- Taking decisions within qualified management levels. Moreover, the Bank has various credit committees at the executive management level and the Board of Directors' level. This is done away from the impact of conflict of interest in a manner that guarantees the soundness and independence of the evaluation procedures of the customer requesting credit and the related compatibility with the Bank's credit policy requirements.
- Laying out clear and effective policies and procedures for managing and executing credit including continuous analysis of the ability and readiness of the borrower to pay according to contractual terms, monitoring the credit documentation and any credit terms and covenants, and continuously controlling and evaluating guarantees.
- Establishing adequate policies and procedures to ensure evaluation and management of non-performing credit and its classification in addition to evaluating the adequacy of the provisions monthly based on the instructions of the Central Bank of Jordan and other regulatory authorities under which the Bank operates. This is in addition to a clear policy for writing off debt. Moreover, the Board of Directors approves the adequacy of these provisions.
- Having an independent department that follows up on troubled debts through amicable settlements prior to dealing with them legally.
- Determining the type and size of the required guarantee based on the customer's credit risk evaluation according to clear acceptance procedures and customer's evaluation standards.
- Periodically monitoring the fair value of the guarantees. In case their value becomes less than what is specified in the loan terms, the customer is required to provide more guarantees. Upon assessing the adequacy of the provisions, the necessary evaluation of the guarantees is performed.
- Disposing of any guarantee owned after repayment of the customer's debts. In general, seized real estates are not used for the Bank's operations.
- Having an internal credit rating system for its customers documented and approved by the Board of Directors. Any factor contributing to the customer's default is considered in a manner that helps in measuring and rating the customer's risks, and consequently, facilitating the decision-making process and the pricing of credit facilities.
- Having clear rating standards taking into consideration the various financial and non-financial factors. The credit rating system is reviewed and evaluated independently from the credit department through the Risks Management Department in coordination with the concerned departments.

- Providing the Board of Directors with a clear picture and analysis of the credit portfolio through the Risks Management Department that clarifies the portfolio's quality, various classifications, and any concentrations therein, in addition to historical and banking benchmarks.

The Bank adheres to the instructions of the Central Bank of Jordan relating to credit concentration and related parties. The Bank deals with them on an aggregate basis and accords them special care, exercises control, and expresses explicit and clear disclosure thereon when preparing the Bank's consolidated financial statements. The required credit facilities are presented to the Board of Directors by the related parties provided that the persons granted the credit facilities have no influence over the Board of Directors and receive no preferential treatment over the Bank's customers.

Credit risk exposure (after the provision for impairment loss and interest in suspense and before guarantees and other risk - mitigating factors):

	2019	2018
	JD	JD
On - Consolidated Statement of Financial Position Items		
Balances at central banks	351,555,800	162,728,126
Balances at banks and financial institutions	134,085,678	215,594,692
Deposits at banks and financial institutions	217,231	8,750,300
Direct Credit Facilities:		
Individuals	147,897,987	124,670,841
Real estate loans	217,435,391	226,073,528
Companies		
Large companies	988,481,114	1,046,217,866
Small and medium companies (SMEs)	91,927,303	89,347,056
Government and public sector	128,034,920	146,363,176
Bonds, Bills and Debentures:		
Financial assets at fair value through other comprehensive income	50,309,286	127,683,431
Financial assets at amortized cost	308,656,110	293,048,859
Other assets	19,373,706	16,786,533
Off - Consolidated Statement of Financial Position Items		
Letters of guarantee	236,617,584	230,633,629
Letters of credit	96,880,456	91,187,682
Letters of acceptance	20,516,666	26,037,322
Unutilized credit facilities ceilings	321,688,679	294,180,264
Total	**3,113,677,910**	**3,099,303,305**

The fair value of collaterals provided against direct credit facilities, which are assessed by the CBJ by independent experts at least once in two years, is distributed as follows: Cash balances are stated at fair value based on exchange rates, issued by the Central Bank of Jordan and shall be calculated separately, provided that the cash balance does not exceed the balance of the credit facilities in any case:

31 December 2019	Fair value of collaterals								Net exposure after Guarantees	Expected credit loss
	Total exposure value	Cash margins	Quoted shares	Bank guarantees accepted	Real estate	Vehicles and machineries	Others	Total value of collateral		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	351,555,800	-	-	-	-	-	-	-	351,555,800	-
Balances at banks and financial institutions	134,087,235	-	-	-	-	-	-	-	134,087,235	1,761
Deposits at banks and financial institutions	217,725	-	-	-	-	-	-	-	217,725	494
Direct credit facilities:	-	-	-	-	-	-	-	-	-	-
Individuals	161,113,379	3,128,804	285,815		18,337,571	22,747,259	152,949	44,652,398	116,460,981	11,838,317
Real state loans	238,491,792	4,392,533			325,209,211	1,926,111	60,001	331,587,856	-	15,725,946
Major companies	1,043,832,046	19,666,599	165,925,386	21,352,060	359,803,896	9,983,250	-	576,731,191	467,100,855	44,445,561
Small and medium Entities SME's	97,808,207	14,100,085	3,338,377	-	46,178,794	15,164,677	344,316	79,126,249	18,681,958	4,816,981
Government and public sector	128,438,162	-	-	-	-	-	-	-	-	403,242
Bonds, Bills and Debentures:	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	51,750,583	-	5,444,030	-	10,267,525	-	-	15,711,555	36,039,028	1,441,297
Financial assets at amortized cost	308,656,113	-	-	-	-	-	-	-	308,656,113	-
Derivatives of financial instruments	-	-	-	-	-	-	-	-	-	-
Financial assets encumbered (debt instruments)	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-
Total	**2,515,951,043**	**41,288,021**	**174,993,609**	**21,352,060**	**759,796,996**	**49,821,297**	**557,265**	**1,047,809,248**	**1,432,799,696**	**78,673,598**
Financial guarantees	236,617,585	28,867,413	6,537,476	520,618	67,513,683	1,251,545	92,574	104,783,309	131,834,276	2,418,785
Letters of credit	96,880,456	3,440,381	682,659	-	4,209,440	65,035		8,397,514	88,482,942	543,978
Other obligations	342,205,345	20,983,594	69,089,529	-	77,441,679	2,866,807	183,766	170,565,375	171,639,970	2,440,820
Total	**675,703,386**	**53,291,387**	**76,309,664**	**520,618**	**149,164,802**	**4,183,387**	**276,340**	**283,746,197**	**391,957,188**	**5,403,583**
Grand Total	**3,191,654,429**	**94,579,408**	**251,303,273**	**21,872,678**	**908,961,798**	**54,004,685**	**833,605**	**1,331,555,446**	**1,824,756,884**	**84,077,181**

31 December 2018	Fair value of collaterals								Net exposure after Guarantees	Expected credit loss
	Total exposure value	Cash margins	Quoted shares	Bank guarantees accepted	Real estate	Vehicles and machineries	Others	Total value of collateral		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	162,728,126	-	-	-	-	-	-	-	162,728,126	-
Balances at banks and financial institutions	215,602,541	-	-	-	-	-	-	-	215,602,541	7,849
Deposits at banks and financial institutions	8,750,300	-	-	-	-	-	-	-	8,750,300	25,425
Direct credit facilities:		-	-	-	-	-	-	-	-	-
Individuals	135,780,926	3,079,137	410,707	-	18,242,847	25,422,639	155,079	47,310,410	88,470,516	9,779,708
Real state loans	243,384,566	4,304,534	-	-	340,871,682	2,196,063	59,999	347,432,278	-104,047,712	14,177,840
Major companies	1,098,278,658	19,878,486	182,465,457	119,948,886	377,649,816	7,620,858	-	707,563,503	390,715,155	45,615,899
Small and medium Entities SME's	95,077,430	8,236,299	2,571,050	-	46,826,918	14,303,201	539,342	72,476,810	22,600,620	4,991,359
Government and public sector	146,795,699	98,000,000	-	-	-	-	-	98,000,000	-	432,523
Bonds, Bills and Debentures:		-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	82,044,429	-	16,685,049	-	1,818,902	-	-	18,503,951	63,540,478	1,824,290
Financial assets at amortized cost	293,056,876	-	-	-	-	-	-	-	293,056,876	8,016
Derivatives of financial instruments	-	-	-	-	-	-	-	-	-	-
Financial assets encumbered (debt instruments)	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-
Total	**2,481,499,552**	**133,498,457**	**202,132,263**	**119,948,886**	**785,410,165**	**49,542,761**	**754,420**	**1,291,286,952**	**1,190,212,600**	**76,862,910**
Financial guarantees	233,177,652	27,342,787	7,726,041	354,647	26,793,964	1,959,698	28,680	64,205,818	168,971,834	2,544,023
Letters of credit	91,458,705	2,229,008	2,962,192	-	7,417,059	92,360	-	12,700,619	78,758,086	271,023
Other obligations	322,515,281	24,872,284	50,065,221	-	72,681,246	3,653,534	89,699	151,361,984	171,153,297	2,297,695
Total	**647,151,638**	**54,444,079**	**60,753,454**	**354,647**	**106,892,269**	**5,705,592**	**118,380**	**228,268,421**	**418,883,217**	**5,112,741**
Grand Total	**3,128,651,190**	**187,942,536**	**262,885,717**	**120,303,533**	**892,302,434**	**55,248,353**	**872,800**	**1,519,555,373**	**1,609,095,817**	**81,975,651**

Distribution of fair value of collaterals against credit exposures of stage 3

	Fair value of collaterals								Net exposure after Guarantees	Expected credit loss
	Total exposure value	Cash margins	Quoted shares	Bank guarantees accepted	Real estate	Vehicles and machineries	Others	Total value of collateral		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks										
Balances at banks and financial institutions										
Deposits at banks and financial institutions										
Direct credit facilities:										
Individuals	12,288,703	56,481	-	-	3,953,887	4,527,922	20,000	8,558,290	3,730,413	5,283,085
Real state loans	44,039,022	1,850	-	-	41,769,901	304,880	-	42,076,631	1,962,391	12,599,322
Major companies	76,366,404	2,838,625	-	-	46,752,412	-	-	49,591,037	26,775,367	33,413,538
Small and medium Entities SME's	10,766,193	180,169	-	-	8,522,689	2,846,382	137,941	11,687,181	-	4,183,419
Government and public sector					-	-	-	-		
Bonds, Bills and Debentures:										
Financial assets at fair value through other comprehensive income	8,731,925	-	5,444,030	-	10,267,525	-	-	15,711,555	-	918,923
Financial assets at amortized cost	-	-	-	-	-	-	-	-	-	-
Derivatives of financial instruments	-	-	-	-	-	-	-	-	-	-
Financial assets encumbered (debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	**152,192,247**	**3,077,125**	**5,444,030**	**-**	**111,266,414**	**7,679,184**	**157,941**	**127,624,694**	**32,468,171**	**56,398,287**
Financial guarantees	2,140,042	97,737			524,710	58,644	5,817	686,908	1,453,134	1,692,245
Letters of credit	56,596	14,831						14,831	41,766	41,766
Other obligations	552,805	9,022			432,115	71,221	13,245	525,603	27,202	277,710
Total	**2,749,443**	**121,590**	**-**	**-**	**956,825**	**129,864**	**19,062**	**1,227,342**	**1,522,101**	**2,011,721**
Grand Total	**154,941,690**	**3,198,715**	**5,444,030**	**-**	**112,223,239**	**7,809,049**	**177,003**	**128,852,036**	**33,990,272**	**58,410,008**

Scheduled debts

Scheduled debts represent debts previously classified as non-performing credit facilities, and have been taken out from the framework of non-performing credit facilities according to proper scheduling and classified as watch-list debts. Furthermore, the scheduled debts amounted to JD 70,015,671 in the year 2019 (JD 73,676,855 in the year 2018).

Restructured debt

Restructuring debts means reorganizing credit facilities in terms of adjusting payments, extending their term, postponing some installments, or extending the grace period. Restructured but unclassified debts amounted to JD 96,934,237 for the year 2019 (JD 6,462,214 for the year 2018).

Bonds, Bills and Debentures

The following table illustrates the classification of bonds, bills and debentures according to external rating institutions as of December 31, 2019 and 2018:

Rating grade	Rating institution	Within financial assets at fair value through the statement of comprehensive income	Within financial assets at amortised cost	As at 31 December	
				2019	2018
		JD	JD	JD	JD
A+	Fitch	-	-	-	3,433,609
B+	Fitch	3,549,780	-	3,549,780	11,019,232
B-	Fitch	-	-	-	5,536,663
BB-	Fitch	-	-	-	3,478,309
BBB-	Fitch	-	-	-	9,011,502
B	Fitch	9,112,970	-	9,112,970	-
CC	Fitch	2,840,621	-	2,840,621	-
B1	Moody's	18,871,608	-	18,871,608	17,906,434
B2	Moody's	4,972,318	-	4,972,318	4,967,369
B3	Moody's	7,813,002	-	7,813,002	-
Ba1	Moody's	-	-	-	3,503,405
Baa1	Moody's	816,786	-	816,786	6,988,253
Baa3	Moody's	2,332,201	-	2,332,201	4,578,946
B+	Moody's	-	-	-	9,796,416
Government	-	-	308,656,110	308,656,110	291,638,876
Unclassified	-	-	-	-	1,409,984
Total		**50,309,286**	**308,656,110**	**358,965,396**	**373,268,996**

A- Total distribution of exposures by financial instruments

	Financial	Industrial	Trade	Properties	Agricultural	Shares	Individuals	Government and public sector	Services	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	-	-	351,555,800	-	-	351,555,800
Balances at banks and financial institutions	132,544,050	-	-	-	-	1,541,628	-	-	-	-	134,085,678
Deposits at banks and financial institutions	217,231	-	-	-	-		-	-	-	-	217,231
Credit facilities	62,778,442	348,263,982	222,663,207	180,650,466	37,380,893	7,786,209	227,670,648	128,034,921	358,547,947	-	1,573,776,716
Bonds, Bills and Debentures:	-	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	18,451,852	-	7,813,002	-	-	-	-	21,712,229	2,332,202	-	50,309,286
Financial assets at amortized cost	-	-	-	-	-	-	-	308,656,110	-	-	308,656,110
Total/ current year	**213,991,575**	**348,263,982**	**230,476,209**	**180,650,466**	**37,380,893**	**9,327,837**	**227,670,648**	**809,959,060**	**360,880,150**	**-**	**2,418,600,821**
Financial guarantees	33,248,187	42,792,204	39,622,928	-	1,777,349	1,872,825	4,263,542		110,621,765	-	234,198,800
Letters of credit	4,247,579	50,895,065	32,567,108	-	23,897	-	2,659,275		5,943,553	-	96,336,478
Other liabilities	20,035,474	67,787,516	125,897,656	-	7,337,477	1,030,857	32,264,407		85,411,137	-	339,764,525
Grand Total	**271,522,816**	**509,738,767**	**428,563,901**	**180,650,466**	**46,519,617**	**12,231,519**	**266,857,872**	**809,959,060**	**562,856,605**	**-**	**3,088,900,624**

B- Distribution of exposures by classification stages under IFRS 9

	Stage 1 "Individual"	Stage 1 "Collective"	Stage 2 "Individual"	Stage 2 "Collective"	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Financial	261,149,517	-	10,330,528	-	42,766	271,522,812
Industrial	450,304,813	-	56,818,606	-	2,615,348	509,738,767
Trade	378,839,630	-	33,180,725	-	16,543,546	428,563,901
Properties	133,594,650	-	22,394,852	-	24,660,964	180,650,466
Agricultural	31,835,105	-	14,454,964	-	229,548	46,519,617
Shares	12,231,519	-		-	-	12,231,519
Individuals	225,356,254	-	9,139,332	-	32,362,286	266,857,872
Government and public sector	807,118,443	-	2,840,620	-	-	809,959,064
Services	546,135,707	-	15,304,113	-	1,416,786	562,856,605
Total	**2,846,565,638**	**-**	**164,463,741**	**-**	**77,871,244**	**3,088,900,624**

Concentration in credit exposures by economic sector as at 31 December 2018:

	Economic sector									
Particulars	Financial	Industrial	Trade	Properties	Agricultural	Shares	Individuals	Government and public sector	Services	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Total/ comparative figures	365,385,831	543,016,641	452,865,426	189,609,815	36,366,630	12,257,862	247,164,486	624,173,273	564,213,515	3,035,053,478

A- Total distribution of exposures by geographical areas:

	Inside the Kingdom	Other Middle East Countries	Europe	Asia	Africa	America	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	350,198,085		1,357,715					351,555,800
Balances at banks and financial institutions	38,566	11,373,931	56,300,076	1,168,275	104,790	53,266,335	11,833,503	134,085,474
Deposits at banks and financial institutions	199,542	-	-	17,689	-	-	-	217,231
Credit facilities	1,380,050,102	-	193,726,614	-	-	-	-	1,573,776,716
Bonds, Bills and Debentures:	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	31,656,929	5,989,608	-	12,662,749	-	-	-	50,309,286
Financial assets at amortized cost	308,656,113	-	-	-	-	-	-	308,656,113
Derivatives of financial instruments	-	-	-	-	-	-	-	-
Financial assets encumbered (debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total/ current year	**2,070,799,337**	**17,363,539**	**251,384,405**	**13,848,713**	**104,790**	**53,266,335**	**11,833,503**	**2,418,600,620**
Financial guarantees	215,512,588	-	18,686,212	-	-	-	-	234,198,800
Letters of credit	83,713,467	-	12,623,012	-	-	-	-	96,336,478
Other liabilities	308,206,757	-	31,557,768	-	-	-	-	339,764,525
Grand Total	**2,678,232,148**	**17,363,539**	**314,251,396**	**13,848,713**	**104,790**	**53,266,335**	**11,833,503**	**3,088,900,423**

B- Distribution of exposures by classification stages under IFRS 9

	Stage 1 "Individual"	Stage 1 "Collective"	Stage 2 "Individual"	Stage 2 "Collective"	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Inside the Kingdom	2,450,606,252	-	151,318,638	-	76,307,258	2,678,232,148
Other Middle East Countries	10,624,533	-	6,868,881	-	-	17,493,414
Europe	312,584,741	-	102,669	-	1,563,986	314,251,396
Asia	7,545,285	-	6,303,428	-	(163,552.50000)	13,685,161
Africa	104,790	-		-	-	104,790
America	53,266,335	-		-	-	53,266,335
Other countries	11,833,503	-		-	-	11,833,503
Total	**2,846,565,438**	**-**	**164,593,616**	**-**	**77,707,692**	**3,088,866,746**

Concentration in credit exposures by geographical distribution as at 31 December 2018:

	Geographical area							
Particulars	Inside the Kingdom	Other Middle countries	Europe	Asia*	Africa*	America	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Total/ comparative figures	2,527,575,865	135,987,433	303,884,115	15,436,421	104,194	34,976,715	17,088,735	3,035,053,478

* Except for Middle East countries.

Credit exposures reclassified:

A. Gross reclassified exposures

	Stage 2		Stage 3		Total reclassified exposures	Percentage of exposures reclassified
	Total amount of exposure	Exposures reclassified	Gross amount of exposure	Exposures reclassified		
	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	0.00%
Balances at banks and financial institutions	3,899,500	-	-	-	-	0.00%
Deposits at banks and financial institutions	-	-	-	-	-	0.00%
Credit facilities:						0.00%
Retail	4,713,354	2,527,562	12,288,703	1,801,987	4,329,549	25.46%
Real estate mortgage	28,963,596	10,552,463	44,039,022	15,560,446	26,112,909	35.77%
Major companies	108,096,351	9,786,180	76,366,404	5,514,333	15,300,513	8.29%
Small and medium (SMEs)	8,577,774	3,448,807	10,766,193	649,237	4,098,045	21.19%
Government and public sector	-	-	-	-	-	0.00%
Bonds, Bills and Debentures:						0.00%
Financial assets at fair value through other comprehensive income	9,584,794	-	8,731,925	-	-	0.00%
Financial assets at amortized cost	-	-	-	-	-	0.00%
Derivatives of financial instruments	-	-	-	-	-	0.00%
Financial assets encumbered (debt instruments)	-	-	-	-	-	0.00%
Other assets	-	-	-	-	-	0.00%
Total	**163,835,369**	**26,315,012**	**152,192,247**	**23,526,003**	**49,841,016**	**15.77%**
Financial guarantees	5,054,012	4,107,654	2,140,042	457,844	4,565,498	63.46%
Letters of credit	433,408	234,750	56,596		234,750	47.91%
Other liabilities	6,878,897	3,530,297	552,805	855,112	4,385,409	59.01%
Total	**12,366,317**	**7,872,701**	**2,749,443**	**1,312,956**	9,185,657	**60.77%**
Grand Total	**176,201,686**	**34,187,714**	**154,941,690**	**24,838,960**	**59,026,673**	**17.83%**

B. Expected credit losses on exposures that have been reclassified

	Exposures reclassified			ECL of exposures reclassified				
	Total reclassified exposures from stage 2	Total reclassified exposures from stage 3	Total reclassified exposures	Stage 2 "Individual"	Stage 2 "Collective"	Stage 3 "Individual"	Stage 3 "Collective"	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central banks	-	-	-	-	-	-	-	-
Balances with banks and banking institutions	-	-	-	-	-	-	-	-
Deposits with banks and banking institutions	-	-	-	-	-	-	-	-
Credit facilities:								
Retail	2,527,562	1,801,987	4,329,549	319,737	-	196,611	-	516,348
Real estate mortgage	10,552,463	15,560,446	26,112,909	737,086	-	1,535,562	-	2,272,649
Large companies	9,786,180	5,514,333	15,300,513	812,394	-	310,921	-	1,123,315
SMEs	3,448,807	649,237	4,098,045	678,538	-	16,753	-	695,291
Government and public sector								
Bonds, Bills and Debentures:								
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Financial assets at amortized cost	-	-	-	-	-	-	-	-
Derivatives of financial instruments	-	-	-	-	-	-	-	-
Pledged financial instruments (debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	**26,315,012**	**23,526,003**	**49,841,016**	**2,547,756**	**-**	**2,059,847**	**-**	**4,607,603**
Financial guarantees	4,107,654	457,844	4,565,498	57,046	-	26,256	-	83,302
Letters of credit	234,750	-	234,750	836	-		-	836
Other liabilities	3,530,297	855,112	4,385,409	114,406	-	22,091	-	136,497
Total	**7,872,701**	**1,312,956**	**9,185,657**	**172,287**	**-**	**48,347**	**-**	**220,635**
Grand Total	**34,187,714**	**24,838,960**	**59,026,673**	**2,720,043**	**-**	**2,108,194**	**-**	**4,828,237**

C. Distribution of Exposures

Internal Rating	Rating in accordance with (47/2009)	Gross Exposure	(ECL)	(PD)	External Rating	(EAD)	(LGD) %
STAGE 1							
	Normal	695,491,085	7,186,939	0.536 TO 100.000%		294,883,847	0.000 TO 53.493%
	Normal	709,474	790	0.253 TO 0.268%	2	709,474	43.754 TO 44.813%
	Normal	10,718,939	1,807	0.283 TO 0.284%	2-	10,718,939	44.231 TO 45.189%
	Normal	23,028,786	982	0.355 TO 0.373%	3	691,516	43.950 TO 45.200%
	Normal	2,853,386	1,144	0.397 TO 0.474%	3-	1,077,185	42.834 TO 45.208%
	Normal	127,574	71	0.317 TO 0.318%	3+	127,574	44.247 TO 45.185%
	Normal	22,791,219			4		
	Normal	14,059,323	7,174	0.579 TO 0.736%	4-	2,700,210	43.330 TO 44.239%
	Normal	18,766,973	2,469	0.302 TO 0.683%	4+	6,533,598	51.797 TO 57.947%
	Normal	1,357,715		0.455%	5	1,357,715	58.292%
	Normal	149,436	134	0.784%	5-	149,436	45.378%
	Normal	5,375,342	28,669	0.997 TO 1.393%	6	5,372,225	43.749 TO 45.371%
	Normal	12,543,860	53,973	1.100 TO 1.605%	6-	12,620,738	44.652 TO 52.689%
	Normal	327,789,722	980	0.877 TO 15.246%	6+	64,614,251	44.497 TO 53.493%
	Normal	3,334,069	19,644	1.231 TO 1.298%	7+	3,334,069	45.037 TO 46.129%
2+	Normal	2,830,000	123	0.067%		2,830,000	13.360%
2-	Normal	6,792,975	3,498	0.023 TO 0.513%		6,792,975	0.000 TO 47.108%
3+	Normal	142,385,519	41,920	0.024 TO 0.483%		142,385,519	0.000 TO 50.105%
3	Normal	60,923,943	21,855	0.109 TO 0.657%		60,923,943	0.000 TO 52.689%
3-	Normal	136,376,587	59,722	0.044 TO 0.743%		136,376,587	0.000 TO 52.689%
4+	Normal	88,479,728	94,273	0.210 TO 0.888%		88,479,728	0.000 TO 52.689%
4	Normal	133,365,884	184,834	0.100 TO 1.162%		133,365,884	0.000 TO 52.689%
4-	Normal	98,572,633	288,403	0.543 TO 1.649%		98,572,633	0.000 TO 52.689%
5+	Normal	230,073,502	750,704	0.407 TO 2.151%		230,073,502	0.000 TO 52.689%
5	Normal	229,546,193	712,148	0.248 TO 2.920%		229,873,267	0.000 TO 58.390%
5-	Normal	335,699,646	1,568,731	0.902 TO 3.576%		338,637,133	0.000 TO 51.188%
6+	Normal	111,753,689	1,170,290	1.165 TO 5.407%		111,753,689	0.000 TO 49.038%
6	Normal	126,492,357	591,041	1.281 TO 8.140%		127,626,641	0.000 TO 50.695%
6-	Normal	2,815,602	58,804	5.516 TO 11.511%		2,815,602	3.462 TO 46.073%
7+	Normal	481,950	7,861	8.462 TO 11.614%		481,950	0.001 TO 40.803%
7	Normal	14,823,942	1,084,683	6.686 TO 17.088%		14,823,942	9.113 TO 43.854%

STAGE 2							
	Normal	8,823,625	1,152,827	0.536 TO 100.000%		8,819,762	0.000 TO 53.493%
	Normal	3,558,294	8,514	1.573%	6-	3,558,294	46.026%
	Normal	9,926,000	433,346	1.312 TO 1.890%	7	13,911,614	46.787 TO 52.689%
	Normal	62,359	115	1.543%	7-	62,359	47.311%
	Normal	22,865	43	1.231%	7+	22,865	45.806%
3-	Normal	4,000	2	0.342%		4,000	35.513%
4+	Normal	222,500	223	0.273 TO 0.701%		222,500	8.423 TO 29.496%
4-	Normal	1,149,354	6,407	0.699 TO 1.276%		1,149,354	11.050 TO 50.091%
5+	Normal	770,143	3,788	0.932 TO 1.883%		770,143	8.568 TO 48.735%
5	Normal	2,396,300	24,845	0.882 TO 2.823%		2,395,739	0.000 TO 52.689%
5-	Normal	9,651,668	189,294	1.087 TO 3.359%		10,226,483	8.091 TO 47.385%
6+	Normal	16,095,400	479,561	2.793 TO 5.483%		16,089,385	8.242 TO 47.219%
6	Normal	4,815,084	102,217	3.726 TO 7.826%		4,815,084	8.190 TO 50.162%
6-	Normal	12,561		6.751%		12,561	0.001%
7+	Normal	110,000	3,304	8.192%		110,000	22.195%
7	Normal	69,050	2,489	19.207 TO 20.274%		69,050	3.241 TO 13.997%
7-	Normal	18,006,052	1,785,439	13.457 TO 25.804%		18,006,052	10.000 TO 49.656%
	Watch	1,720,088	255,446	2.864 TO 100.000%		1,717,658	0.000 TO 53.493%
4	Watch	2,255,504	14,706	0.697 TO 0.883%		2,255,504	13.636 TO 39.777%
5+	Watch	95,460	628	0.932 TO 1.274%		95,368	31.754 TO 45.709%
5	Watch	7,765,188	61,491	1.341 TO 2.987%		7,765,188	3.692 TO 52.689%
5-	Watch	206,347	47,627	2.745 TO 3.215%		205,071	9.050 TO 10.000%
6+	Watch	3,266,273	56,984	3.078 TO 4.559%		3,266,273	14.293 TO 46.651%
6	Watch	35,522,330	1,513,045	4.036 TO 6.568%		35,522,330	33.350 TO 51.181%
6-	Watch	18,818,605	4,394,288	6.673%		18,818,605	36.659%
7+	Watch	20,102,537	876,233	7.800 TO 17.172%		20,102,537	11.646 TO 48.786%
7-	Watch	10,754,100	310,647	19.954 TO 28.307%		10,961,213	9.534 TO 25.930%
STAGE 3							
	Normal	4,103,355	1,018,177	46.908 TO 100.000%		4,065,943	0.000 TO 100.000%
	Normal	11,925	11,925	100.000%	10	141,800	99.990%
	Normal	8,720,000	906,998	100.000%	6-	8,720,000	10.000%
10	Normal	2,505,683	1,173,145	1.664 TO 100.000%		2,487,717	0.000 TO 99.990%
	Watch	662,805	135,674	100.000%		657,783	0.000 TO 83.842%
10	Watch	10,406,850	2,921,511	100.000%		9,479,838	10.000 TO 99.990%
	Sub_Standard	2,189,505	542,134	100.000%		2,185,903	0.000 TO 100.000%
10	Sub_Standard	1,219,110	429,558	100.000%		1,196,988	0.285 TO 99.990%
	Doubtful	4,933,669	1,001,512	100.000%		4,776,681	0.000 TO 100.000%
10	Doubtful	8,135,758	4,549,948	100.000%		7,859,851	0.000 TO 99.990%
	Loss	13,649,506	5,428,814	100.000%		11,287,877	0.000 TO 100.000%
10	Loss		40,290,614	100.000%		84,387,284	0.000 TO 99.990%

38/A - Market risk

Market risk is the potential losses that may arise from the changes in market prices such as the change in interest rates, foreign currency exchange rates, equity instrument prices, and consequently, the change in the fair value of the cash flows of the financial instruments on - and off - the consolidated statement of financial position.

The Bank has specified policies and procedures through which market risks are identified, measured, monitored, and controlled. These policies and procedures are reviewed periodically. Moreover, the Investment Policy Committee studies and recommends them after ensuring their compatibility with the instructions of the Central Bank of Jordan. After that, they are approved by the Board of Directors.

The acceptable risks policy is set within the Treasury operations, and includes ceilings that govern market risks. These ceilings are adopted, and their application is ensured periodically and constantly through monitoring their implementation by the risks management and submitting various periodic reports to the Assets and Liabilities Committee as well as to the Board of Directors.

The Bank has a shares and bonds investment portfolio for trading purposes (financial assets at fair value through the income statement) and adopts the sensitivity analysis method thereon whereby present risks are measured according to the Standardized Approach for calculating minimum capital based on Basel Committee recommendations.

38/B - Interest rate risk:

Interest rate risk results from the potential change in interest rates, and consequently, the potential impact on the cash flows or the fair value of financial instruments.

The Bank is exposed to interest rate risks as a result of the timing gaps of repricing assets and liabilities. These gaps are periodically monitored by the Assets and Liabilities Committee. Moreover, various hedging methods are used to remain within the acceptable interest rate gap limits.

Sensitivity analysis:

For the year 2019			
Currency	**The change in interest rate increase (Percentage point)**	**Sensitivity of interest income (profits and losses)**	**Sensitivity of Owners' Equity**
	%	JD	JD
US Dollar	1	(1,507,581)	237,964
Euro	1	(50,812)	-
GBP	1	(90,445)	-
JPY	1	-	-
Other currencies	1	(30,751)	-
Currency	**The change in interest rate decrease (Percentage point)**	**Sensitivity of interest income (profits and losses)**	**Sensitivity of Owners' Equity**
	%	JD	JD
US Dollar	1	1,507,581	(181,962)
Euro	1	50,812	-
GBP	1	90,445	-
JPY	1	-	-
Other currencies	1	30,751	-

For the year 2018			
Currency	The change in interest rate increase (Percentage point)	Sensitivity of interest income (profits and losses)	Sensitivity of Owners' Equity
	%	JD	JD
US Dollar	1	(1,762,379)	634,823
Euro	1	(71,735)	-
GBP	1	(64,090)	-
JPY	1	-	-
Other currencies	1	(77,323)	-
Currency	The change in interest rate decrease (Percentage point)	Sensitivity of interest income (profits and losses)	Sensitivity of Owners' Equity
	%	JD	JD
US Dollar	1	1,762,379	(507,051)
Euro	1	71,735	-
GBP	1	64,090	-
JPY	1	-	-
Other currencies	1	77,323	-

Foreign Currency risk:

The following table illustrates the currencies to which the Bank is exposed, the potential and reasonable change in their rates against the Jordanian Dinar, and the related impact on the consolidated statement of income. The currencies positions are monitored daily to ensure that they are within the determined limits. Moreover, the related reports are submitted to the Assets and Liabilities Committee and Board of Directors.

For the year 2019			
Currency	Percentage increase in exchange rate	Effect on Profit and loss	Effect on Owner's Equity
	%	JD	JD
Euro	5	(7,648)	634,823
GBP	5	3,464	-
JPY	5	333	-
Other currencies	5	1,381	-
For the year 2018			
Currency	Percentage increase in exchange rate	Effect on Profit and loss	Effect on Owner's Equity
	%	JD	JD
Euro	5	163	-
GBP	5	5,586	-
JPY	5	1,465	-
Other currencies	5	23,020	-

Risk of change in shares prices:

This represents the risk resulting from the decline in the fair value of the investment portfolio of the shares due to the changes in the value of the shares market index and the change in the value of shares individually.

For the year 2019			
Index	Change in index (%)	Effect on Profit and loss	Effect on Owner's Equity
	%	JD	JD
Amman Stock Exchange	5	-	254,928
Palestine Stock Exchange	5	-	277,787
Kuwait Stock Exchange	5	-	-
NASDAQ – USA		-	-
For the year 2018			
Index	Percentage increase in exchange rate	Effect on Profit and loss	Effect on Owner's Equity
	%	JD	
Amman Stock Exchange	5	-	196,401
Palestine Stock Exchange	5	-	284,052
Kuwait Stock Exchange	5	-	(27,469)
NASDAQ – USA	5	-	265,068

Re-pricing interest gap:

Maturities, whichever are nearer, to lower risks in interest rates, studying gaps in the related interest rates, and using hedging policies through the adoption of advanced financial instruments such as derivatives.

Reclassification is made in accordance with the pricing interest periods or maturity, whichever are nearer.

Interest rate sensitivity is as follows:

	Re-pricing interest gap							
	Less than one month	More than 1 month up to 3 months	More than 3 months up to 6 months	More than 6 months up to 1 year	More than 1 year up to 3 years	More than 3 years	Non-interest bearing	Total
31 December 2019	JD	JD	JD	JD	JD	JD	JD	JD
Assets:								
Cash and balances at central banks	370,862,302	-	-	31,142,388	-	-	-	402,004,690
Balances at banks and financial institutions	54,173,121	13,158,595	-	-	-	-	66,753,963	134,085,678
Deposits at banks and financial institutions	-	-	217,231	-	-	-	-	217,231
Direct credit facilities - net	272,422,787	45,065,696	80,811,977	429,723,829	279,950,602	465,801,825	-	1,573,776,716
Financial assets at fair value through comprehensive income	129,875	-	11,362,782	-	7,304,520	31,512,109	45,815,020	96,124,306
Financial assets at amortised cost	19,999,518	10,003,722	20,001,707	56,432,031	163,397,912	38,821,220	-	308,656,110
Property and equipment, net	-	-	-	-	-	-	26,711,598	26,711,598
Intangible assets, net	-	-	-		-	-	1,357,766	1,357,766
Deferred tax assets	-	-	-	-	-	-	30,301,943	31,137,943
Other assets	2,067,454	3,758,703	5,010,919	7,370,243	2,490,779	8,567,783	134,066,250	163,332,131
Right of use of leased assets	14,278,048	-	-	-	-	-	-	14,278,048
Assets held for sale, net	-	-	-	-	-	-	4,318,694	4,318,694
Total assets	**733,933,104**	**71,986,716**	**117,404,616**	**524,668,491**	**453,143,813**	**544,702,936**	**309,325,234**	**2,756,000,911**
Liabilities:								
Banks and financial institutions deposits	44,494,819	-	78,308,695	18,434,000	-	-	-	141,237,514
Customers' deposits	163,272,021	675,647,455	257,044,305	186,713,308	548,425	-	582,866,991	1,866,092,506
Cash margins	33,387,181	25,551,050	9,587,626	13,652,765	-	-	-	82,178,622
Borrowed funds	83,337	35,000,000	18,750	10,426,421	4,009,390	49,364,420	3,305,146	102,207,464
Other provisions	-	-	-	-	-	-	12,408,652	12,408,652
Provision for income tax	-	-	-	-	-	-	14,760,848	14,760,848
Deferred tax liabilities	-	-	-	-	-	-	3,489,800	3,489,800
Other liabilities	15,267,821	8,291,675	7,921,679	8,253,966	9,895,052	9,911,958	-	59,542,151
Liabilities against right of use of leased assets	13,245,180	-	-	-	-	-	-	13,245,180
Liabilities directly linked to assets held for sale	-	-	-	-	-	-	1,305,735	1,305,735
Total liabilities	**269,750,359**	**744,490,180**	**352,881,054**	**237,480,460**	**14,452,867**	**59,276,379**	**618,137,172**	**2,296,468,472**
Re-pricing interest gap	464,182,745	-672,503,464	-235,476,439	287,188,031	438,690,946	485,426,558	-308,811,938	459,532,439
31 December 2018								
Total assets	**564,469,455**	**310,785,183**	**153,780,106**	**709,688,215**	**315,769,552**	**156,000,739**	**448,412,226**	**2,658,905,476**
Total liabilities	**322,005,933**	**591,516,952**	**265,525,492**	**140,918,178**	**60,895,634**	**31,130,900**	**645,502,401**	**2,057,495,490**
Liabilities directly linked to assets held for sale	**242,463,522**	**-280,731,769**	**-111,745,386**	**568,770,037**	**254,873,918**	**124,869,839**	**-197,090,175**	**601,409,986**

Concentration in foreign exchange risk

	US Dollar	Euro	GBP	JPY	Other	Total
31 December 2019	JD	JD	JD	JD	JD	JD
Assets:						
Cash and balances at central banks	52,211,754	3,658,605	1,627,828	-	660,633	58,158,821
Balances at banks and financial institutions	61,355,992	48,171,144	13,923,074	480,940	9,940,924	133,872,073
Deposits at banks and financial institutions	17,689	-	-	-	-	17,689
Direct credit facilities - net	353,100,379	3,499,692	2,379,406	-	-	358,979,476
Financial assets at fair value through comprehensive income	64,479,417	82,596	-	-	3,980,151	68,542,164
Financial assets at amortized cost	73,879,889	-	-	-	-	73,879,889
Property and equipment	-	-	-	-	-	-
Intangible assets	1,060,298	-	-	-	-	1,060,298
Deferred tax assets	40,012	-	-	-	-	40,012
Other assets	4,784,542	392,474	103,192	-	27,472	5,307,681
Total assets	**610,929,973**	**55,804,511**	**18,033,500**	**480,940**	**14,609,180**	**699,858,104**
Liabilities:						
Banks and financial institutions deposits	100,187,310	253,010	-	227	4,326,553	104,767,100
Customers' deposits	403,920,478	52,250,366	17,328,407	469,384	8,901,381	482,870,016
Cash margins	18,275,245	2,944,945	631,936	4,661	1,668,547	23,525,334
Other provisions	-	-	-	-	-	-
Income tax provision	-	191,770	-	-	-	191,770
Other liabilities	3,711,684	317,124	3,873	-	20,542	4,053,222
Total liabilities	**526,094,717**	**55,957,215**	**17,964,216**	**474,272**	**14,917,023**	**615,407,443**
Net concentration in the consolidated statement of financial position for the current year	84,835,256	(152,704)	69,284	6,667	-307,843	84,450,660
Off-Statement of Consolidated Financial Position Contingent Liabilities for the Current Year	206,661,858	25,057,975	105,816	93,224	8,458,276	240,337,149

Concentration in foreign exchange risk

	US Dollar	Euro	GBP	JPY	Other	Total
31 December 2018	JD	JD	JD	JD	JD	JD
Assets:						
Cash and balances at central banks	55,829,450	4,318,521	324,915	-	544,659	61,017,546
Balances at banks and financial institutions	121,364,867	56,445,555	22,230,198	249,598	12,972,633	213,262,851
Deposits at banks and financial institutions	8,750,300	-	-	-	-	8,750,300
Direct credit facilities - net	344,966,818	4,318,108	406,404	-	-	349,691,330
Financial assets at fair value through comprehensive income	90,434,529	96,596	-	-	10,350,874	100,881,999
Financial assets at amortised cost	64,651,717	-	-	-	-	64,651,717
Property and equipment	1,183,184	-	-	-	-	1,183,184
Intangible assets	80,988	-	-	-	-	80,988
Deferred tax assets	87,420	-	-	-	-	87,420
Other assets	6,793,671	932,175	110,264	-	51,242	7,887,352
Total assets	**694,142,944**	**66,110,955**	**23,071,781**	**249,598**	**23,919,408**	**807,494,686**
Liabilities:						
Banks and financial institutions deposits	182,830,103	219,414	108,916	4,921	10,535,838	193,699,192
Customers' deposits	427,331,963	61,237,773	22,052,372	213,146	11,572,715	522,407,969
Cash margins	19,509,833	2,769,262	776,921	2,239	1,493,005	24,551,261
Other provisions	70,900	-	-	-	-	70,900
Income tax provision	-	277,217	-	-	-	277,217
Other liabilities	3,712,688	1,596,089	21,848	-	76,074	5,406,699
Total liabilities	**633,455,487**	**66,099,755**	**22,960,058**	**220,306**	**23,677,633**	**746,413,238**
Net concentration in the consolidated statement of financial position for the current year	60,687,457	11,200	111,724	29,292	241,775	61,081,447
Off-Statement of Consolidated Financial Position Contingent Liabilities for the Current Year	199,964,698	15,539,430	183,931	87,961	6,236,831	222,012,851

38/C - Liquidity risk

First: The following table illustrates the distribution of liabilities (undiscounted) on the basis of the remaining period to the contractual maturity at the date of the consolidated financial statements:

- Liquidity risk is defined as the loss to which the Bank might be exposed due to the unavailability of the necessary funds to finance its increased operations or obligations upon their maturity at the appropriate cost and time (considered as part of the Assets and Liabilities Management/ ALM).
- The Bank adheres to the liquidity ratios set by the Central Bank of Jordan and other regulatory authorities under which the Bank's external branches operate. Liquidity is monitored daily by the Bank.
- Liquidity is also monitored by the Assets and Liabilities Management Committee headed by the General Manager through periodic reports.

	Less than one month	More than 1 month up to 3 months	More than 3 months up to 6 months	More than 6 months up to 1 year	More than 1 year up to 3 years	More than 3 years	Not tied to a specific maturity	Total
31 December 2019	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Deposits at banks and financial institutions	44,494,819	-	78,308,695	18,434,000	-	-	-	141,237,514
Customers' deposits	746,139,012	675,647,455	257,044,305	186,713,308	548,425	-	-	1,866,092,506
Cash margins	33,387,181	25,551,050	9,587,626	13,652,765	-	-	-	82,178,622
Borrowed funds	83,337	35,000,000	18,750	10,426,421	4,009,390	49,364,420	3,305,146	102,207,464
Liabilities against right of use of leased assets	-	11,115	27,427	9,620	616,347	12,580,671	-	13,245,180
Other provisions	-	-	-	-	-	-	12,408,652	12,408,652
Income tax provision	-	-	14,760,848	-	-	-	-	14,760,848
Deferred tax liabilities	-	-	-	-	-	-	3,489,800	3,489,800
Other liabilities	15,267,821	8,291,675	7,921,679	8,253,966	9,895,052	9,911,958	-	59,542,151
Liabilities associated directly with assets held for sale	-	1,305,735	-	-	-	-	-	1,305,735
Total	**839,372,170**	**745,807,030**	**367,669,329**	**237,490,081**	**15,069,214**	**71,857,050**	**19,203,598**	**2,296,468,472**
Total assets	**788,609,020**	**71,998,765**	**117,434,344**	**524,678,920**	**453,811,940**	**558,260,649**	**241,207,273**	**2,756,000,911**
31 December 2018								
Liabilities:								
Deposits with banks and banking institutions	19,431,389	-	203,956,450	-	-	-	-	223,387,840
Customers' deposits	772,919,885	653,375,614	243,083,176	115,751,208	42,900	-	-	1,785,172,783
Cash margins	38,297,594	30,177,145	9,620,588	16,617,760	-	-	-	94,713,087
Borrowed funds	3,645,274	96,267	5,499,847	918,155	52,102,439	21,196,317	-	83,458,298
Other provisions	-	-	-	-	-	-	11,540,044	11,540,044
Income tax provision	-	-	12,053,013	-	-	-	-	12,053,013
Deferred tax liabilities	-	-	-	-	-	-	4,231,861	4,231,861
Other liabilities	19,139,038	-	7,321,880	7,631,055	8,750,295	9,934,584	-	60,644,778
Liabilities associated directly with assets held for sale	-	-	-	-	-	-	681,626	681,626
Total	**853,433,180**	**691,516,952**	**481,534,954**	**140,918,178**	**60,895,634**	**31,130,901**	**16,453,531**	**2,275,883,330**
Total assets	**418,275,903**	**171,301,392**	**20,403,865**	**57,281,852**	**1,532,710,578**	**267,723,646**	**253,747,903**	**2,721,445,139**

Second: Items outside the consolidated statement of financial position (in total):

31 December 2019				
	For one year	For one year to five years	More than five years	Total
	JD	JD	JD	JD
Credits and Acceptances	117,397,122	-	-	117,397,122
Non-utilised limits (direct and indirect)	291,466,561	30,222,118	-	321,688,679
Guarantees	207,467,130	29,150,176	278	236,617,584
Total	**616,330,813**	**59,372,294**	**278**	**675,703,385**
31 December 2018				
	Up to 1 year	1 to 5 years	Over 5 years	Total
	JD	JD	JD	JD
Credits and Acceptances	117,610,844	-	-	117,610,844
Non-utilised ceilings	296,363,142	-	-	296,363,142
Guarantees	233,177,652	-	-	233,177,652
Operating lease obligations	99,295	2,215,595	15,808,490	18,123,380
Total	**647,250,933**	**2,215,595**	**15,808,490**	**665,275,018**

39. Information on the Bank's segments:

The Bank is organized, for managerial purposes, into four major sectors. These sectors are measured according to reports used by the Chief Executive Officer and key decision makers at the Bank. Moreover, the Bank owns two subsidiaries: one in the financial brokerage sector, and the other in the finance leasing sector as of the consolidated financial statements date:

- Individual accounts: This item includes following up on individual customer's deposits, and granting them credit facilities, credit cards, and other services.
- Corporate accounts: This item includes following up on deposits, credit facilities, and other banking services related to corporate customers.
- Treasury: This item includes providing dealing services and managing the Bank's funds.
- Others: This industry includes the activities which do not meet the definition of the Bank's business activities mentioned above.
- Financial brokerage services: This item includes practicing most of the brokerage and financial consultation services.
- Finance leasing services: This item includes leasing services and real estate development projects.
- Financial consulting services: This item includes practicing financial consulting services and IPOs management.

The following table shows information on the Bank's business sectors distributed by activity:

	Individuals	Corporates	Treasury	Financial brokerage	Finance leasing	Financial advisory	Others	Total For the year ended 31 December 2019	Total For the year ended 31 December 2018
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Gross income for the year	17,405,892	69,921,611	29,398,270	-	5,166,197	604,145	179,329	122,675,444	124,688,329
Less: Provision for impairment loss of direct credit facilities	4,245,821	9,475,069	-	-	252,206	30,725	-	14,003,821	2,328,885
Results of Business Sector	13,160,071	60,446,542	29,398,270	-	4,913,991	573,420	179,329	108,671,623	122,359,444
Less: Expenditures not distributed over sectors	-	-	-	-	1,057,643	402,717	60,276,717	61,737,077	66,510,059
Income before income tax	13,160,071	60,446,542	29,398,270	-	3,856,348	170,703	(60,097,388)	46,934,546	55,849,385
Less: income tax for the year	-	-	-	-	1,183,048	7,090	15,679,386	16,869,524	13,967,820
Income for the year from continuing operations	13,160,071	60,446,542	29,398,270	-	2,673,300	163,613	(75,776,774)	30,065,022	41,881,565
Net income for the year from discontinued operations	-	-	-	(127,402)	-	-	-	(127,402)	261,943
Net income for the year	**13,160,071**	**60,446,542**	**29,398,270**	**(127,402)**	**2,673,300**	**163,613**	**(75,776,774)**	**29,937,619**	**42,143,508**
Capital Expenditures							4,014,609	4,014,609	2,494,402
Depreciation and amortization							6,575,780	6,575,780	6,309,945
Sector's assets	365,333,379	1,209,279,337	942,360,723	4,318,694	73,285,529	578,326	136,505,007	2,731,660,995	2,520,107,921
Assets not distributed over sectors	-	-	-	-	-	-	24,339,916	24,339,916	201,337,218
Total assets	**365,333,379**	**1,209,279,337**	**942,360,723**	**4,318,694**	**73,285,529**	**578,326**	**160,844,923**	**2,756,000,911**	**2,721,445,139**
Liabilities of segment	1,178,238,072	805,750,608	251,934,778	1,305,735	37,003,370	126,195	13,245,180	2,287,603,938	2,242,776,152
Liabilities not distributed over sectors	-	-	-	-	-	-	8,864,534	8,864,534	33,107,178
Total liabilities	**1,178,238,072**	**805,750,608**	**251,934,778**	**1,305,735**	**37,003,370**	**126,195**	**22,109,714**	**2,296,468,472**	**2,275,883,330**

B. Geographical distribution information

The below disclosure represents the geographical distribution of the Bank's business. The Bank operates mainly in the Hashemite Kingdom of Jordan, which represents local businesses. The Bank also practices international activities through the Bank's branch in Cyprus.

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

	Inside the Kingdom		Outside the Kingdom		Total	
	For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Total income	110,851,058	107,445,923	11,824,386	17,242,406	122,675,444	124,688,329
Capital expenses	4,014,609	2,494,402	-	-	4,014,609	2,494,402

	Inside the Kingdom		Outside the Kingdom		Total	
	For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Total income	2,364,019,560	2,217,414,530	391,981,350	504,030,609	2,756,000,911	2,721,445,139

40. Capital management:

A. Description of capital:

Capital is classified into several types: paid capital, economic capital, and regulatory capital. According to the Companies Law, regulatory capital is defined as the total items determined by the Central Bank of Jordan for regulatory purposes relating to capital adequacy as per the Central Bank of Jordan's instructions.

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

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

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

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

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

C. Method of Achieving Capital Management Goals.

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

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

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

Capital adequacy

On November 30, 2016, the Central Bank of Jordan issued Basel III instructions on capital adequacy and cancelled Basel II instructions relating to the adequacy of regulatory capital.

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

	2019	2018
	JD '000	JD '000
Common Equity Tier 1 (CET 1)	459,532	425,562
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(39,096)	(47,331)
Tier 2 (T2) Capita	13,944	12,582
Regulatory Adjustments (T2 Capital)	(1,728)	(7,402)
Total regulatory capital	432,652	383,411
Risk-weighted assets (RWA)	2,223,920	2,246,270
Common Equity Tier 1 Ratio	18.91%	16.84%
Tier 1 Capital Ratio	18.91%	16.84%
Capital Adequacy Ratio	19.45%	17.07%

* Basic capital is calculated after the issuance of investments in banks and a subsidiary.

41. Accounts managed on Behalf of customers

There are no investment portfolios managed by the Bank on behalf of customers.

42. Analysis of maturities of assets and liabilities

The following table illustrates the analysis of assets and liabilities according to the expected period of their recoverability or settlement:

31 December 2019	Up to 1 year	Over one year	Total
	JD	JD	JD
Assets:			
Cash and balances at central banks	402,004,690	-	402,004,690
Balances at banks and financial institutions	134,085,678	-	134,085,678
Deposits at banks and financial institutions	217,231	-	217,231
Direct credit facilities - net	828,024,289	745,752,427	1,573,776,716
Financial assets through other comprehensive income	11,492,657	84,631,649	96,124,306
Financial assets at amortised cost	106,436,976	202,219,134	308,656,110
Property and equipment, net	-	26,711,598	26,711,598
Intangible assets, net	-	1,357,766	1,357,766
Right of use of leased assets	52,208	14,225,840	14,278,048
Deferred tax assets	-	31,137,943	31,137,943
Other assets	18,207,319	145,124,812	163,332,131
Assets held for sale, net	4,318,694	-	4,318,694
Total assets	**1,504,839,742**	**1,251,161,169**	**2,756,000,911**
Liabilities:			
Banks and financial institutions deposits	141,237,514	-	141,237,514
Customers' deposits	1,865,544,081	548,425	1,866,092,506
Cash margins	82,178,622	-	82,178,622
Borrowed funds	45,528,508	56,678,956.22	102,207,464
Liabilities against right of use of leased assets	48,162	13,197,018.11	13,245,180
Other provisions	-	12,408,651.81	12,408,652
Provision for income tax	14,760,848	-	14,760,848
Deferred tax liabilities	-	3,489,800	3,489,800
Other liabilities	39,735,141	19,807,010.30	59,542,151
Liabilities directly linked to assets held for sale	1,305,735	-	1,305,735
Total liabilities	**2,190,338,610**	**106,129,862**	**2,296,468,472**
Net assets	**(685,498,868)**	**1,145,031,307**	**459,532,439**

31 December 2018	Up to 1 year	Over one year	Total
	JD	JD	JD

Assets:			
Cash and balances at central banks	210,936,892	-	210,936,892
Balances at banks and financial institutions	215,594,692	-	215,594,692
Deposits at banks and financial institutions	8,750,300	-	8,750,300
Direct credit facilities - net	1,477,829,193	154,843,274	1,632,672,467
Financial assets through other comprehensive income	4,539,257	123,144,174	127,683,431
Financial assets at amortised cost	78,148,099	214,900,760	293,048,859
Property and equipment, net	-	26,106,712	26,106,712
Intangible assets, net	-	3,020,319	3,020,319
Deferred tax assets	-	29,918,911	29,918,911
Other assets	45,913,252	124,305,583	170,218,835
Assets held for sale, net	-	3,493,721	3,493,721
Total assets	2,041,711,685	679,733,454	2,721,445,139
Liabilities:			
Deposits with banks and banking institutions	223,387,840	-	223,387,840
Customers' deposits	1,785,129,883	42,900	1,785,172,783
Cash margins	94,713,087	-	94,713,087
Borrowed funds	10,159,542	73,298,756	83,458,298
Other provisions	-	11,540,044	11,540,044
Provision for income tax	12,053,013	-	12,053,013
Deferred tax liabilities	-	4,231,861	4,231,861
Other liabilities	41,959,899	18,684,879	60,644,778
Liabilities directly linked to assets held for sale	-	681,626	681,626
Total liabilities	**2,167,403,263**	**108,480,066**	**2,275,883,330**
Net assets	**(125,691,578)**	**571,253,388**	**445,561,809**

43. Fair value hierarchy

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

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

Financial assets/ financial liabilities	Fair value 31 December		The level of fair value	Evaluation Method and Inputs used	Significant inputs Intangible assets	Relation between significant inputs Intangible assets and fair value
	2019	2018				
	JD	JD	JD	JD	JD	JD
Financial Assets at Fair Value						
Shares with available market prices	18,608,695	24,270,722	Level1	Quoted prices in financial markets	Not applicable	Not applicable
Shares with no available market prices	27,206,325	23,192,572	Level 2	Comparing with the fair value of a similar financial instrument	Not applicable	Not applicable
Bonds quoted in an active market	38,030,583	66,144,429				
Bonds not quoted in an active market	13,720,000	15,900,000				
Total	**97,565,603**	**129,507,722**				
Total financial assets at fair value	**97,565,603**	**129,507,722**				

There were no transfers between level 1 and level 2 during the year 2019 and 2018.

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

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

	31 December 2019		31 December 2018		The level of Fair Value
	Book Value	Fair Value	Book Value	Fair Value	
	دينـــار	دينـــار	دينـــار	دينـــار	دينـــار
Financial Assets of Non-specified Fair Value					
Cash at central banks	351,555,800	351,585,773	162,728,126	162,741,804	Level 2
Balances at banks and financial institutions	134,085,678	134,109,038	215,594,692	215,705,328	Level 2
Deposits at banks and financial institutions	217,231	217,267	8,750,300	8,780,166	Level 2
Direct credit facilities	1,573,776,716	1,584,960,477	1,632,672,467	1,642,480,993	Level 2
Financial assets at amortised cost	308,656,110	313,811,044	293,048,859	297,727,364	Level1 and 2
Total Financial Assets of Non-specified Fair Value	**2,368,291,535**	**2,384,683,599**	**2,312,794,444**	**2,327,435,655**	
Financial Liabilities of Non-specified Fair Value					
Banks and financial institutions deposits	141,237,514	141,498,608	223,387,840	224,871,539	Level 2
Customers' deposits	1,866,092,506	1,879,571,636	1,785,172,783	1,792,120,284	Level 2
Cash deposits	82,178,622	82,962,952	94,713,087	95,240,353	Level 2
Borrowed funds	**102,207,464**	**103,528,236**	**83,458,298**	**84,370,601**	**Level 2**
Total Financial Liabilities of Non-specified Fair Value	**2,191,716,106**	**2,207,561,432**	**2,186,732,008**	**2,196,602,777**	

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

44. Commitment and contingent liabilities (off- consolidated statement of financial position):

A. Credit commitments and contingencies:

	31 December	
	2019	2018
	JD	JD
A. Credits, guarantees and acceptances		
Letters of credit	96,880,456	91,458,705
Guarantees		
Payment	127,336,681	122,131,189
Performance bonds	81,818,493	85,004,471
Other	27,462,410	26,041,992
Acceptances	20,516,666	26,152,139
Total	**354,014,706**	**350,788,496**
B. Other liabilities		
Non-unutilised direct credit facilities ceilings	211,909,426	156,785,685
Non-unutilised indirect credit facilities ceilings	109,779,253	139,577,457
Total	**321,688,679**	**296,363,142**
Total indirect facilities	**675,703,385**	**647,151,638**

B. Contractual obligations:

	31 December	
	2019	2018
Purchase contracts of property and equipment	1,377,206	1,299,781
Construction projects contracts	2,385,330	902,691
Other purchase contracts	252,073	291,930
Total	**4,014,609**	**2,494,402**

- The following is a disclosure of the movement on indirect credit facilities balance collectively during the year ended 31 December 2019 and 2018:

Description	Stage 1		Stage 2		Stage 3	Total	2018
	individual	collective	individual	collective			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	628,956,875	-	14,867,582	-	3,327,181	647,151,638	500,799,294
New facilities during the year	170,272,000	-	1,294,934	-	275,077	171,842,011	415,747,744
Facilities paid during the year	(137,405,412)	-	(5,128,657)	-	(756,195)	(143,290,264)	(269,395,400)
What has been converted to the first stage	7,710,127	-	(7,017,417)	-	(692,710)	-	-
What has been converted to the Second stage	(8,198,052)	-	8,740,479	-	(542,427)	-	-
What has been converted to the third stage	(747,912)	-	(390,604)	-	1,138,516	-	-
Changes resulting from modifications	-	-	-	-	-	-	-
Facilities written off	-	-	-	-	-	-	-
Balance at the end of the year	**660,587,626**	**-**	**12,366,317**	**-**	**2,749,443**	**675,703,385**	**647,151,638**

- The following is the disclosure of the movement on the provisions for ECL of the indirect facilities collectively during the years ended 31 December 2019 and 2018:

Particulars	Stage 1		Stage 2		Stage 3	Total	2018
	individual	collective	individual	collective			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	2,823,381	-	150,553	-	2,138,806	5,112,741	9,912,606
ECL on new facilities during the year	1,517,491	-	313,945	-	736,445	2,567,881	3,222,557
Recoveries from ECL on paid facilities during the year	(1,589,370)	-	(422,401)	-	(265,268)	(2,277,039)	(8,022,422)
What has been converted to the first stage	270,326	-	(82,488)	-	(187,838)	-	-
What has been converted to the Second stage	(55,401)	-	479,576	-	(424,175)	-	-
What has been converted to the third stage	(9,207)	-	(4,544)	-	13,751	-	-
Changes resulting from modifications		-	-	-	-	-	-
Provision for bad facilities		-	-	-	-	-	-
Balance at the end of the year	**2,957,220**	**-**	**434,642**	**-**	**2,011,721**	**5,403,583**	**5,112,741**

- The following is a disclosure of the distribution of the letters of credit as per the Bank's internal ratings categories as at 31 December 2019 and 2018:

Credit rating categories based on the Bank's internal system	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
From 1 to 5	80,022,038	-	-	80,022,038	84,952,942
From 6 to 7	16,368,413	433,408	-	16,801,822	6,505,763
From 8 to 10	-	-	56,596	56,596	-
Unclassified	-	-	-	-	-
Total	**96,390,452**	**433,408**	**56,596**	**96,880,456**	**91,458,705**

- The following is a disclosure of the movement on the letters of credit balance during the years ended 31 December 2019 and 2018:

Description	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Balance at the beginning of the year	91,297,248	161,458	-	91,458,705	65,101,414
New facilities during the year	28,221,596	37,415	56,596	28,315,607	47,497,886
Facilities paid during the year	(22,679,282)	(214,574)	-	(22,893,856)	(21,140,595)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the Second stage	(449,109)	449,109	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Bad facilities (written off and transferred outside the statement of financial position)	-	-	-	-	-
Balance at the end of the year	**96,390,452**	**433,408**	**56,596**	**96,880,456**	**91,458,705**

- The following is a disclosure of the movement on letters of credit provision during the years ended 31 December 2019 and 2018:

Description	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Balance at the beginning of the year	270,235	788	-	271,023	847,522
ECL on new facilities during the year	357,756	4,046	41,766	403,567	152,181
Recoveries from ECL on paid facilities during the year	(126,940)	(3,672)	-	(130,612)	(728,681)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the Second stage	(7,630)	7,630	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Provision for bad facilities	-	-	-	-	-
Balance at the end of the year	**493,421**	**8,791**	**41,766**	**543,978**	**271,023**

- The following is a disclosure of the distribution of the total guarantees as per the Bank's internal ratings categories as at 31 December 2019 and 2018:

Credit rating categories based on the Bank's bylaws	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
From 1 to 5	199,031,615	297,999	-	199,329,614	194,955,304
From 6 to 7	30,391,916	4,756,012	-	35,147,929	36,213,141
From 8 to 10	-	-	2,140,042	2,140,042	2,009,207
Unclassified	-	-	-	-	-
Total	**229,423,531**	**5,054,012**	**2,140,042**	**236,617,584**	**233,177,652**

- The following is a disclosure of the movement on guarantees balance during the years ended 31 December 2019 and 2018:

Description	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Balance at the beginning of the year (restated)	223,967,239	7,201,206	2,009,207	233,177,652	251,836,340
New facilities during the year	37,558,756	230,038	31,003	37,819,797	54,112,589
Facilities paid during the year	(32,855,077)	(1,415,812)	(108,976)	(34,379,865)	(72,771,277)
What has been converted to the first stage	3,656,634	(3,576,156)	(80,478)	-	-
What has been converted to the Second stage	(2,409,486)	2,844,736	(435,250)	-	-
What has been converted to the third stage	(494,535)	(230,000)	724,535	-	-
Changes resulting from modifications	-	-	-	-	-
Bad facilities (written off and transferred off the statement of financial position)	-	-	-	-	-
Balance at the end of the year	**229,423,531**	**5,054,012**	**2,140,042**	**236,617,584**	**233,177,652**

- The following is a disclosure of the movement on ECL provision for guarantees during the years ended 31 December 2019 and 2018:

Description	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Balance at the beginning of the year	764,004	30,249	1,749,771	2,544,023	8,605,104
ECL on new facilities during the year	245,735	25,413	441,694	712,842	818,829
Recoveries from ECL on paid facilities during the year	(401,258)	(378,013)	(58,809)	(838,080)	(6,879,910)
What has been converted to the first stage	55,791	(9,970)	(45,821)	-	-
What has been converted to the Second stage	(18,754)	415,427	(396,673)	-	-
What has been converted to the third stage	(2,022)	(62)	2,083	-	-
Changes resulting from modifications	-	-	-	-	-
Provision for bad facilities	-	-	-	-	-
Balance at the end of the year	**643,496**	**83,044**	**1,692,245**	**2,418,785**	**2,544,023**

- The following is a disclosure of the distribution of the total non utilised limits of direct facilities as per the Bank's internal ratings categories as at 31 December 2019 and 2018:

Credit rating categories based on the Bank's internal system	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
From 1 to 5	139,835,491	407,389	-	140,242,880	96,289,529
From 6 to 7	24,284,396	930,158	-	25,214,555	13,211,401
From 8 to 10	-	-	129,283	129,283	136,195
Unclassified	45,257,161	642,026	423,522	46,322,708	47,148,560
Total	**209,377,048**	**1,979,573**	**552,805**	**211,909,426**	**156,785,685**

- The following is a disclosure of the movement on the non utilised limits of direct facilities balance during the years ended 31 December 2019 and 2018:

Description	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Balance at the beginning of the year	151,694,843	3,825,214	1,265,628	156,785,685	-
New facilities during the year	86,669,946	408,900	187,478	87,266,325	156,785,685
Facilities paid during the year	(29,782,895)	(1,712,470)	(647,219)	(32,142,584)	-
What has been converted to the first stage	2,769,323	(2,209,437)	(559,886)	-	-
What has been converted to the Second stage	(1,720,793)	1,827,970	(107,177)	-	-
What has been converted to the third stage	(253,377)	(160,604)	413,981	-	-
Changes resulting from modifications	-	-	-	-	-
Bad facilities (written off and transferred off the statement of financial position)	-	-	-	-	-
Balance at the end of the year	**209,377,048**	**1,979,573**	**552,805**	**211,909,426**	**156,785,685**

- The following is a disclosure of the movement on ECL provision for non utilised limits of direct facilities during the years ended 31 December 2019 and 2018:

Description	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Balance at the beginning of the year (restated)	1,287,806	101,563	351,953	1,741,322	-
ECL on new facilities during the year	626,682	117,497	252,986	997,165	1,741,322
Recoveries from ECL on paid facilities during the year	(780,107)	(39,556)	(206,460)	(1,026,123)	-
What has been converted to the first stage	171,603	(66,668)	(104,935)	-	-
What has been converted to the Second stage	(12,451)	39,953	(27,502)	-	-
What has been converted to the third stage	(7,185)	(4,482)	11,668	-	-
Changes resulting from modifications	-	-	-	-	-
Provision for bad facilities	-	-	-	-	-
Balance at the end of the year	**1,286,348**	**148,307**	**277,710**	**1,712,364**	**1,741,322**

- The following is a disclosure of the distribution of the total non utilised limits of indirect facilities as per the Bank's internal ratings categories as at 31 December 2019 and 2018:

Credit rating categories based on the Bank's internal system	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
From 1 to 5	93,846,926	1,010,713	-	94,857,639	121,605,191
From 6 to 7	11,536,064	3,385,550	-	14,921,614	17,919,920
From 8 to 10	-	-	-	-	52,346
Unclassified	-	-	-	-	-
Total	**105,382,990**	**4,396,263**	**-**	**109,779,253**	**139,577,457**

- The following is a disclosure of the movement on the non utilised limits of indirect facilities balance during the years ended 31 December 2019 and 2018:

Description	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Balance at the beginning of the year	135,990,669	3,534,442	52,346	139,577,457	-
New facilities during the year	10,763,995	547,623	-	11,311,618	139,577,457
Facilities paid during the year	(39,833,045)	(1,276,777)	-	(41,109,822)	-
What has been converted to the first stage	1,284,170	(1,231,824)	(52,346)	-	-
What has been converted to the Second stage	(2,822,799)	2,822,799	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Bad facilities (written off and transferred off the statement of financial position)	-	-	-	-	-
Balance at the end of the year	**105,382,990**	**4,396,263**	**-**	**109,779,253**	**139,577,457**

- The following is a disclosure of the movement on ECL provision for non utilised limits of indirect facilities during the years ended 31 December 2019 and 2018:

Description	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3	Total	2018
	JD	JD	JD	JD	JD
Balance at the beginning of the year	387,215	17,259	37,082	441,556	-
ECL on new facilities during the year	224,715	155,754	-	380,469	441,556
Recoveries from ECL on paid facilities during the year	(200,394)	(1,106)	-	(201,500)	-
What has been converted to the first stage	42,933	(5,850)	(37,082)	-	-
What has been converted to the Second stage	(11,557)	11,557	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Provision for bad facilities	-	-	-	-	-
Balance at the end of the year	**442,912**	**177,614**	**-**	**620,525**	**441,556**

45. Cases filed against the Bank

A. The value of cases filed against the bank amounted to JD 9,678,970 as at 31 December 2019 compared to JD 10,402,410 as at 31December 2018. The Bank's management and the legal adviser believes that the Bank will not have obligations exceeding the provisions made, which amounts to JD 1.105,721 as at 31 December 2019 compared to JD 1,472,684 as at 31 December 2018.

B. There are no material cases filed against the subsidiaries as at 31 December 2019 and 2018.

46. Assets held for sale and discontinued operations

In accordance with the decision of the Investment Management Committee on December 27, 2017, it was decided to sell the Bank's share in United Financial Investments Company where the Board Committee for Management and Investment approved the above decision of the Committee on 7 January 2018. Detailed study.

	2019	2018
(Loss) profit for the year from discontinued operations	JD	JD
Net income (loss) for the year	834,631	1,994,327
Total expenses	(1,121,259)	(1,516,454)
(Loss) profit for the year before tax	(286,628)	477,873
Tax benefits / tax expense	32,919	43,759
Net (loss) profit for the year	(253,709)	521,632
The Parent Company's share of (loss) profits of the subsidiary	(127,402)	261,943

	31 December 2019		31 December 2018	
Assets held for sale	Company's data	The Parent Company's share of (loss) profits of the subsidiary	Company's data	The Parent Company's share of (loss) profits of the subsidiary
	JD	JD	JD	JD
Cash on hand and balances with banks	1,886,087	947,117	1,856,447	932,233
Direct credit facilities	903,095	453,498	2,882,570	1,447,511
Financial assets at fair value through statement of income	4,491,314	2,255,358	4,270,522	2,144,485
Financial assets at fair value through comprehensive income	-	-	41,672	20,926
Property and equipment, net	361,345	181,453	391,751	196,722
Intangible assets, net	2,397	1,199	152	76
Deferred tax assets	1,002,772	503,552	972,094	488,147
Other assets	2,929,733	1,471,199	172,395	86,570
Total assets	**11,576,743**	**5,813,376**	**10,587,603**	**5,316,670**
Less: impairment loss of assets held for sale	-	(1,494,682)	-	(1,822,949)
Liabilities associated with asset held for sale	11,576,743	4,318,694	10,587,603	3,493,721
Provision for income tax	58,906	29,580	84,479	42,422
Other liabilities	2,541,331	1,276,155	1,272,910	639,204
Total liabilities	**2,600,237**	**1,305,735**	**1,357,389**	**681,626**
Equity directly related to assets held for sale	(35,505)	(17,829)	(35,505)	(17,829)

Statement of Disclosure for the Financial Year ending 31/12/2019, in accordance with article (4) of the disclosure regulations, the accounting and auditing standards issued by the Jordan Securities Commission.

Item

4a **Chairman's Statement:** Included in the report.

4b/1 **Description of main activities:** Included in the report.

The Bank operates through its head office in Abdali - Amman and 64 branches in Jordan and one branch in Cyprus. Total capital expenditure for the year 2019 amounted to JOD4.01 million. The table below shows the Bank's locations and the number of staff at each.

Location	No. of Staff	Location	No. of Staff	Location	No. of Staff	Location	No. of Staff
Head Office	609	Dabouq Branch	10	Al-Ahliyya Amman University Branch	8	Yarmouk University Branch- Irbid	9
Main Branch	16	City Mall Branch	10	Baq'ah Branch	10	Al-Mafraq Branch	8
Abdali Branch	14	Shmeissani Branch	15	Madaba Branch	10	Al-Karak Branch	7
Jabal Amman Branch	11	King Hussein Bin Talal St. Branch - Zarqa	7	Al-Salt Branch	7	Aqaba Branch	12
Wehdat Branch	11	Abdali Mall Branch	9	King Abdullah Bureau Branch	5	Zarqa Branch	9
Tla' El 'Ali Branch	13	Tabarbour Branch	9	Khalda Branch	10	Russaifeh Branch	10
Jabal Al-Hussein Branch	11	Al-Rabiyah Branch	9	Dair Ghbar Branch	8	Zarqa Free Zone Branch	9
Commercial Center Branch	10	Vegetable Market Branch	11	Taj Mall Branch	9	New Zarqa Branch	9
Abu-Alanda Branch	12	M. Munawarah St. Branch	13	Galleria Mall Branch	9	M. Al-Riyadeah Branch	10
Yarmouk Branch	10	Sweifiyyah Branch	12	Northern Hashmi Branch	9	King Abdullah II St. Branch - Irbid	10
Wadi El-Seir Branch	12	Nazzal Branch	9	Mecca Street Branch	11	Jerash Branch	9
Jubaiha Branch	11	Mecca Mall Branch	9	Zahran Branch	7	Dome of the Rock Branch	10
Amra Branch	10	Petra University Branch	7	Al-Rawnaq Branch	10	Jawal Branch	6
Abdoun Branch	12	Al-Mougablain Branch	10	Southern Sweileh Branch	11	Abu Hassan Mall Branch	9
Abu-Nsair Branch	8	Marj El-Hamam Branch	8	Irbid Branch	18	Cyprus Branch	11
Marka Branch	11	Zain Branch	10	Wadi Saqra Branch	9		
Ibn Khaldoun Branch	8	Samarah Mall Branch	6	Al-Husson St. Branch- Irbid	8		
*United Financial Investments Co. (Subsidiary)							10
Ejara Leasing Co. (Subsidiary)							27
Specialized Management Co. For Investment & Financial Advisory (Sanad Capital) (Subsidiary)							3

4b /2 Subsidiaries:

United Financial Investments Company

United Financial Investments Co. (UFICO) was established in 1980 as a private shareholding company with a capital of JD150 thousand. In 1995 the company was restructured as a public shareholding company with a capital of JD1.5 million. The company's capital was increased during the period from 1997 to 2010 in several stages through the distribution of free shares to the shareholders. The company's capital is currently JD8 million.

The company offers brokerage and advisory services, and obtained from the Jordan Securities Commission the license to work as an investment manager and license to work in margin trading.

The Company's H.Q. is located in Shmeissani, Amman with 10 working employees.

* On 27/12/2017 the Bank decided to sell part of its stake in UFICO . The sale is expected to be completed during the first quarter of 2018. Accordingly, and in accordance with the requirements of International Financial Reporting Standard No. (5) The results of the Company's business in the Bank's financial statements for 2017 are shown in net profit from discontinued operations and the above information for the Company for 2017 is for disclosure purposes only.

Ejara Leasing Company

Jordan Kuwait Bank established Ejara Leasing Company on January 6, 2011. The company was registered as a private shareholding company with paid-up capital JD10 million (USD14.1m) fully paid by the Bank. In September 2012 Ejara's capital was raised to JD20 million (USD28.2m).

Ejara Leasing Company aims to provide innovative and high quality leasing services to supplement the banking and financing services offered at Jordan Kuwait Bank to be in line with the developments in the financial market, meet the needs of the Bank's clients and support the various economic activities, through leasing fixed assets and providing different financing alternatives in light of the changes in the financial and baking markets.

The Company's H.Q. is located in Tahawabet Complex No. 61, Mecca Street, Amman, in addition to a branch in Aqaba and a branch in Irbid with a total of 27 employees.

Specialized Management Co. For Investment & Financial Advisory (Sanad Capital)

Sanad Capital was founded on 22/11/2016 as a private limited company with a paid-up capital of JD530 thousand (USD747 thousand) fully paid by the Bank. The company, which commenced its operations during the first quarter of 2017, offers a wide range of financial and advisory services including managing stocks and bonds issued, financial advisory services to companies and family groups, in addition to offering financial opportunities such as establishing real estate investment funds and other financial and advisory services. Sanad Capital received its lead managed and financial advisor licenses from Jordan Securities Commission at the beginning of 2017.

The Company's H.Q. is located in the Mecca Street, Amman with 3 working employees.

4b/3/a Members of the Board of Directors' Biographies:

1. H. E. Mr. Abdel Karim A. Kabariti

Chairman, Representative of Al Rawabi United Holding Co. - Kuwait

Date of membership: 15/7/1997

Date of Birth: 15/12/1949

Education: Bachelor degree in Business and Finance with Honors from St. Edwards University-USA, 1973.

Current Positions:

- Chairman, Algeria Gulf Bank - Algeria / Representative of Jordan Kuwait Bank (9/2002 - Present)
- Board Member, Jordan Dairy Company
- Board Member, Burgan Bank - Kuwait (4/2004 - Present)

Previous Official & Governmental Positions:

- Member of the Jordanian Senate, Head of the Economics & Finance Committee (2005 - 2007)
- Member of the Jordanian Senate, First Deputy to the Speaker (2000 - 2002)
- Chief of the Royal Court, (1999 - 2000)
- Member of the Twelfth and the Eleventh Jordanian Parliaments (1993 - 1997) and (1989 - 1993) / Head of the Economics & Finance Committee (1993 - 1995)
- Prime Minister, Minister of Foreign Affairs and Minister of Defense (1996 - 1997)
- Minister of Foreign Affairs (1995 - 1996)
- Minister of Labor (1991 - 1993)
- Minister of Tourism (1989 - 1991)

Previous Business Experiences:

- Worked at many financial institutions / private business (1973 - 1989)

2. Mr. Faisal H. Al -Ayyar

Vice Chairman

Date of membership: 15/7/1997

Date of Birth: 20/12/1954

Education: Graduated as a fighter pilot - USA, 1976 and Jordanian Aviation Academy, 1981

Current and Previous Positions:

- Chairman, Panther Media Group (OSN) - Dubai, UAE
- Vice Chairman (Executive), Kuwait Projects Co. (Holding) - Kuwait
- Vice Chairman, Gulf Insurance Group - Kuwait
- Vice Chairman, United Gulf Holding - Bahrain
- Vice Chairman, United Gulf Bank - Bahrain
- Vice Chairman, Mashare'a Al-Khair Est. - Kuwait
- Vice Chairman, Saudi Dairy & Foodstuff Co. (SADAFCO) - Kingdom Saudi Arabia
- Board Member, Gulf Egypt for Hotels & Tourism Co. - Egypt
- Trustee, American University of Kuwait - Kuwait
- Honorary Chairman, Kuwait Association for Learning Differences - Kuwait

Honors & Awards:

- Kuwait Financial Forum 2009, for contributions to the Kuwait investment sector and success in global financial markets
- Tunis Arab Economic Forum 2007
- Lifetime Achievement Award, Beirut Arab Economic Forum 2007
- Arab Bankers Association of North America (ABANA) Achievement Award in 2005

3. Mr. Masaud M. Jawhar Hayat

Board Member, Representative of Kuwait Projects Co. (Holding) - Kuwait

Date of Membership: 20/2/2001

Date of Birth: 11/9/1953

Education: Bachelor degree in Economics, Kuwait University, 1973 and a High Diploma in Banking Studies, 1975.

Current Positions:

- Vice Chairman & Group Chief Executive Officer, Burgan Bank - Kuwait
- Chairman, United Gulf Bank - Bahrain
- Chairman, United Gulf Holding - Bahrain
- Chairman, Tunis International Bank - Tunis
- Vice Chairman, FIMBank - Malta
- Vice Chairman, Algeria Gulf Bank - Algeria
- Vice Chairman, Bank of Baghdad - Iraq
- Board Member, KIPCO Asset Management Co. (KAMCO) - Kuwait
- Board Member, North African Co. - Kuwait
- Board Member, Mashare'a Al-Khair Est. - Kuwait

4. Mr. Tariq M. Abdul Salam

Board Member

Date of Membership: 15/7/1997

Date of Birth: 24/8/1965

Education: Bachelor degree in Accounting, Kuwait University, 1987. Diploma in International Securities, Kuwait, 1996.

Current Positions:

- Chief Executive Officer of the Investment sector, Kuwait Projects Co. (Holding) - Kuwait (2011 - Present)
- Board Member, United Real Estate Company - Kuwait (2010 - Present)
- Vice Chairman, North Africa Co. Holding (2014 - Present)
- Board Member, KIPCO Asset Management Co. (KAMCO) - Kuwait (2013 - Present)
- Board Member, Qurain Petrochemical Industries Co. (2012 - Present)

Previous Positions:

- Chairman, United Real Estate Company - Kuwait (2010 - 4/2019)
- Chief Executive Officer, United Real Estate Company- Kuwait (2006-2011)
- General Manager, KIPCO Asset Management Co. (KAMCO) (1998 - 2006)
- Vice President, Trading and Investment Portfolio Management, Kuwait Investments Projects Co.- Kuwait (1996 - 1999)
- Manager, Trading and Global Investment Projects Department, Kuwait Investment Projects Co.-Kuwait (1992 - 1996)

5. Mr. Mohammad A. AlMadi

Board Member, Representative of Social Security Corporation

Date of Membership: 5/9/2016

Date of Birth: 18/4/1971

Education: Bachelor degree in Accounting, Yarmouk University, 1992, Master degree in Financing, Jordan University, 1998.

Current Position:

- Head of Equity Support Directorate, Social Security Investment Fund (20/10/2019 - Present)

Previous Positions:

- Head of Internal Audit, Social Security Investment Fund (2003 - 2019)
- Internal Audit Department, Central Bank of Jordan (1994 - 2003)
- Arab Bank (1993)
- Accounts Audit, Deloitte and Touche (1992 - 1993)

6. Dr. Yousef M. Goussous

Board Member, Representative of Al Rawabi United Holding Co. - Kuwait

Date of Membership: 20/2/2001

Date of Birth: 1/1/1939

Education: Bachelor degree in medicine, Ain Shams University-Egypt, 1965 and then completed his specialization in heart diseases at Houston University, Texas-USA, 1973.

Current and Previous Positions:

- Deputy Head of Management Committee, Amman Surgical Hospital
- Member of the Jordan Senate (27/9/2016 - Present)
- Member of the Jordanian Senate (2011 - 2013)
- Lecturer on heart disease at the University of Jordan and at the Jordan University for Science and Technology
- Senior consultant at Queen Alia Center for Heart Disease and Surgery
- Served as Manager of Al Hussein Medical Center and Chief of the Royal Medical Services
- Fellow of several distinguished British and American medical institutions
- Holder of several elite civil, military and medical medals of achievement in Jordan and abroad

7. Mr. Mansour A. Louzi

Board Member, Representative of Strategy Company for Investments

Date of Membership: 15/3/2009

Date of Birth: 28/6/1961

Education: Bachelor degree in Business Administration and Marketing, St. Edwards University, Texas -USA, 1983.

Current Positions:

- Business Development Manager, Siemens Company - Jordan Branch
- Board Member, United Financial Investments Co. / Representative of Jordan Kuwait Bank

Previous Positions:

- Administrative Manager, Siemens Company -Jordan Branch (1993 - 2006)
- Central Bank of Jordan - International Relations Dept. - Investment Unit (1985 - 1993)
- Jordan Armed Forces - Studies & Development Dept. (1984 - 1985)

8. Mr. Bijan Khosrowshahi

Board Member, Representative of Odyssey Reinsurance Co. - U.S.A

Date of Membership: 23/3/2011

Date of Birth: 23/7/1961

Education: MBA, 1986 and Bachelor degree in Mechanical Engineering, Drexel University, USA, 1983.

Current Positions:

- President of Fairfax International, London
- Board member, Representative of Fairfax Financial Holdings Limited for the following companies:
  - Gulf Insurance Group - Kuwait
  - Gulf Insurance & Reinsurance Company (GIRI) - Kuwait
  - Bahrain Kuwait Insurance - Bahrain
  - Arab Misr Insurance Group - Egypt
  - Arab Orient Insurance Company - Jordan
  - Alliance Insurance P.S.C. - Dubai
  - BRIT Limited - United Kingdom
  - Commercial International Bank - Egypt

Previous Positions:

- President & CEO, Fuji Fire and Marine Insurance Company, Japan
- President, AIG's General Insurance operations, Seoul, Korea (2001-2004)
- Vice Chairman and Managing Director, AIG Sigorta, Istanbul, Turkey (1997-2001)
- Regional Vice President, AIG's domestic property and casualty operations for the Mid-Atlantic region, USA
- Held various underwriting and management positions with increasing responsibilities, AIG, USA since 1986

9. H.E. Dr. Marwan J. Muasher

Independent Board Member

Date of membership: 25/4/2016

Date of Birth: 14/6/1956

Education: PhD in Computer Engineering, Perdue University-USA, 1981, Masters of Science in Computer Engineering, Perdue University-USA, 1978, Bachelor of Science in Computer Engineering, Perdue University-USA, 1977.

Current Positions:

- Board Member, Masafat For Specialized Transport Co. (4/2015 - present)
- Board Member, Ready Mix Concrete & Construction Supplies Co. (2/2016 - present)
- Board Member, Premier Business & Projects Co. (26/4/2018- Present)
- Vice President for Studies, The Middle East Program, The Carnegie Endowment for International Peace (2010- present)
- Member of the Board of Trustees, American University of Beirut (2007-present)
- Member of the Aspen Ministers Forum (2009- present)
- Advisory Board Member, IMF Middle East Department (2010 - present)
- Advisory Board Member, Purdue University Global Policy Research Institute (2010 -present)
- Advisory Board Member, The Hague Institute for Global Justice (2011- present)
- Board Member, Partners for Demographic Change (2013- present)
- Board Member, The Asfari Foundation (2013 -present)
- Board Member, The Global Centre on Pluralism (2014- present)

Previous Positions:

- Senior Fellow, Yale University (2010-2011)
- Senior Vice President - External Affairs, The World Bank (2007-2010)
- Member of the Jordanian Senate (2005-2007)
- Deputy Prime Minister and Government Spokesperson (7/2005-11/2005)
- Minister of the Royal Court (Chief of Staff) for King Abdullah II of Jordan (4/2005-7/2005)
- Deputy Prime Minister in charge of reform and government performance (2004-2005)
- Minister of Foreign Affairs (2002-2004)
- Jordan's Ambassador to the United States (1997-2002)
- Minister of Media Affairs and Government Spokesperson (1996-1997)

10. Mr. Hani K. Hunaidi

Independent Board Member

Date of membership: 25/4/2016

Date of Birth: 15/8/1949

Education: Master of Business Administration (MBA), Portland State University -USA, 1980 and Bachelor of Business Administration, American University of Beirut. 1973, Certified Public Accountant (CPA).

Current Positions:

- Chairman, Mediterranean Industries Company
- Chairman, Mediterranean Energy Company

Previous Positions:

- Managing Director, Jordan Kuwait Company for Agriculture and Food Products (1986-1992)
- Project General Manager, Jordan Management and Consultancy Corp. (1984-1986)
- Financial and Administrative Manager, Jordan Securities Corp. (1982-1984)
- Auditor, Touch Ross & Co. (1980-1982)
- Project Senior Accountant, Consolidated Contractor Company (1976-1978)
- Accountant, Safwan Trading & Contracting Co. Kuwait (1973-1974)

11. Mr. Majed F. Burjak

Independent Board Member

Date of membership: 25/4/2016

Date of Birth: 4/2/1947

Education: Bachelor degree in Public Administration and Political Science, Jordan University, 1969.

Previous Positions:

- Deputy General Manager/Support Services Group, Jordan Kuwait Bank (2007-2011)
- Assistance General Manager/Operations, Jordan Kuwait Bank (1998-2007)
- Assistant General Manager for Technology and Operations, Export and Finance Bank (1996- 1998)
- Senior Business Manager, ANZ Banking Corporation - Australia (1993-1996)
- Country Operations Manager, Grindlays Bank (1969-1993)

12. Mr. Safwan S. Toqan

Independent Board Member

Date of membership: 7/12/2016

Date of Birth: 23/10/1942

Education: Bachelor degree in Business Administration, American University - Beirut, 1966, Master degree in Economics, University of South California - USA, 1976, PhD in Economics, University of South California -USA, 1980.

Previous Positions:

- Member of the 26th Jordanian Senate
- Chairman, Amman Stock Exchange (2012-2013)
- Chairman, Jordan Phosphate Mines Company (2000 - 2004)
- General Manager, Social Security Corporation (1994 - 1999)
- Secretary General, Ministry of Planning (1989 - 1994)
- Assistant Professor, Yarmouk University (1981 - 1989)
- Lecturer, University of South California - USA (1975 - 1980)
- Central Bank of Jordan (1966 - 1975)

13. H.E. Mr. Marwan M. Awad

Independent Board Member

Date of membership: 23/5/2018

Date of Birth: 11/3/1951

Education: Master degree in Economics from Vanderbilt University-USA, 1980, A Diploma of Higher Education in economic development from Vanderbilt University -USA, 1980 and Bachelor degree in Business Administration, Jordan University, 1973.

Current Positions:

- General Manager, First International for Consultation and Arbitration
- Chairman, Jordanian Elaf Co. for Integrated Solutions
- Chairman, Business Risk Experts Forum
- Vice Chairman, World Union of Arab Bankers - Beirut
- Member of Board of Trustees, Arab Academy for Banking and Financial Sciences

Previous Official & Governmental Positions:

- Minister of Finance (1996-1997)
- Secretary General, Ministry of Industry and Trade (1991 - 1993)

Previous Business Experiences:

- Chairman, Social Security Investment Board
- Vice Chairman, Royal Jordanian
- General Manager and CEO, Jordan Ahli Bank
- Manager, Investment and International Relations, Central Bank of Jordan
- General Manager and CEO, Middle East Investment Bank
- Executive Director, Qatar Islamic Bank
- General Manager, Industrial Development Bank
- Director and founder, Arab Institute of Banking Studies

4b/3/b Members of the Executive Managements' Biographies:

Mr. "Moh'd Yaser" M. Al -Asmar

Position: General Manager

Date of Birth: 1947

Date of joining: 15/9/1990

Education: Bachelor degree in Business Administration, University of Jordan, 1970.

Previous Positions:

- Asst. General Manager, Credit Department (1990 - 1993)
- Asst. General Manager, Credit Administration and Control, Commercial Bank of Kuwait - Kuwait (1971 - 1990)

Previous Memberships:

- Board Member, Jordan Payment and Clearing Co. /Representative of Jordan Kuwait Bank
- Board Member, The Association of Banks in Jordan (2010 - 2015)
- Board Secretary (1993-2014)
- Board Member, Arab Orient Insurance Co./ Representative of Jordan Kuwait Bank (July, 2009- March, 2013)
- Vice Chairman, The Association of Banks in Jordan (2005-2010)
- Chairman and Board Member, Arab Orient Insurance Co. / Representative of Strategy Company for Investments (Jan. 2009-June 2009)

Mr. Tawfiq A. Mukahal

Position: Deputy General Manager - Head of Banking Group

Date of Birth: 1951

Date of joining: 12/10/1991

Education: Secondary School Certificate, 1969

Previous Positions:

- Asst. General Manager, Credit Dept. (1998 - 2007)
- Executive Manager, Credit Dept. (1993 - 1997)
- Manager, Marketing & Credit Unit (1991 - 1993)
- Manager, Marketing & Credit Dept., National Bank of Kuwait - Kuwait (1971 - 1990)

Memberships:

- Board Member, Jordan Mortgage Refinance Co./ Representative of Jordan Kuwait Bank
- Board Member, Jordan Loan Guarantee Corporation / Representative of Jordan Kuwait Bank
- Board Member, Arab Orient Insurance Co.

Previous Memberships:

- Board Member, Jordan Steel Co./ Representative of Jordan Kuwait Bank
- Board Member, Kingdom Electricity Co. /Representative of Daman Energy Investment Co.

Mr. William J. Dababneh

Position: Head of Treasury, Investment & Intl. Relations

Date of Birth: 1957

Date of joining: 27/8/1994

Education: Secondary School Certificate, 1975

Previous Positions:

- 17 Years of experience in various banks and the last was Arab Jordanian Investment Bank (1990 - 1994)

Mrs. Hiyam S. Habash

Position: Head of Finance

Date of Birth: 1955

Date of joining: 6/2/1999

Education: Diploma in Applied Science, American Lebanese University, 1978

Previous Positions:

- Financial Manager, New English School (1992 - 1997)
- Financial Manager, Petra Bank (1978 - 1989)

Memberships:

- Board Member, Specialized Management Co. For Investment & Financial Advisory (fully owned subsidiary) (14/12/2016 - present)

Mr. Haethum S. Buttikhi

Position: Head of Retail & Private Banking

Date of Birth: 1977

Date of joining: 1/6/2003

Education: Royal Military Academy, Sandhurst - U.K., 1996.

Bachelor degree in Political Science & International Relations, Kent University - U.K., 2000

Previous Positions:

- Executive Manager, Private Banking Unit (2006 - 2007)
- Manager, Main Branch (2003 - 2005)

Memberships:

- Chairman, Ejara Leasing Co. (fully owned subsidiary) (2011 - present)
- Chairman, Specialized Management Co. For Investment & Financial Advisory (fully owned subsidiary) (19/11/2017 - present)
- Chairman, United Financial Investments Co. (19/9/2017 - present)
- Board member, Quds Bank / Representative of Jordan Kuwait Bank (26/7/2018 - Present)
- Board of Trustees, The Jordan Museum (8/10/2017 - present)
- Board Member, Queen Rania Foundation (21/2/2018 - present)
- Board Member, Jordan Institute of Directors
- Board Member, Al-Dhia' Association For Education and Training of Visually Impaired Children

Mr. Ibrahim E. Kashet

Position: Head of Legal Affairs

Date of Birth: 1962

Date of joining: 1/4/1989

Education: Bachelor degree in Law, University of Jordan, 1986

Previous Positions:

- Legal Department (2000 - Present)
- Credit Department (1994 - 2000)
- Credit Follow Up Department (1989 - 1994)

Memberships:

- Vice Chairman, Amad Investment and Real Estate Development
- Member of the Jordanian Writers Association

Mr. Zuhdi B. Al-Jayousi

Position: Head of Corporate Credit

Date of Birth: 1970

Date of joining: 6/9/1997

Education: Bachelor degree in Accounting, Al- Ahliyya Amman University, 1994

Previous Positions:

- General Banking Experience, Jordan & Gulf Bank, (1994 -1997)

Mr. Abdallah I. Mismar

Position: Head of Administrative Affairs Dept.

Date of Birth: 1973

Date of joining: 5/3/2000

Education: Bachelor degree in Law, Al-Ahliyya Amman University, 1997

Previous Positions:

- Legal Affairs Department at Ministry of Interior (1997-2000)

Mr. Daoud A. Issa

Position: Head of Human Resources Department

Date of Birth: 1973

Date of joining: 18/11/2012

Education: Bachelor degree in Economics, Yarmouk University, 1998

Previous Positions:

- Head of HR planning and budget and Head of Personnel, Qatar Petroleum and its affiliated companies - Qatar (2004-2012)
- Personnel Manager, Lotus Trading and Contracting Company - Qatar (2001 - 2004)
- Personnel and Public Relations Manager, Engineering Technical Contracting Company - Jordan (2000-2001)

Memberships:

- Board Member, Ejara Leasing Co. (fully owned subsidiary) (3/2019 - present)

Mr. Ibraheem F. Taani

Position: Head of Internal Audit Department

Date of Birth: 1964

Date of joining: 4/11/2013

Education: Master degree in finance and banking, Arab Academy for Banking and Financial Sciences, 1994

Previous Positions:

- Head of Internal Audit, Standard Chartered Bank - Jordan (2011-2013)
- Executive Vice President, ABC Investment (2009-2011)
- Chief Financial Officer, Aloula Geojit - KSA (2007-2009)
- Head of Examiners/ Inspectors - Central Bank of Jordan (1989-2007)
- Financial Analyst, Jordan Securities Commission (1988-1989)

Mr. Fadi M. Ayyad

Position: Head of Compliance

Date of Birth: 1971

Date of joining: 29/4/2018

Education: Bachelor degree in accounting from Beirut Arab University , 1995

Previous Positions:

- Vice president group Compliance, First Abu Dhabi Bank - UAE (2010-2018)
- Senior Compliance Manager Head of Financial crime Unit, Barclays - UAE (2008-2010)
- Regional Compliance Officer, MoneyGram - UAE (2007-2008)
- Regulatory Compliance Acting Manager, Doha Bank - Qatar (2006-2007)
- Regulate Compliance Area Officer, Arab Bank - Jordan (2005-2006)
- Team Leader Operation & Sales Services Officer, Arbift (2004-2005)
- Operation & Administration Officer, NBAD (2000-2004)
- Assistant Head of Foreign Trade Department, Arab Bank (1991-2000)

Mr. Maher M. Abu Sa'adeh

Position: Head of Information Technology

Date of Birth: 10/5/1971

Date of joining: 28/4/2019

Education: Yarmouk University- Computer & Automatic Control Engineering

Previous Positions:

- Chief Information Officer, Jordan Microfinance Company (Tamweelcom) (9/2017 - 4/2019)
- Partner, Technology Consulting - Dimension Management Consulting (2011 - 2017)
- Senior Programme Director & Head of IT Operations, Bank Al Jazira (2006 - 2011)
- Chief Information Officer, Al Jazira Takaful (2009 - 2011)
- Consulting Manager, DevoTeam (2005 - 2006)
- Consultant & Project Manager, IBM International (1999 - 2002)

Memberships:

- Co-founder in PMI Jordan Chapter

Mr. Ibrahim F. Bisha

Position: Co-Head, Treasury, Investment & Intl. Relations

Date of Birth: 1971

Date of joining: 19/6/2001

Education: Master degree in Business Administration, Maastricht School of Management - Cyprus, 2005

Previous Positions:

- Banking, Jordan Kuwait Bank (Cyprus Branch), (2001 - 2006)
- Banking, Al-Jazeerah Bank - Saudi Arabia, (1999 - 2001)
- Banking, Dar Ithmar Financial Services, (1997 - 1999)
- Banking, Amman Investment Bank, (1992 - 1997)

Dr. Makram A. Al- Qutob

Position: Co-Head, Corporate Credit

Date of Birth: 1965

Date of joining: 16/5/2004

Education: PhD in Accounting, Arab Academy for Banking and Financial Sciences, 2009.

Previous Positions:

- Arab Bank (1998-2004)
- Arab Thought Forum (1990-1998)

Memberships:

- Board Member, Al-Isra Education & Investment / Representative of Jordan Kuwait Bank
- Vice Chairman, Jordan Commercial Banks Co. / Representative of Jordan Kuwait Bank (15/8/2017- present)
- Board Member, Consortium Banks Investment Group / Representative of Jordan Kuwait Bank (10/5/2017 - present)

4b/4 Shareholders who own 1% or more of the Bank's shares (2019 & 2018)

Shareholder	Nationality	No. of Shares 31/12/2019	%	No. of Shares 31/12/2018	%	Ultimate Beneficiary	Mortgaged Shares	% Mortgaged Shares to total Shares held	Mortgagor
Al Rawabi United Holding Co.	Kuwaiti	50,926,827	50.927	50,926,827	50.927	KAMCO Investment Co. (portfolios Account)	50,924,827	99.99	Burgan Bank - Kuwait
Social Security Corporation	Jordanian	21,041,644	21.042	21,041,644	21.042	Itself	-	-	-
Odyssey Reinsurance Company	American	5,850,000	5.850	5,850,000	5.850	Mr. Prem Watsa	-	-	-
Kuwait Wealth Holding Ltd.	Virgin Islands	2,421,036	2.421	2,421,036	2.421	. Mrs. Fatina Malas . Mr. Awn Kabariti . Mrs. Nour Kabariti	-	-	-

4b/5 Competitive position: The Bank operates within the Jordanian banking sector, which includes 24 local and foreign banks. The Bank has 64 branches in Jordan and a branch in Cyprus. The Bank's main activities include the acceptance of deposits, granting credit, and offering banking and investment services to various economic sectors, institutions and individuals. The Bank's share of the total banking facilities in Jordan was 5.18% and 5.09% of total deposits as at 31/12/2019.

4b/6 Major Suppliers and Clients:

There are no suppliers who obtained more than 10% of the total Bank's purchases for the year 2019.

4b/7

- The Bank does not enjoy any governmental concessions or protection in accordance with the prevailing rules and regulations.
- The Bank does not have any patents or franchise rights acquired by the Bank.

4b/8 There has been no material effect on the Bank's operations, products or competitiveness as a result of any government or international organizations' decisions.

4b/9 Human Resources, Training and Organizational Structure:

Total number of employees as at 31/12/2019 was (1,239) of whom (11) were employed at the Cyprus branch. In addition, there were (40) employees at the Subsidiary companies.

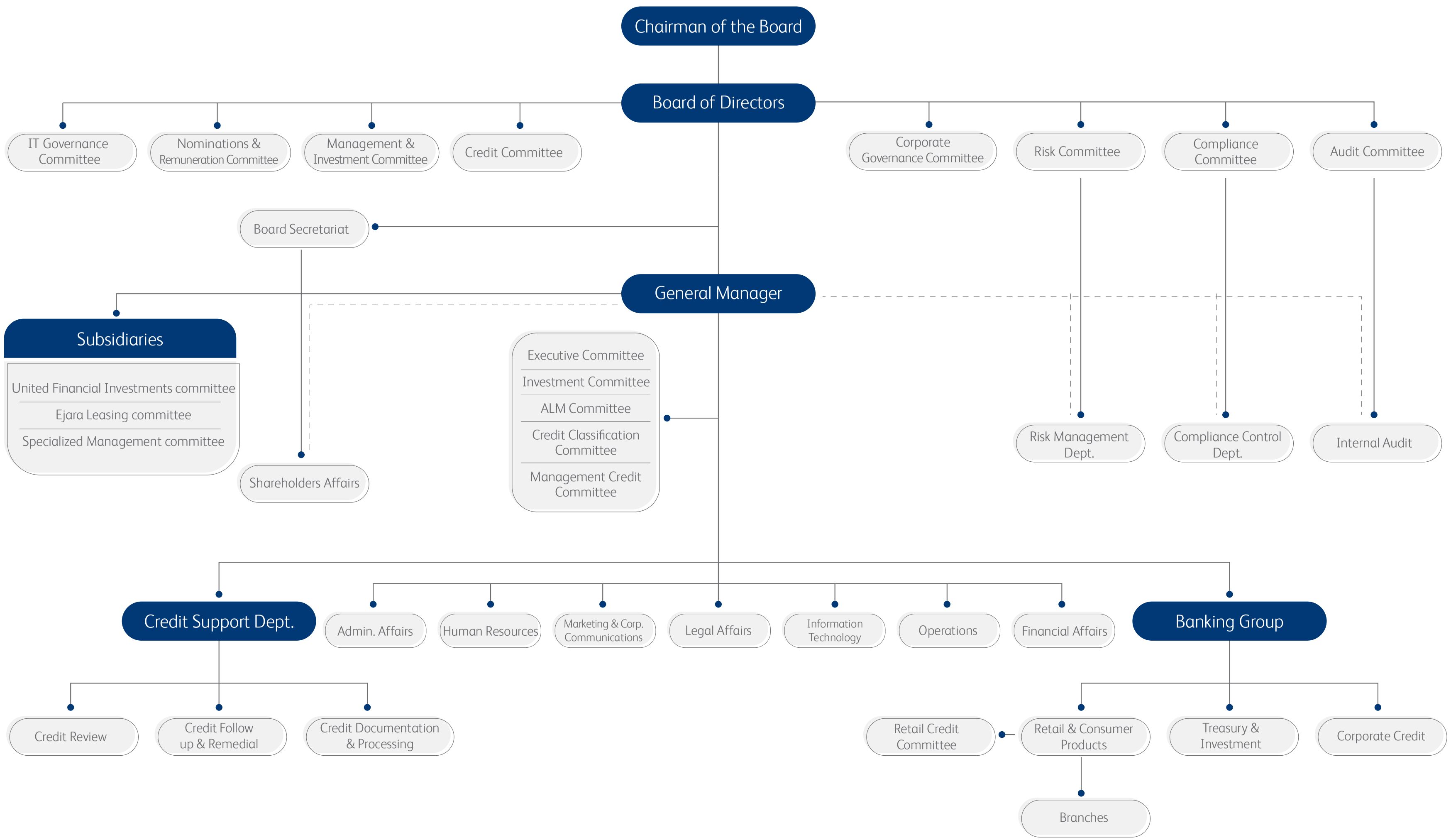
Staff educational qualifications:

Qualification	Jordan Kuwait Bank	United Financial Investments Co.	Ejara Leasing Co.	Sanad Capital
PhD	1	-	-	-
Masters	72	1	2	1
Higher Diploma	4	-	-	-
Bachelor	977	6	20	2
Diploma	102	1	2	-
Secondary School Certificate	30	2	3	-
Pre- Secondary School Certificate	53	-	-	-
Total	**1,239**	**10**	**27**	**3**

Staff Training During 2019:

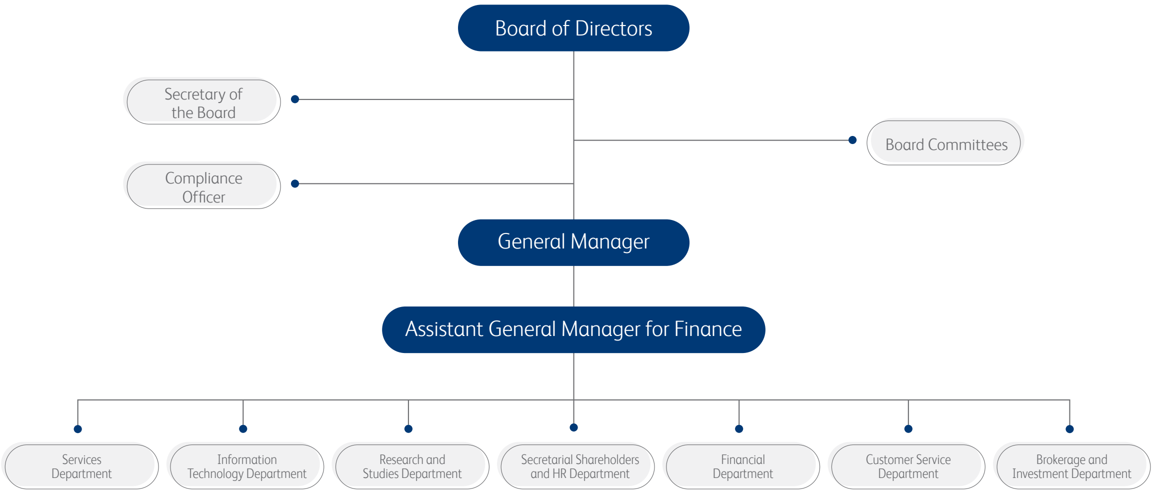
Training Subject	External Training		Internal Training		E-Training		Total	
	No. of Courses	No. of Participants	No. of Courses	No. of Participants	No. of Courses	No. of Participants	No. of Courses	No. of Participants
Specialized Banking	30	58	54	1030	1	587	85	1675
Compliance, AML, Fraud & Audit	27	45	43	1157	4	653	74	1855
Personal and Behavioral Skills	2	3	22	421	2	916	26	1340
IT, Banking Systems, Delivery Channels	18	54	15	302	1	424	34	780
Administrative programs and non-banking specialization	22	105	10	240	1	448	33	793
English Language	12	12	10	153	0	0	22	165
Total	**111**	**277**	**154**	**3303**	**9**	**3028**	**274**	**6608**

JORDAN KUWAIT BANK
Organization Structure 2019

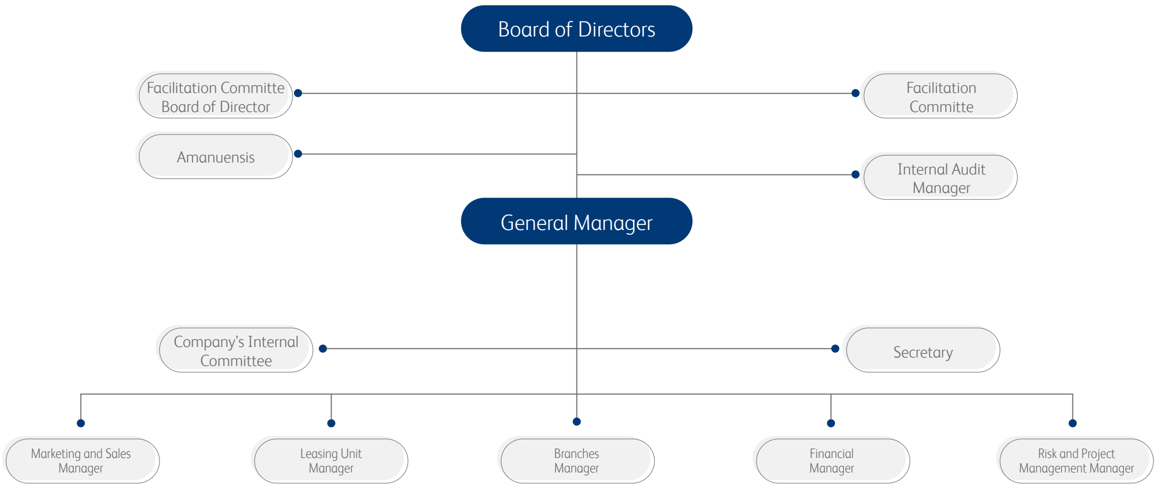


Subsidiary Org. Structures

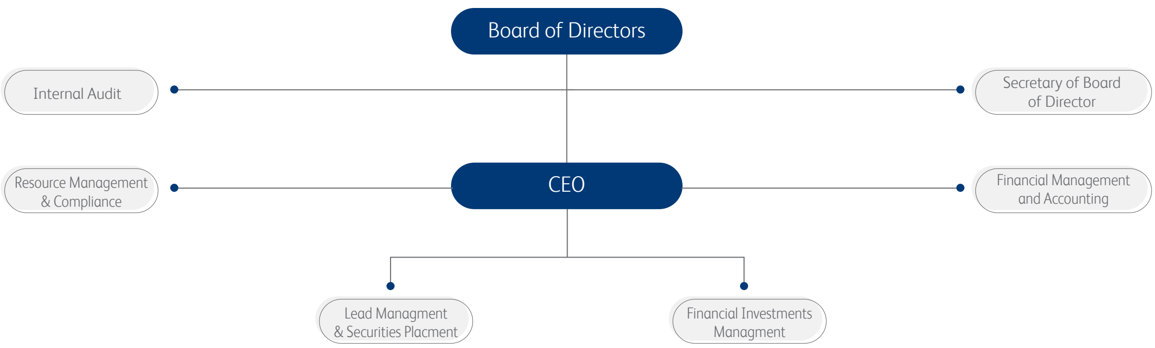
United Financial Investments Co.



Ejara Leasing Co.



Sanad Capital



4b /10 **Description of risks:** Included in the report.

4b /11 **Achievements during 2019:** Included in the report.

4b /12 There had been no financial effects of non-recurring operations that do not fall within the Bank's core business activity during 2019.

4b/13 **Changes in Net Profit, Dividend, Shareholders' equity and Share price (2015-2019)**

Amounts in Thousand JOD

Year	Profit from Continuous Operations before tax	Dividend		Bank Shareholders' Equity	Share / JOD
		Bonus Shares	Cash		
2015	56,467	-	20%	448,579	4,100
2016	42,861	-	20%	459,693	3,940
2017	42,313	-	20%	468,411	3,500
2018	55,849	-	20%	445,562	2,900
***2019**	**46,934**	**-**	**-**	**459,532**	**2,510**

* Pursuant to Circular of the Central Bank of Jordan No. 1/1/4693 dated 9/4/2020, the Central Bank of Jordan decided to postpone the distribution of dividends by the licensed Jordanian banks to shareholders for the year 2019 to be distributed with the end of year financial statements for the year 2020.

4b/14 **Financial Position:** Included in the report.

4b/15 **Future Plan:** Included in the report.

4b/16 **Auditors' Fees:** Auditors' fees for the Bank and its subsidiaries in 2019 amounted to JOD 238,591

4b/17 Shares owned by the Board Members during 2019 & 2018:

	Name	Position	Nationality	Shares 31/12/2019	Shares 31/12/2018
1	Al Rawabi United Holding Co.	Board Member	Kuwaiti	50,926,827	50,926,827
	Mr. Abdel Karim A. Kabariti	Chairman / Representative of Al Rawabi United Holding Co.	Jordanian	1,146	1,146
2	Dr. Yousef M. Goussous	Representative of Al Rawabi United Holding Co.	Jordanian	8,666	8,666
3	Mr. Faisal H. Al-Ayyar	Vice Chairman	Kuwaiti	10,000	10,000
4	Mr. Tariq M. Abdul Salam	Board Member	Kuwaiti	14,250	14,250
5	Kuwait Projects Co. (Holding)	Board Member	Kuwaiti	50,996	50,996
	Mr. Masaud M.Jawhar Hayat	Representative of Kuwait Projects Co. (Holding)	Kuwaiti	32	32
6	Odyssey Reinsurance Co.	Board Member	American	5,850,000	5,850,000
	Mr. Bijan Khosrowshahi	Representative of Odyssey Reinsurance Co.	American	-	-
7	Social Security Corporation	Board Member	Jordanian	21,041,644	21,041,644
	Mr. Mohammad A. AlMadi	Representative of Social Security Corporation	Jordanian	-	-
8	Strategy Company for Investments	Board Member	Jordanian	1,000	1,000
	Mr. Mansour A. Louzi	Representative of Strategy Company for Investments	Jordanian	66,398	66,398
9	Dr. Safwan S. Toqan	Board Member	Jordanian	1,000	1,000
10	Dr. Marwan J. Muasher	Board Member	Jordanian	137,000	137,000
11	Mr. Hani K. Hunaidi	Board Member	Jordanian	1,049	1,049
12	Mr. Majed F. Burjak	Board Member	Jordanian	1,000	1,000
13	Mr. Marwan M. Awad	Board Member	Jordanian	1,000	1,000

Shares owned by the Bank Executives during 2019 & 2018

	Name	Position	Nationality	Shares 31/12/2019	Shares 31/12/2018
1	Mr. "Moh'd Yaser" M. Al-Asmar	General Manager	Jordanian	30,000	25,000
2	Mr. Tawfiq A. Mukahal	Deputy G.M. / Head of Banking Group	Jordanian	-	-
3	Mr. William J. Dababneh	Head of Treasury & Investment	Jordanian	-	-
4	Mrs. Hiyam S. Habash	Head of Finance	Jordanian	1,600	1,600
5	Mr. Haethum S. Buttikhi	Head of Retail & Private Banking	Jordanian	-	-
6	Mr. Ibrahim E. Kashet	Head of Legal Affairs	Jordanian	-	-
7	Mr. Zuhdi B. Al-Jayousi	Head of Corporate Credit	Jordanian	-	-
8	Mr. Abdallah I. Mismar	Head of Administrative Affairs Dept.	Jordanian	-	-
9	Mr. Daoud A. Issa	Head of Human Resources Dept.	Jordanian	-	-
10	Mr. Ibraheem F. Taani	Head of Internal Audit Department	Jordanian	-	-
11	Mr. Fadi A. Ayyad	Head of Compliance Dept.	Jordanian	-	-
12	Mr. Maher M. Abu Sa'adeh	Head of Information Technology	Jordanian	-	-
13	Mr. Ibrahim F. Bisha	Co-Head, Treasury, Investment & Intl. Relations	Jordanian	-	-
14	Dr. Makram A. Qutob	Co-Head, Corporate Credit	Jordanian	-	-

Shares held by companies controlled by Board Members

Board Member	Position	Name of controlled Company	Ownership %	Shares of controlled Company in JKB	
				31/12/2019	31/12/2018
Kuwait Projects Co. (Holding)-Kuwait	Board Member	Al Rawabi United Holding Co.	99.99	50,926,827	50,926,827
Kuwait Projects Co. (Holding)- and its subsidiaries - Kuwait	Board Member	Burgan Bank-Kuwait	64.50	1,000	1,000
Kuwait Projects Co.(Holding)- Kuwait	Board Member	United Gulf Bank - Bahrain	93.13	315,669	315,669

Shares owned by the relatives of Board Members and Bank Executives (2019 & 2018)

	Name	Relation	Nationality	Shares 31/12/2019	Shares 31/12/2018
1	Mrs. Fatina A. Malas	Wife of Mr. Abdel Karim A. Kabariti / Chairman	Jordanian	157,077	156,877
2	Mrs. Hind M. Jaber	Wife of Mr. "Moh'd Yaser" M. Al-Asmar / General Manager	Jordanian	20,000	15,000

Shares owned by companies controlled by relatives of Bank Board Members:

There are no contributions from companies controlled by relatives of Bank Board Members

Shares owned by companies controlled by Bank Executives and their relatives:

There are no contributions from companies controlled by Bank Executives and their relatives

4b/18a Members of the Board of Directors' Remuneration (JOD):

	Name	Position	Board Membership Allowance	Travel, Transportation and meetings Allowances	Total
1	Mr. Abdel Karim A. Kabariti	Chairman	5,000	67,685	72,685
2	Mr. Faisal H. Al-Ayyar	Vice Chairman	5,000	6,381	11,381
3	Social Security Corporation	Board Member	5,000	9,900	14,900
4	Mr. Masaud M. Hayat	Board Member	5,000	9,254	14,254
5	Mr. Tariq M. Abdul Salam	Board Member	5,000	4,254	9,254
6	Dr. Yousef M. Goussous	Board Member	5,000	9,200	14,200
7	Mr. Mansour A. Louzi	Board Member	5,000	11,600	16,600
8	Mr. Bijan Khosrowshahi	Board Member	5,000	6,381	11,381
9	Dr. Safwan S. Toqan	Board Member	5,000	9,300	14,300
10	Dr. Marwan J. Muasher	Board Member	5,000	5,700	10,700
11	Mr. Hani K. Hunaidi	Board Member	5,000	9,300	14,300
12	Mr. Majed F. Burjak	Board Member	5,000	10,700	15,700
13	Mr. Marwan M. Awad	Board Member	3,010	6,900	9,910

4b/18b Executive Management's Remuneration (JOD):

	Name	Position	Annual Salary	Travel & Per diems	Committees	Total
1	Mr. "Moh'd Yaser" M. Al-Asmar	General Manager	518,848	2,277	4,100	525,225
2	Mr. Tawfiq A. Mukahal	Deputy G.M. / Head of Banking Group	406,112	1,299	3,600	411,011
3	Mr. William J. Dababneh	Head of Treasury, Investment & Intl. Relations	297,616	1,384	-	299,000
4	Mrs. Hiyam S. Habash	Head of Finance	249,315	1,476	-	250,791
5	Mr. Haethum S. Buttikhi	Head of Retail & Private Banking	302,400	7,401	1,900	311,701
6	Mr. Ibrahim E. Kashet	Head of Legal Affairs	175,404	-	-	175,404
7	Mr. Zuhdi B. Al-Jayousi	Head of Corporate Credit	177,420	355	1,300	179,075
8	Mr. Abdallah I. Mismar	Head of Administrative Affairs Dept.	93,196	-	-	93,196
9	Mr. Daoud A. Issa	Head of Human Resources Dept.	150,348	1,063	-	151,411
10	Mr. Ibraheem F. Taani	Head of Internal Audit Dept.	159,292	4,854	2,400	166,546
11	Mr. Fadi A. Ayyad	Head of Compliance Dept.	140,306	8,407	1,500	150,213
12	Mr. Maher M. Abu Sa'adeh (As of 28/4/2019)	Head of Information Technology	66,406	1,241	-	67,647
13	Mr. Ibrahim F. Bisha	Co-Head, Treasury, Investment & Intl. Relations	165,260	3,941	-	169,201
14	Dr. Makram A. Qutob	Co-Head, Corporate Credit	124,428	1,163	-	125,591
15	Mr. Abdel Kareem M. Friehat (Until 15/3/2019)	Head of Operations & Information Technology	74,236	-	-	74,236
16	Mr. Moh'd J. Azem Hammad (Until 26/6/2019)	Head of Risk Dept.	113,566	-	600	114,166

4b/19 **Donations:** Total donations made by the Bank and its subsidiaries during 2019 amounted to JOD 844,696. Details of which are listed below:

Recipient	Amount / JOD
University Education	139,903
Sports Activities	38,140
Support to Jordanian Writers & Authors	30,950
Training Students from Institutes & Universities	10,995
National Workshops & Conferences	59,480
Charities & Social Activities	332,495
Support to Health Initiatives	5,000
Banking and Financial Culture	75,483
Support for Outstanding Students	2,250
Martyrs' Families Support Fund - General Command of Jordanian Armed Forces	100,000
Zakat Support Fund - "Sahm Al Gharimat" (funds allocated for indebted women)	50,000
Total	**844,696**

4b/20 **Contracts, projects and commitments held by the Bank with subsidiaries or sister or affiliate companies or the Chairman or members of the Board of Directors or General Manager or any staff member of the Bank or their relatives:**
The Bank entered into transactions with subsidiaries, sister and affiliate companies, major shareholders, members of the Board of Directors, and executive management within the normal Bank activities and applying commercial interest rates and commissions. All facilities granted to stakeholders are considered performing loans and no provisions were allocated for them. Details of such transactions are disclosed in Note 35 to the 2019 consolidated financial statements published in this report.

4b/21 The Bank contributes towards the welfare of the local community and the environment; this was explained in the Activities and Achievements Chapter of this report.

4c/1-5 **Financial Statements:** Included in the report.

4d **Auditor's Report:** Included in the report.

4e **Declarations by the Board of Directors:**

4e/1 The Board of Directors hereby declares that there are no material issues that could hinder the business continuity of the Bank during the financial year 2020.

4e/2 The Board of Directors also declares its responsibility for the Financial Statements and that the Bank has an effective control system.

4e/3 Each of the undersigned Board of Directors declares that he did not gain any benefits, either cash or in-kind, as a result of his position at the Bank and was not declared whether be it for himself or any of his related parties during the year 2019.

Mr. Abdel Karim Kabariti Chairman	**Mr. Faisal H. Al Ayyar** Vice Chairman

Board Members

Mr. Mohamad A. Al Madi	**Mr. Tareq M. Abdul Salam**	**Mr. Masoud J. Hayat**
Mr. Bijan Khosrowshahi	**Mr. Mansour A. Louzi**	**Dr. Yousef M. Goussous**
Mr. Hani K. Hunaidi	**Mr. Marwan M. Awad**	**Dr. Marwan J. Muasher**
Mr. Majed F. Burjak		**Dr. Safwan S. Toqan**

4e/4 The Chairman of the Board, the General Manager and the Financial Manager hereby declare that all information and data provided in this report are accurate and comprehensive.

Chairman of the Board **Abdel Karim Kabariti**	General Manager **"Moh'd Yaser" Al-Asmar**	Financial Manager **Hiyam S. Habash**


ITM
Talk to us face to face
Perform various financial transactions
using the Interactive Teller Machine (ITM)
eJKB
جهاز صراف آلي جديد
في محطة توتال، شارع الجاردنز
NCR
NCUA
Cash/Check
Deposit

CORPORATE GOVERNANCE GUIDE
2019

Table of Content

Introduction

The Central Bank of Jordan defines Corporate Governance as a system through which the Bank is managed and run. This system aims at identifying and achieving the corporate objectives of the Bank, managing the Bank's business safely, protecting the depositors' interests, being committed by due diligence responsibility towards shareholders and other stakeholders and abiding by laws and the Bank's internal policies.

Jordan Kuwait Bank perceives corporate governance as the key to win the confidence of the customers and other parties interested in JKB. Corporate Governance is the methodology through which JKB manages its interrelations and relations with the other involved parties.

JKB believes that the existence of good corporate governance will result in good management of the Bank and help to achieve the Bank strategic objectives. Moreover, JKB has an absolute belief that the presence of good governance at all Jordanian institutions will lead to have efficient institutions and provide the appropriate competitive environment, and so support the national economy in general. As banks play an important role in the financial system, and their businesses depend on their customers' deposits, it is therefore of high importance that they should have good corporate governance.

In view of that, the Board of Directors (BoD) of JKB decided to adopt the Corporate Governance Guide ("the Guide") which has been prepared according to the best international standards in this regard and based on the instructions of the Central Bank of Jordan (CBJ) and other regulatory authorities. By adopting this guide, JKB aims at implementing the principles of corporate governance represented in fair treatment of all relevant stakeholders, transparency and disclose JKB's actual financial and administrative position, in addition to accountability in terms of the relations between the BoD and executive management, BoD and shareholders, and BoD and other entities. JKB provides the approved version of the Guide on its website www.jkb.com

This guide reflects JKB requirements and policies approved by BoD. The Guide provisions shall be applicable to BoD, senior executive management and staff. JKB adopts strategies, policies and administrative structures of its subsidiaries within the framework of sound governance.

Definitions:

Corporate Governance: The system by which the bank is directed and managed, and which aims at identifying and achieving the bank's Corporate goals, managing the bank's operations safely, protecting the interests of depositors, committing to the responsibility due towards shareholders and other stakeholders, and the bank's commitment to legislations and the bank's internal policies.

Adequacy: The availability of specific requirements in the bank's board of directors' members and its senior executive management.

The Board: The bank's Board of Directors

Stakeholders: Anyone with interest in the bank, such as depositors, shareholders, employees, creditors, clients, or relevant control bodies.

Main Shareholders: Any person holding 5% or more of the bank's capital, directly or indirectly.

Executive Member: Board of Directors' member who participates, against remuneration, in managing the bank's daily operations.

Independent Member: A member of the Board of Directors who is not subject to influences that may hinder his ability to take objective decision to the Bank's favor and satisfies the conditions stipulated in the instructions of Corporate Governance for Banks.

Senior Executive Management: Includes the Bank's top positions specified in the Banking Law and the Corporate Governance Instructions issued by the Central Bank of Jordan, other instructions and legislations to which the Bank is subject, and all the positions defined in accordance with the job evaluation system adopted by the Bank at grade 20 or above.

JKB Corporate Governance Objectives

JKB aims at achieving the best standards of business ethics covering all the Bank's business aspects through disclosing JKB results accurately and transparently, and complete abidance by the various laws and regulations that govern JKB work.

Legal framework and sources of corporate governance

In preparing the Corporate Governance Guide, the Bank relied on the following:

- Banking Law In force.
- Companies' Law in force.
- Securities Law in force and the instructions of the Securities Commission.
- Deposit Insurance Law in force.
- Regulations and instructions issued under the above mentioned laws and any subsequent amendments thereof.
- Instructions for Corporate Governance for Banks issued by the Central Bank of Jordan
- Basel Committee relevant publications.
- OECD countries and the World Bank publications on corporate governance.
- Accounting Standards and International Financial Reporting Standards employed by investors to hold the management accountable.
- Laws in force in countries where JKB has branches and within the limits of JKB business.

In addition to the laws protecting the rights of shareholders, depositors and stakeholders.

Corporate Governance Related Parties

1. Shareholders

JKB framework of governance is dedicated to protect shareholders' rights along with serving and fairly treating them, particularly in the light of the laws, regulations and instructions issued by the regulatory authorities. The same also applies to JKB policies and procedures.

2. BoD Members

BoD members, on behalf of the shareholders, manage JKB under the various laws which define their duties and responsibilities (such as: Companies Law, Banks Law... etc.)

3. Employees

All JKB employees, respectively, are held responsible for the implementation of the internal control procedures as part of their responsibilities in achieving the objectives of the Bank.

JKB employees should have the necessary information, skills, knowledge and authority to carry out JKB businesses. Indeed, this requires full understanding of the Bank, the industry, the market and the risks associated therein.

Through the employees' pursuit to achieve these requirements, they will positively contribute to JKB performance and achievements, and this will lead to job security and satisfaction.

4. Creditors

The different parties that are related to JKB, through contractual relations such as customers, suppliers and creditors.

Organizational Structure

Part of BoD duties is to approve an organizational structure consistent with the nature of JKB activities, to ensure that there are sufficient regulations to implement the adopted strategy, to facilitate effective decision-making process and to implement good corporate governance through:

- Clear and transparent organizational structure.
- Specific targets for each administrative unit.
- Job's specific duties and responsibilities for each administrative unit.
- Authorities, reporting lines and direct supervision channels designated for different managerial positions, as well as proper tasking/ tasks segregation.
- Manuals, policies and work procedures appropriate to execute and supervise operations, particularly defining a job description for all levels of jobs within the organizational structure, including qualifications and experience of staff holding each position.
- Ownership structure which does not hinder corporate governance.
- Independent departments to perform the functions of risk management, audit and compliance.
- Units and employees that are not involved in the daily operations of JKB activities (such as the employees of Credit Review and Middle Office).

BoD Members

- The Bank's Board of Directors shall consist of, at least, thirteen members and four of them should be independent Directors as defined by the governance instructions issued by the Central Bank of Jordan on independent member.
- None of the Members of BoD shall be an executive Director.
- BoD develops a clear and appropriate policy for its members which is consistent with the laws and regulatory requirements.
- In spite of what is stipulated in the Companies' Law, it is not permissible to assume both the positions of the board chairman and the general manager. The chairman of the board, board members, or main shareholders may not be connected to the general manager with a familial relationship below the fourth degree.

BoD Responsibilities

BoD is responsible for the soundness of all JKB operations, including its financial conditions, implementation of the Central Bank requirements besides other supervisory and regulatory requirements relating to JKB businesses, care for stakeholders, management of the Bank within the framework of its internal rules and policies, ensure that effective control over JKB activities is always in place, including JKB activities delegated to third-parties. To achieve all of that, members of BoD and their committees are allowed to have a direct contact with the executive management and BoD Secretary, while ensuring that none of the board members influence the decisions of the executive management, except through deliberations which take place during the board meetings or those of the committees emanating from it. BoD members are also authorized to seek external assistance, when required, on JKB expense in coordination with the Chairman.

BoD Tasks and Duties

Given the terms of reference and powers of JKB General Assembly, the elected BoD by the General Assembly shall carry out the duties and responsibilities of managing JKB activities for a period of four years effective the date of election. BoD tasks and duties include, but are not limited to:

I. **In the area of general supervision, control and draw JKB strategies:**

1. Overseeing senior executive management and follow-up their performance and ensure soundness of JKB financial position and solvency. BoD shall adopt appropriate policies and procedures for supervision and control over JKB performance.
2. Defining and approving the Bank's strategy
3. Identifying JKB strategic objectives, directing the executive management to develop a strategy to achieve these objectives, and approving this strategy. BoD shall adopt action plans which are consistent with this strategy.
4. Approving JKB organizational structure which identifies reporting sequence, including BoD committees and executive management.
5. Approving a policy to monitor and review the executive management performance through developing performance indicators to identify measure, and monitor the performance and progress towards the achievement of corporate goals.
6. Ensuring the existence of policies, plans and procedures covering all JKB activities which are consistent with the relevant laws, and that they are communicated to all administrative levels, and are regularly reviewed.
7. Identifying JKB corporate values , drawing clear lines of responsibility and accountability for all JKB activities and promoting a high-level culture of ethical standards, integrity and professional conduct of JKB managers.
8. Taking the appropriate actions to address weaknesses in the internal control systems or any other points identified by the external auditor, adopting internal control systems and reviewing them annually, in addition to approving appropriate controls which enable BoD to hold the senior executive management accountable for their actions.

II. **In the area of policies, instructions, strategies and controls to be endorsed by BoD:**

1. Approving appropriate policies and procedures to supervise and control JKB performance.
2. Approving a set of clear boundaries of responsibility and accountability to be committed to, and abided by, all levels of JKB management.
3. Approving an effective policy to ensure the relevancy of BoD members "fit and proper". The policy should include minimum criteria, and conditions that the BoD candidate and appointed member should have. The policy should be reviewed from time to time and when necessary. BoD should develop adequate procedures and systems to ensure that all BoD members meet relevance standards and that they continue to enjoy them.
4. Approving a policy to ensure the relevancy of the members of senior executive management so that this policy includes minimum criteria, and conditions of laws in force on senior executive management. BoD reviews this policy from time to time, establishes sufficient procedures and systems to ensure that all members of the senior executive management meet the relevance standards and that they continue to enjoy them.
5. Approving a system to measure the performance of the Board and its members, and a system to measure the performance of JKB administrators excluding BoD members and the General Manager.
6. Approving a policy and procedures to address any conflict of interests for JKB is part of a banking group, and disclosure of any conflict of interest may arise as a result of JKB partnerships with companies of the group.
7. Approving policies and procedures for dealings with stakeholders, so they include identifying these parties, taking into consideration the laws, transactions terms, approval procedures and a mechanism to monitor these transactions, so as not to go beyond these policies and procedures.
8. Approving the controls for information transfer among various departments to prevent exploiting them for personal advantages.

III. What BoD should verify:

1. Ensure the existence of adequate and reliable management information systems which cover all JKB activities.
2. Verify that the credit policy includes assessing the quality of corporate governance of JKB clients, mainly public shareholding companies, so that clients' risks are assessed by identifying their strengths and weaknesses according to their governance practices .
3. Ensure that JKB adopts appropriate social initiatives in the field of environment protection, health and education, taking into account financing of SMEs at affordable prices and proper repayment schedules.
4. Ensure that the organizational structure clearly reflects borders of responsibility and authority.
5. Ensure that senior executive management performs its responsibilities related to the management of JKB daily operations, contributes to the implementation of corporate governance at the Bank, delegates powers to the staff, establishes an effective management structure that boosts accountability and that they carry out tasks in various areas and activities of JKB businesses in a manner that is consistent with the policies and procedures approved by BoD.
6. Ensure that the executive management enjoys a high level of integrity in exercising its business and avoid conflicts of interest.

IV. BoD duties in the area of recruitment, appraisal and rewards:

1. Appointing a general manager enjoys qualities of integrity, technical competency and banking expertise, after obtaining the Central Bank of Jordan's "No Objection" prior to his appointment.
2. Approve, based on the recommendations of the special committee, the appointment of any executive management member after obtaining the Central Bank of Jordan's "No Objection"
3. Approve, based on the recommendations of the special committee, the resignation or service termination, of any executive management member. As for the resignation or service termination of the General Manager, the Audit manager, the Risk Management manager and the Compliance manager CBJ's "No Objection" should be obtained,
4. Forming committees from BoD members, defining their objectives and delegating powers according to a charter identifying such powers. Committees should submit periodic reports to BoD.
5. Endorsing a succession plan for senior members of the executive management of the bank. BoD should review this plan once a year at least.
6. Assessing the General Manager's performance annually in accordance with an appraisal system developed by the Nominations and Remuneration Committee, including developing the KPIs. Factors of the General Manager's performance appraisal should include JKB financial and administrative performance and his achievement of JKB medium and long term strategies and plans. The committee should report the appraisal results to the Central Bank of Jordan.
7. Establishing procedures to determine BoD members' remunerations in accordance with the approved appraisal system.
8. Ensuring the relevance of BoD members and members of the senior executive management in accordance with the JKB adopted policies and laws and regulations in force. BoD should verify that all declarations included in the Central Bank of Jordan instructions are duly signed.
9. Adopt a system to evaluate its work and that of its members, providing this system includes, as a minimum, the following:
   - Establish specific objectives and specify the role of the board in fulfilling these objectives in a measurable manner.
   - Establish key performance indicators that could be derived from the plans and strategic objectives, and used to measure the board's performance.

- Communication between the board of directors and the shareholders, and maintaining this communication periodically.
- Periodical meetings between the board of directors and the senior executive management.
- The member's role in the board of directors' meeting, and comparing his performance with that of others. Feedback must be obtained from the relevant member for the purpose of improving the evaluation process.

10. Adopt a system to measure the performance bank's administrative staff other than members in the board of directors, and the general manager, provided this system includes the following as a minimum:
    - An adequate weighted value is given to measure compliance performance in the work frame of risk management, implementing internal control and organizational requirements.
    - That the total income or profit is not the only element to measure performance, but by taking into consideration also other elements to measure the performance of administrators, such as risks resulting from basic operations, customer satisfaction, and others, wherever this is applicable.
    - Refraining from peddling influence and conflict of interest.

V. BoD Duties in the Area of Disclosure and Publication:

1. Ensuring the allocation of a part of JKB website to give details on the shareholders' rights and encourage them to attend and vote at the General Assembly meetings, as well as publishing documents related to meetings, including the full text of the invitation and minutes of meetings.
2. Ensuring that the financial and non-financial information of interest to stakeholders is published.
3. Ensuring that JKB abides by disclosures set by the International Financial Reporting Standards (IFRS), International Accounting Standards(IAS), instructions of the Central Bank of Jordan, other relevant laws and international accounting standards. BoD should also ensure that the executive management is aware of changes taking place to the international financial reporting standards.
4. Ensuring to include disclosures in JKB annual and quarterly reports which give the current or potential shareholders an access to JKB operations results and financial position.
5. Ensuring that the annual report includes the following as a minimum:
    - A summary of the Bank's organizational structure.
    - A summary of the functions and responsibilities of the board's committees, and any authorities the board delegated to these committees.
    - The Banks' Corporate Governance manual and Information important to stakeholders as shown in, and the extent to which it is committed to implementing what was mentioned in the manual.
    - A text stating the responsibility and approval of the Board for the accuracy and adequacy of the financial statements of the Bank and the information contained in the report and the adequacy of internal control and systems.
    - Information about each member of the board of directors, his qualifications and experience, and the amount of his contribution in the bank's capital, and whether he is independent or not, his membership in the board's committees, the date of his appointment, any membership he enjoys in the boards of directors of other companies, all forms of bonuses he received from the bank for the previous year, loans extended to him by the bank, and any other operations concluded between the bank and the member or the parties related to him.
    - Information about the risk management department, including its organization, the nature of its operations, and the developments taking place in it.
    - Number of times the board of directors met, its committees, and the number of times each member attended these meetings.

- Names of each member of the board of directors and the senior executive management who resigned over the year.
- A summary of the bank's bonus-granting policy, disclosing all types of bonuses and awards to the board of directors' members separately, as well as bonuses granted to members of the senior executive management separately, for the past year.
- The main shareholders of the Bank and in the companies that contribute mainly in the Bank
- Names of shareholders who own (1%) or more of the bank's capital, specifying the ultimate beneficial owners of these contributions or any part thereof, clarifying if any of these contributions is totally or partially mortgaged.
- Affirmations from all board members that the member did not receive any undisclosed benefits through his work at the bank, whether these benefits are material or tangible, and whether they were for him personally or for anyone related to him, for the previous year.

6. Notifying the Central Bank of Jordan by any material information that could adversely affect relevance of any member of the senior executive management.
7. Providing a specific mechanism to ensure communication with stakeholders through disclosures and providing significant information on JKB activities to those stakeholders through the following:
   - General assembly meetings.
   - Annual report.
   - Quarterly reports that contain financial information, in addition to the board's report on the bank shares dealings and its financial position during the year.
   - The bank's website.
   - Shareholders' relations section.
8. Develop a mechanism for receiving complaints and proposals submitted by the shareholders, including their proposals to include specific topics on the agenda of the meeting of the General Assembly and take appropriate decision thereon.
9. Establish a mechanism to allow shareholders holding at least 5% of the shares to add items on the agenda of the Ordinary General Assembly before sending it to the shareholders.

VI. BoD duties in the Area of Internal and External Audit:

1. Adopting the necessary procedures to enhance internal audit effectiveness through: displaying the due importance of the audit process, consolidating it in the Bank and following-up the corrective measures as per the audit notes.
2. Ensuring that the Internal Audit Department is able to carry out its tasks, it has the qualified staff and be certain to provide the Department constantly with appropriate and trained employees.
3. Ensuring and enhancing the principle of internal auditors' independence, placing them at adequate level in JKB's organization structure, ensuring they have access to all records and information and the ability to contact any JKB employee, so that they are able to fulfill the tasks entrusted to them and prepare their reports without any external interference.
4. Adopting an internal audit code which includes duties, authorities and responsibilities of the Audit Department and to be circulated within the Bank.
5. Adopting systems of internal control and monitoring. BoD is to ensure that the internal and external auditors review the structure of these systems once a year at least. BoD should furnish JKB annual report with information confirming the adequacy of these systems.
6. Verifying that the Internal Audit Department is subject to the direct supervision of the Board Audit Committee, and it reports directly to the Chairman of the Audit Committee.

7. Ensuring the external auditor's independence at all times.
8. Ensuring a regular rotation of the external auditor among audit offices and its subsidiaries and allied companies each seven years at maximum, the seven year period at starting the implementation shall be calculated as of the year 2010. The first year (at circulation) for the new office shall be performed jointly with the old office. It is not permissible to re-elect the old office again before at least two years have elapsed from the date of its last election at the bank, excluding to the joint audit mission.

VII. BoD Duties in the Area of Compliance:

1. Approving a policy to ensure JKB compliance by all relevant laws, and reviewing this policy on a regular basis and verifying that it is implemented.
2. Approving the duties and responsibilities of Compliance Control Department.
3. Ensuring Compliance Control Department independence and providing it constantly with qualified and trained staff.

VIII. BoD Duties in the Area of Risks:

1. Prior approving any expansion in JKB activities, BoD should take into account related risks and competences and qualifications of Risk Management Department staff.
2. Approving a strategy for risk management and monitoring its implementation. Such a strategy should include the acceptable level of risk, and ensure not exposing the Bank to high risks. BOD should be, acquainted with JKB operational environment and risks associated with it. BoD should ensure that JKB has the tools and infrastructure designated for risk management that are able to identify, measure, control and monitor all types of risk faced by the Bank.
3. Approving an Internal Capital Adequacy Assessment Process. Such a process should be comprehensive, effective and able to identify all risks that JKB may encounter, and that it takes into consideration JKB strategic plan and capital plan. BoD should review this process regularly, verify its implementation, and validate that JKB maintains adequate capital to encounter all risks it may face.
4. Approving JKB acceptable risk document.
5. Verifying that violations on acceptable levels of risk are addressed, including holding the senior executive management accountable for such violations.
6. Ensuring that the Risk Management Department conducts stress testing periodically to measure JKB ability to withstand the shocks and cope with high risks. BoD should play a key role in approving assumptions and scenarios used and discuss the tests results, as well as approving actions to be taken based on these results.
7. Ensuring Risk Management Department independence through submitting its reports to the Risk Management Committee, and granting the Department the necessary powers to be able to obtain information from other JKB departments and to cooperate with other committees to carry out their duties.

Duties of the Chairman of the Board

1. To establish a constructive relationship between BoD and JKB executive management.
2. To promote the culture of constructive criticism on issues discussed in general and issues were members have various views regarding them, and to encourage debate and vote on those issues.
3. To ensure that all BoD members receive and sign the minutes of previous meetings, and that they receive the agenda of any meeting in advance providing that the agenda includes sufficient written information about topics that will be discussed at the meeting. The Secretary of the Board shall deliver the meeting agenda.
4. To ensure the existence of the code that regulates and sets out BoD scope of work.
5. To discuss the strategic and significant issues in BoD meetings extensively.

6. To provide each BoD member upon being elected with the provisions of laws related to banks activities and the Central Bank instructions related to the work of BoD, including corporate governance instructions, the booklet which explains the member's rights, responsibilities and duties, and duties of the BoD Secretary.
7. To provide each member with a sufficient summary of JKB businesses upon appointment or upon request.
8. To discuss with any new member, with the assistance of JKB legal adviser, BoD duties and responsibilities, particularly the legal and regulatory requirements. This is to be done to clarify the duties, powers and other issues related to BoD membership, including the membership term, dates of meetings, committees' duties, rewards, and the possibility to seek an independent specialized technical advice, if required.
9. To meet the BoD members' needs regarding the development of their experience and their continuous learning. Chairman may allow the new member to attend orientation program taking in consideration the member's banking background. The program must cover the following topics as a minimum:
    - The Bank's organizational structure, corporate governance and the Code of Professional Conduct.
    - Institutional objectives and the Bank's strategic plan and its approved policies.
    - Financial conditions of the Bank
    - The Bank's risk structure and risk management framework.
10. To address an invitation to the Central Bank to nominate a representative to attend the General Assembly meetings prior enough time.
11. To provide the Central Bank with the minutes of meetings of the General Assembly no later than five days as of the date of the Companies' Controller or his/her representative endorsement of the minutes of meeting.
12. To ensure informing the Central Bank of any material information that could adversely affect the relevance of any members of BoD or executive management.

Duties of BoD Member

1. To have knowledge of laws and principles of JKB banking and operational environment, cope with developments taking place, besides the external developments related to its business, including appointment requirements of JKB senior executive management.
2. To attend BoD and its committees meetings, as needed, and the General Assembly meetings.
3. Not to disclose any JKB confidential information or using them for their or others interest.
4. To give the priority for JKB interests in all transactions with any other company in which he has a personal interest, not to take JKB business opportunities to his own advantage, and to avoid conflict of interest.
5. Disclose to the board in detail of any conflict in interests in case they existed, committing not to attend or participate in the decision taken in the meeting in which this issue is deliberated, and to record this disclosure in the board's minutes of meeting.
6. Allocate sufficient time to carry out his duties as a member of the Board of Directors

The Board Secretary

1. To attend all BoD meetings, record all the deliberations, suggestions, objections, reservations and vote processes on BoD draft decisions.
2. To determine dates of BoD meetings in coordination with the Chairman.
3. To ensure that BoD members sign the minutes of meetings and decisions.
4. To follow up the implementation of BoD decisions and to follow-up any pending issues from the previous meeting.
5. To keep records and documents of BoD meetings.

6. To take the necessary measures to ensure that draft decisions planned to be issued by BoD comply with relevant laws.
7. To prepare for the General Assembly meetings and to cooperate with the BoD committees.
8. To provide the Central Bank with the relevance declarations signed by BoD members.

BoD Meetings

- BoD shall convene at a written notice of the Chairman, or Vice-Chairman if he/she is absent, or upon a written notice submitted by a quarter of its members to the Chairman justifying the grounds for such a meeting. If the Chairman or Vice- Chairman do not call for a meeting within seven days effective as of the date of receipt of notice, members who submitted the notice shall have the right to call BoD to convene.
- BoD shall convene with the presence of an absolute majority of members at JKB head office or in any other place within the territories of the Kingdom if it is impossible to hold it at JKB head office. BoD decisions shall be issued with absolute majority of members who attend the meeting. If votes are equal, the chairman of the meeting shall be deemed a casting vote.
- Members of the Board must attend the meetings of the Board in person. In the event of inability to personally attend, the Board member may present his or her opinion through video or telephone after the approval of the Chairman of the Board, without the right to vote or to sign the minutes of the meeting.
- Voting on BoD decisions shall be in person and carried out by the persons themselves and it could not be by proxy, by correspondence or in any other indirect means.
- BoD meetings shall be held six times at least per a fiscal year. There should be a meeting for the BoD every two months.
- The Board of Directors shall appoint a Secretary to record minutes of Board meetings and resolutions in a precise and complete manner and to record any reservations raised by any member. The Bank shall keep all such records appropriately.
- Prior BoD meeting, the senior executive management should provide BoD members with complete and accurate information and the Chairman should ensure doing so.

Responsibility and Accountability Limits

- BoD adopts clear boundaries of responsibility, accountability and commitment and to abide by them at all levels of management in JKB.
- Take the necessary steps to create a clear separation between the authorities of the shareholders who own an influential interest on one side, and the executive management on the other, for the purpose of reinforcing proper Corporate Governance, and hence, create adequate mechanisms to reduce the effect of shareholders who own influential interest, through the following, as an example:
    1. That none of the shareholders who own influential interest occupies any position in the executive management.
    2. That the top executive management derives its authority from the board only, and work within the mandate granted to it by the board.
- BoD should ensure that JKB organizational structure plainly reflects the lines of responsibility and authority, and that it includes the necessary regulatory levels under the laws and regulations in force.
- Ensure that senior executive management performs their responsibilities related to the management of JKB daily operations, they contribute to the implementation of corporate governance at the Bank, they delegate powers to the staff, they establish an effective management structure that will give a boost to accountability and they carry out tasks in various areas and the activities of JKB businesses in a manner that is consistent with the policies and procedures approved by BoD.

- BoD approves the appropriate controls which enable them to hold the senior executive management accountable for their actions.
- In addition to what is stated in laws, the General Manager shall act as follows:
    1. Develop JKB strategic direction
    2. Implement JKB strategies and policies
    3. Execute BoD decisions
    4. Provide guidance to implement short and long term action plans.
    5. Deliver JKB vision, mission and strategy to the staff.
    6. Inform BoD by all the significant aspects of JKB operations.
    7. Manage JKB day-to-day operations.

The Board Committees

- To further organize the work of BoD and increase its efficiency and effectiveness, BoD forms various committees from its members, delegate certain powers and responsibilities to them and name their chairmen.
- The committees must submit periodical reports to the Board as stipulated in their charters. The existence of these committees does not absolve BoD to assume direct responsibility for all matters relating to JKB.
- Any member of the Board shall not serve as chairperson of more than one of the following committees (Audit, Risk & Compliance, Nomination & Remuneration, and Corporate Governance). He is also prohibited from serving as chairperson of more than two committees of all Board committees.
- Board committees have the following authorities:
    1. Request any data or information from bank staff who must cooperate to provide this data in a complete and accurate manner.
    2. Request legal, financial, administrative or technical advice from any external consultant.
    3. Request the presence of any bank employee to provide any necessary clarifications.
- The members of committees emanating from the Board of Directors may vote on the decisions of the committees which have been fully attended through the video or telephone because of inability to attend in person due to an acceptable reason to the Board of Directors, and sign of the minutes of the meetings of these committees provided it is duly documented. The members attending the meeting in person should not be less than two thirds of the members of the committee, and that the personal attendance of the member shall not be less than (50%) of the meetings of the committee held within one year.

A. Board Audit Committee:

Committee's Role:

The Board Audit Committee is tasked to carry out the following, in addition to other relevant functions stated in its Charter. The Charter stipulates the right of the committee to get any information from the executive management and its right to call any administrator to attend its meetings. The Audit committee's tasks may not be merged with the tasks of any other committee.

1. The Committee shall review:
    - The scope, results and the adequacy of JKB internal and external audit
    - Accounting issues that have a significant impact on JKB financial statements
    - JKB internal control and monitoring systems.
2. Provide recommendations to BoD regarding the external auditor's appointment, termination, fees and any other related contracting terms, taking into account any other tasks entrusted to them which lie outside the scope of the audit.

3. Verify the independence of the external auditor annually.
4. The Committee shall enjoy the power to obtain any information from the executive management, and has the right to call any administrative officer to attend any of its meetings, if so is stipulated in the committee's charter.
5. Meet with the external and internal auditors and compliance officer once at least annually without the attendance of any of the senior executive management members.
6. Review and monitor procedures that enable the employee to report confidentially any mistake in financial reports or any other matters. The Board Audit Committee shall ensure implementing the necessary arrangements for carrying out an independent investigation and follow the results of the investigation and treat them objectively.
7. Verify that the internal audit staff is rotated to audit JKB various activities every three years at minimum.
8. Verify not to task internal audit staff with any executive duties.
9. Verify that all JKB activities, including outsourced activities assigned to third parties, are subject to audit.
10. The Board Audit Committee shall exercise the role entrusted to it under the Banks Law and other relevant laws. This should include particularly the following:
    - Review and approval of the internal audit plan which includes audit scope and frequency.
    - Ensure that the executive management takes the corrective actions on a timely manner regarding weaknesses in the internal control, and cases of non-compliance with policies, laws and regulations, and other remarks identified by the internal audit.
    - Ensure that JKB is implementing the international accounting and audit standards accurately.
    - Review observations stated in the regulatory authorities and external auditor reports and follow-up the correction procedures.
    - Review JKB financial statements prior submitting them to BoD, particularly to verify regulatory authorities' orders on capital adequacy, adequacy of provisions taken against the bad debts and all other provisions and to express their opinion in JKB non-performing debts or debts proposed to be deemed as bad debts.
    - Ensure that the laws and regulations governing JKB work.
    - The Head of Internal Audit Department may attend the Committee meetings, and the Committee may invite any person to seek their opinion on a particular issue.
11. Appraise the Head and staff of Internal Audit Department performance and determine their remunerations.

Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its chairperson appointed by a decision of the Board of Directors. It shall consist, at least, of three members, the majority of them including the Chairperson shall be independent, , provided that the chairperson is not the Chairman of the Board or the chairperson of any other committee emanating from the Board.
- All members of the Committee should hold academic qualifications and enjoy appropriate practical expertise in areas of accounting, finance or any other disciplines or areas related to JKB's areas of business.
- The Audit Committee shall meet at the invitation of its Chairperson at least once every three months, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by at least two members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

B. Board Risk Committee:

Committee's Role:

The Board Risk is tasked to carry out the following below stated duties at least, in addition to other relevant duties stated in its Charter:

1. Review JKB risk management framework.
2. Review JKB risk management strategy prior to BOD approval.
3. Cope with the developments affecting JKB risk management, and submit periodic reports to BoD.
4. Verify that there is no discrepancy between the actual risks that JKB takes and the level of acceptable risk approved by BoD.
5. Establish appropriate conditions that ensure the identification of fundamental impact of risks and any other activities carried out by JKB which may expose the Bank to higher risks than the acceptable level, report that to BoD and follow-up corrective measures.

Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its chairperson appointed by a decision of the Board of Directors. It shall comprise of three members at least, one of whom shall be independent and the chairperson of the committee. The Committee membership may include members of the executive management. The committee may invite management representatives or other experts and specialists to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least once every three months, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by at least two members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

C. Board Nominations and Remuneration Committee:

Committee's Role:

Board Nominations and Remuneration Committee is tasked to carry out the following below stated duties at least, in addition to other relevant duties stated in its Charter:

1. Identify qualified persons to join BoD within the members' relevance policy approved by BoD taking into consideration the capabilities and qualifications of the persons nominated. In case of re-nominations, member's attendance and extent of participation in Board meetings should be taken into account.
2. Nominate to BoD qualified persons to join the executive management, in accordance with the requirements of the Executives employment policy.
3. Ensure BoD members joining workshops or seminars on banking topics, particularly risk management and corporate governance, and the latest developments in the banking business.
4. Determine whether the member meets the independent member criteria taking into account the minimum requirements stated in the laws and regulations in force, and verify the status annually.
5. Supervise the implementation of policies adopted by BoD regarding BoD and senior executive management performance appraisal, including the General Manager.
6. Provide information and summaries on some of the important topics of JKB to BoD members upon request, and ensure updating them constantly about the latest topics related to the banking business.
7. Ensure that the policy of granting remunerations to JKB administrative staff is in place, review it regularly and implement this policy. Also, provide recommendations regarding the General Manager and other members of the senior executive management salaries, remunerations and other privileges. The Internal Audit

Department Manager and staff performance appraisal and remunerations are to be determined by the Board Audit Committee.

8. Evaluate the work of the board, its committees, and its members as a whole annually, and it shall inform the Central Bank and the Securities Commission with the result of this evaluation.
9. Set clear methodology to verify that board members allocate sufficient time to carry out their duties, including (for example) the multi commitment of the member to other boards/bodies memberships/forums...etc.

Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of three members at the least, the majority of whom are independent including the Chairperson. The Committee may invite members of the executive management or other specialized persons to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least twice a year, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by at least two members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

D. Board Corporate Governance Committee:

Committee's Role:

1. In addition to their duties delegated by BoD, Board Corporate Governance Committee is in charge of directing and supervising the processes of preparing the Corporate Governance Manual, its update and implementation monitoring. The committee is also tasked to perform the following:
    - Ensure that JKB organizational structure serves the requirements of corporate governance.
    - Ensure commitment to the adopted JKB Code of Ethics at the level of BoD and all administrative levels in the Bank.
    - Formulate written procedures for the implementation of the Corporate Governance Guidelines of the listed companies issued by the Securities Commission and to ensure the Bank's compliance with these instructions and to study the comments of the Commission on its application and follow up on what has been done.
2. Prepare the Governance Report and submit it to the Board of Directors.

Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of three BOD members at least, the majority of whom are independent and should include the Chairman of the Board. The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least twice a year, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by a majority of its members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

E. Board Compliance Committee

Committee's Role:

The Board Compliance Committee is tasked to carry out the following below stated duties at least, in addition to other relevant duties stated in its Charter:

1. Recommend to the BoD to adopt governing compliance management policies, including compliance policy, anti-money laundering policy, international sanctions policy, bribery policy, combatting fraud and any other policy related to compliance management, and periodically reviewing these policies and commitment to their application.
2. Assess the degree of effectiveness with which the Bank manages the risk of non-compliance at least once a year and review it should amendments have been made.
3. Adopt the organizational structure of the Compliance Control Department and ensuring its independence, in order to ensure the compliance control function is separate from the Bank's other departments.
4. Ensure that an annual non-compliance risk management plan is in place that takes into account any shortcomings of policies, procedures or their application, and that they are associated with the efficiency of the existing compliance risk management and identifies the need for any policies or procedures to deal with new non-compliance risks that arise during the annual risk assessment.
5. Review the reports that include compliance control tests results, including assessments of non-compliance risks, infractions and deficiencies detected and the remedial actions taken.

Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of three Board members at least, the majority of whom are independent. The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least once every 3 months a year, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by a majority of its members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

F. Board Credit Committee:

Committee's Role:

1. Grant, modify, renew and restructure of credit facilities that exceed the authorities of the Management Credit Committee, headed by the General Manager, within the limits set by the Board of Directors. The Board of Directors shall take the decisions in matters exceeding the Committee's authorities.
2. The Committee's authority is limited to taking the right decision regarding the facilities that have been recommended for approval by the Management Credit Committee.
3. The Board of Directors may delegate to the Management Credit Committee some or all of this Committee's authorities; in respect of modifying the terms or restructuring of facilities with the need to keep the Board Credit Committee informed of the decisions taken under these authorities.
4. The Committee's authority shall not include the following:
   - Granting credit facilities to members of the Board of Directors.
   - Writing-off debts.
5. Submit to the Board periodically details of the credit facilities that have been approved by the committee.
6. The Committee's decisions are considered valid by the presence and personal voting of its members, if a member is unable to attend, he may express his opinion through telephone or video, and has the right to vote and sign the minutes of the meeting that have to be duly documented.
7. The work of this committee shall be evaluated by the Board of Directors.

Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of at least five Board members, one of whom may be independent but not a member of the Audit Committee. The meeting shall be considered valid if attended by at least four members, and decisions are taken by majority of its members regardless of the number of attendees. If the votes are equal, the side to which the Committee Chairperson votes will outweigh.
- The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.
- The Committee meets once every week and maintains documented minutes of meetings.
- The General Manager is the Secretary of the Committee.

G. Board Management and Investment Committee:

Committee's Role:

1. Management issues:
    - Approve requests for administrative expenses, procurement contracts, bids, supplies, donations, and generally all commitments and contracts in excess of the powers entrusted to the senior executive management as identified within the Authority matrix and powers endorsed by the Board of Directors.
    - Approve requests/offers for the sale of Bank owned properties beyond the limits entrusted to the Senior Executive Management as stipulated in the approved Authority matrix.
    - Approve Bank owned real estates' pricing annually or when required.
2. Investment issues:

Approve proposals and requests submitted by the Management Investment Committee on matters beyond its authority as stipulated in the approved authority matrix annexed to the approved investment policy. This includes the following:

- Bank investments in Jordanian dinar in money market and capital market instruments.
- The Bank's investments in foreign currencies in money market, capital market tools and currency exchange operations.

The Board of Directors shall decide on any of the items listed above if they exceed the authority of the Committee, The Committee submits periodic reports to the Board on the details of the items and processes it has approved.

Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of at least five Board members, one of whom may be independent but not a member of the Audit Committee. The meeting shall be considered valid if attended by at least three members including its Chairperson.
- Decisions are taken by majority of its members present, if the votes are equal, the side to which the Committee Chairperson votes will outweigh. The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.
- The Committee meets once every two weeks and whenever necessary and shall maintain documented minutes of meetings.
- The General Manager is the Secretary of the Committee.

H. Information Technology Governance Committee

Committee's Role:

The Committee shall undertake the following tasks guided by the Governance and Management of Information Technology and its accompanying Instructions No. 65/2016 dated 25/10/2016 issued by CBJ:

1. Approve the Information Technology strategic objectives and appropriate organizational structures, including Steering Committees at Executive Management Level, particularly (The Information Technology Steering Committee), ensuring the achievement of the Bank's strategic objectives, and realizing the best value-added of projects and investments in Information Technology while utilizing the tools and standards to monitor and ascertain the extent of achievement, such as using the IT Balanced Scorecard system, and calculating the rate of return on investment (ROI) and measuring the investment impact on financial and operational efficiency.
2. Approve the general framework for the control and monitoring of resources and projects, that corresponds to best accepted international practices in this regard, particularly (COBIT) (Control Objectives for Information and related Technology), complying with and facilitating the achievement of objectives and regulations, through the sustainable achievement of corporate objectives, and achieve the information objectives' chart and its associated technology and cover IT governance operations
3. Approve the corporate objectives chart, and its associated Information Technology objectives, considering its legibility as minimum, and define the sub-objectives needed for its achievement.
4. Approve the responsibility chart (RACI Chart) towards the major operations of IT governance and its emanating sub-operations i.e.: The party or parties or the person primarily responsible (Responsible), and those finally responsible (Accountable), and those consulted (Consulted), and those to be informed (informed) towards all operations guided by the standard (COBIT 5 Enabling processes) in this regard.
5. Ensure the existence of a general IT Risk Management Framework that complies and integrates with the Bank's general comprehensive Risk Management Framework, and takes into account all IT governance operations.
6. Approve an information technology resources and projects budget in line with the Bank's strategic objectives.
7. Oversee and be acquainted of the progress of information technology operations, resources and projects to ensure its adequacy and its effective contribution in achieving the Bank's business and its requirements
8. Be acquainted of the audit reports on information technology and taking the necessary action to correct deviations.
9. Recommend to the Board of Directors to take the necessary measurements to correct any deviations.

Formation of the Committee and the periodicity and quorum of its meetings:

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors, and the Board determines its objectives and powers, to be demonstrated in its Charter.
- The Committee shall comprise of, at least, three Board members and preferably comprising persons with expertise or strategic knowledge in information technology. The committee, in coordination with the Chairman of the Board, may seek the assistance of external experts when necessary, at the expense of the Bank to make up the shortfall in this area and enhance substantive opinion. The Committee may invite any of the Bank's administrators to attend its meetings to express their opinion, including those involved in internal audit and senior executive management members (such as Information Technology Manager) or those involved in External auditing.
- The Committee shall elect one of its members to be an observer member in the Information Technology Steering Committee.
- The Committee shall submit periodic reports to the Board, the Board's mandate to the Committee does not relieve it from its responsibilities in this regard.

- The Committee shall meet at the invitation of its Chairperson at least once every three months, or whenever necessary, or in accordance with the decision of the Board of Directors, or the request of two of its members, and shall submit its reports to the Board of Directors. The meeting shall be considered valid if attended by the majority of its members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

Senior Executive Management

BoD approves the appointment of JKB Executive Management. BoD makes sure that members of the Executive Management possess the necessary expertise, competencies and integrity to manage JKB businesses and affairs in a manner consistent with the standards of professional conduct, particularly supervising the JKB management, enjoying the appropriate competences to oversee key individuals associated with the Bank operations. JKB develops a policy to manage and fill top executive jobs to meet laws and regulations requirements in force and the aspirations of JKB.

The Executive Management implements the principles of corporate governance in JKB and provides adequate control over the activities they manage

In this context, the Executive Management identifies the staff tasks accurately. They also propose the administrative structure which is meant to promote the concept of accountability and transparency. The Executive Management is to supervise the fulfillment of the specific responsibilities/ powers and they will be responsible for JKB performance.

Administrators' Performance Appraisal

JKB develops policies of performance appraisal which ensure the participation of all those involved in managing JKB businesses to achieve the Bank objectives through carrying out tasks, objectives and obligations assigned to each one of them within a framework of fair competition based on the culture of excellence in performance.

- Performance Appraisal Policy for BoD and its members
- Performance Appraisal Policy for holders of senior positions and accountability
- Performance Appraisal Policy for other JKB staff members.

All the aforementioned policies are based on the latest international practices which are meant to objectively measure of performance, take into account risk aversion and the provisions of laws and regulations in force.

Internal Control and Audit Systems

The Board and the Executive Management of JKB are in charge of developing, implementing and maintaining internal control and audit systems that are able to ensure and achieve the following:

- Accurate and integral financial and operational data issued by JKB.
- Efficient and effective performance of JKB operational processes.
- Effective protection procedures of JKB assets and property.
- Compliance with work policies and internal procedures, laws and regulations in force.

This is based on BoD belief in the importance of effective internal control and audit system as it is one of the most important elements of good management and the basis for the soundness and quality of JKB operations. JKB adopted a number of internal control and audit systems which the senior executive management is responsible to set up, follow-up its development and update them. JKB management is constantly monitoring and assessing the efficiency and effectiveness of these systems, their ability to achieve the desired goals and strive to enhance them. Supervisory departments make sure that transactions with stakeholders are conducted in accordance with the adopted policies and procedures.

BoD adopts control and audit policy addressing all aspects of the internal control systems in terms of their definition, components and BoD and senior executive management responsibilities.

To ensure JKB supervisory departments independence and that they fulfil their supervisory roles they tasked to carry out, their reports are to be submitted to BoD committees. BoD committees appraise the performance of the holders of senior positions at supervisory departments under the Performance Appraisal Policy for holders of senior positions adopted by BoD.

JKB Supervisory Departments

Internal Audit Department: This department is tasked to review commitment with the Corporate Governance Manual, verify of compliance with JKB policies, procedures, international standards and laws related to JKB activities, verify the existence and compliance with internal control and audit systems quite enough to encompass JKB activities and its subsidiaries, carry out financial and managerial auditing, review the soundness and comprehensiveness of the Stress Testing and ensure the accuracy of the internal capital adequacy assessment process (ICAAP).

Internal Audit Department submits its reports to the Board Audit Committee and to the General Manager simultaneously.

Risk Management Department: This department is tasked to monitor risks in JKB at all levels and market and operational areas, information risks, credit risks and business continuity, and monitor JKB departments compliance with the identified levels of risk in accordance with the best international standards. Risk Management Department submits its reports to the Board Risks and Compliance Committee. The tasks of the risk management department shall be as follows as a minimum:

1. Review the Banks' risk management framework before it is approved by the board.
2. Implement the risk management strategy in addition to developing work policies and measures to manage all types of risks.
3. Develop methodologies to identify, measure, monitor, and control all types of risks.
4. Submit reports to the board through the risk management committee, with a copy to the senior executive management, which include information about the actual risk profile for all the bank's activities, compared to risk appetite document, while continuing to address negative deviations.
5. Verify the integration of risk measurement mechanisms with the management information systems used.
6. Study and evaluate all types of risks faced by the Bank.
7. Submit recommendations to the risk management committee about the bank's exposure to risks, recording cases of exemption from the risk management policy.
8. Provide the necessary information regarding the Bank risks, to be used for disclosure purposes.

Compliance Control Department: This department is tasked to verify compliance with local and international laws and regulations governing JKB businesses. Compliance Department submits its reports the Board Risks and Compliance Committee and copy of the same to the General Manager. It is also tasked to monitor and combat money laundry. Moreover, it is tasked to manage Customers Complaints Unit within a framework approved by BoD as per the supervisory instructions.

All the aforementioned departments should develop their own charters to be approved by BoD.

Business Ethics Code

JKB adopted a code of business ethics which was approved by BoD and pledged to abide by all JKB staff in their respective administrative levels, in addition to the BoD members.

This code identified JKB staff's ethics, values and principles through four main themes, namely:

- Integrity.
- Compliance with the laws.
- Transparency.
- Loyalty to the bank.

As for integrity, the code included that JKB employees are committed to the following:

- Depositors' funds are a trust and responsibility which should be kept safe.
- Personal interest should not conflict with JKB interests.
- Not to use inside information to serve personal interests.
- Maintaining objective and non- bias personal relationships.
- Avoiding business relations with customers and suppliers.
- No-discrimination whatsoever among customers.
- Refrain from accepting gifts, benefits and invitations.

As for compliance with the laws and regulations, employees should abide by bank secrecy and JKB policies and work manuals. Also, they should pay more attention for combating money laundering, not to issue bad cheques and to abide by the management's decisions.

Concerning transparency, JKB employees should be committed to provide authorized accurate figures, data and reports, and that the data is accurate, adequate, timely and in line with the standards. Additionally, employees should disclose their personal interest and soundness of their financial standing and their personal business activities, and to disclose any violations and damages.

Regarding loyalty to JKB, this could be realized through achieving JKB mission, vision, objectives and role, transferring JKB slogan into a tangible reality, besides achieving customer satisfaction and retain them, being positive, excellent, responsible, enjoying qualities and efficiency, then accuracy and continuous learning, keeping up with working hours, adapting to work stress with the spirit of teamwork, paying attention to appearance, conduct and good handling of situations, being keen to maintain JKB reputation and achievements, maintaining JKB assets and its appearance, not to disclose work secrets, taking permission of the administration to make any statement related to JKB via any means of media.

The relevant standards and policies are published through JKB website. The level of adherence to those standards and policies should be identified in the Corporate Governance Report included in JKB annual report.

Conflict of Interest

JKB shall have written policies on conflict of interest covering its definition, independent execution, and disclosure; whether such conflict is between the Board members and JKB or between the Executive Management and JKB.

Conflict of interest policy shall cover various aspects related to this subject, such as:

- Board member shall avoid the activities which may lead to conflict of interest.
- BoD approval shall be obtained for any activity a Board member performs that may result in a conflict of interest and verify that the activity does not contain any conflict.
- Board member shall disclose any subject, which may lead to or has already led to a conflict of interest.
- Board member shall abstain from voting on any item of the agenda which might contain a conflict of interest for the member or has an effect on the objectivity of the vote.
- All transactions with related parties shall be based on equal basis and clear mechanism established for the Board to handle the case in the event of non-compliance with conflict of interest policy.
- The conflict of interest policy shall contain examples of cases where a conflict of interest may arise for a Board member.

Transactions with Stakeholders

- JKB shall have written policies on transactions with the related parties. These policies shall include rules and procedures for organizing transactions with such parties whether between JKB and its employees, JKB and its Board members or their companies, or parties related to them, including lending transactions and joint trading transactions with JKB.
- BoD shall ensure that the transactions with stakeholders are reviewed to assess their risks and are subjected to appropriate restrictions in place.

Whistle Blowing Policy

The Bank shall place policies and procedures to report on illicit acts/ Fraud- "Whistle Blowing Policy", including procedures enabling employees to contact the Chairman of the Board to communicate any concerns they might have on the possibility of violations or fraud, and in a way that allows independent investigation into these concerns and to follow-up them. These procedures shall ensure that JKB provides the required protection for these employees to assure them they will not be threatened or penalized even when there is nothing to prove their concerns.

JKB Governing Policies

Jordan Kuwait Bank regards providing written policies covering all the Bank's activities with high importance as these policies are adopted by the Board of Directors and circulated to all management levels as well as reviewing and updating them regularly to reflect any changes and amendments that occur to the laws, regulations, economic circumstances and any other matters related to the Bank.

Protecting Shareholders Rights and their Relations with the Bank

- BoD ensures the protection of shareholders' fundamental rights concerning the registration and transfer of ownership, participation in the General Assembly meetings, gaining profits and get information regularly on JKB.
- BoD shall encourage shareholders' active participation of in the General Assembly meetings; explaining voting procedures and rules, as well as inform them by the date and venue of the meeting along with the meeting agenda in sufficient time, in addition to inform shareholders by the General Assembly minutes of the meetings.
- JKB develops positive relations based on transparency with all shareholders. In this regard, the Bank saves no effort to encourage all shareholders, especially minority shareholders, to attend the annual meeting of the General Assembly and they are encouraged to vote. In addition, consideration is given to voting on each issue that is raised during the annual meeting of the General Assembly separately.
- The Chairmen of the various Board committees attend the annual General Assembly meeting.
- Following the General Assembly meeting, detailed report is prepared to inform shareholders of the various remarks and questions brought forth by the shareholders and management responses to them as well as the conclusions reached.
- Representatives of the External Auditors attend the annual General Assembly meeting to answer any questions that may be raised regarding audit and the auditors' report.
- Pursuant to the Companies Law, members of the Board of Directors are elected or re-elected during the annual General Assembly meeting. The external auditor is also elected during the same meeting.

Transparency and Disclosures

- JKB provides full information regarding its activities constantly and periodically to all stakeholders such as regulators, shareholders, depositors and the public in general; focusing on issues with material impact on the Bank.
- JKB is fully committed to the requirements of full disclosure according to the International Financial Reporting Standards (IFRS) and the disclosure instructions issued by the Central Bank and regulators.
- JKB follows up the various developments regarding the requirements of disclosure according to international standards, such that they are immediately reflected in its financial reports.
- JKB commits to providing permanent and professional communication lines with all relevant stakeholders such as regulators, shareholders, investors, depositors and other banks. To achieve this, JKB shall create a position of Investors Relation officer whose main task is to provide full and objective information regarding the Bank's financial and administrative standing as well as the Bank's various activities.
- JKB annual report shall contain all information related to the Bank in a manner that is transparent and objective.
- Publish periodic reports that contain quarterly financial information, in addition to a report from the BoD regarding the trading of the Bank's stocks and its financial standing during the year as well as periodic briefs by Executive Management for shareholders, financial market analysts and journalists specialized in the financial sector.
- Hold periodic meetings between the Bank's Executive Management and investors and shareholders.
- JKB provides the information available in its annual or periodic reports on the Bank's website in both the Arabic and English languages, where information is updated constantly.
- The reports that JKB presents must contain disclosure from the Executive Management about the results of current and future operations, the financial standing of the Bank and any future results of risk that might affect the general financial standing of the Bank.

Amman Branches

Abdali Branch
Tel. 5653491 - Fax 5662374
Abdali Mall Branch
Tel. 5629415 - Fax 5629416
Abdoun Branch
Tel. 5924208 - Fax 5924194
Abu-Alanda Branch
Tel. 4162756 - Fax 4161841
Abu Hassan Mall Branch
Tel. 4164585 - Fax 4164590
Abu-Nsair Branch
Tel. 5235223 - Fax 5235226
Al-Mougablain Branch
Tel. 4203723 - Fax 4203715
Al-Rabiyah Branch
Tel. 5511428 - Fax 5511479
Al-Rawnaq Branch
Tel. 5850392 - Fax 5850327
Amra Branch
Tel. 5535292 - Fax 5516561
City Mall Branch
Tel. 5824318 - Fax 5825426
Commercial Center Branch
Tel. 4624312 - Fax 4611381
Dabouq Branch
Tel. 5411580 - Fax 5521337
Dair Ghbar Branch
Tel. 5853681 - Fax 5853705
Dome of the Rock Branch
Tel. 4386847 - Fax 4386830
Galleria Mall Branch
Tel. 064017871 - Fax 064017872
Ibn Khaldoun Branch
Tel. 4613902 - Fax 4613901
Jabal Al-Hussein Branch
Tel. 5658662 - Fax 5658663
Jabal Amman Branch
Tel. 4641317- Fax 4611391
Jubaiha Branch
Tel. 5346763 - Fax 5346761
Khalda Branch
Tel. 5370835 - Fax 5370925
King Abdullah Bureau Branch
Tel. 4626988 - Fax 4626995
Madinah Munawarah St. Branch
Tel. 5533561 - Fax 5533560
Madinah Riyadiyah Branch
Tel. 5161938 - Fax 5162358
Main Branch
Tel. 5629400 - Fax 5694105
Marj El-Hamam Branch
Tel. 5731056 - Fax 5716832
Marka Branch
Tel. 4889531 - Fax 4889530
Mecca Mall Branch
Tel. 5517967 - Fax 5517836
Mecca St. Branch
Tel. 5532651 - Fax 5532152
Nazzal Branch
Tel. 4383906 - Fax 4383905
Northern Hashmi Branch
Tel. 5051845 - Fax 5052460
Petra University Branch
Tel. 5714365 - Fax 5713079
Shmeissani Branch
Tel. 5685403 - Fax 5685358
Southern Sweileh Branch
Tel. 5356259 - Fax 5356830
Sweifiyyah Branch
Tel. 5851028 - Fax 5851931
Tabarbour Branch
Tel. 5065685 - Fax 5065162
Taj Lifestyle Branch
Tel. 5936901 - Fax 5936903
Tla' El'Ali Branch
Tel. 5532168 - Fax 5518451
Vegetable Market Branch
Tel. 4127588 - Fax 4127593
Wadi El-Seir Branch
Tel. 5858864 - Fax 5810102
Wadi Saqra Branch
Tel. 5679174 - Fax 5679146
Wehdat Branch
Tel. 4777174 - Fax 4750220
Yarmouk Branch
Tel. 4779102 - Fax 4750230
Zahran Branch
Tel. 4611838 - Fax 4612110
Zain Branch
Tel. 5810734 - Fax 5810927

Middle Region Branches

Al- Ahliyyah Amman University Branch
Tel. 05/3500195 - Fax 05/3500048
Al-Salt Branch
Tel. 05/3558995 - Fax 05/3558994
Baq'ah Branch
Tel. 4725090 - Fax 4726101
Madaba Branch
Tel. 05/3253568 - Fax 05/3253569
Samarah Mall Branch - Dead Sea
Tel. 05/3561243 - Fax 05/3561244

North Region Branches

Al-Huson Branch
Tel. 02/7020035 - Fax 02/7022198
Al-Mafraq Branch
Tel. 02/6235901 - Fax 02/6235902
Irbid Branch
Tel. 02/7243665 - Fax 02/7247880
Jerash Branch
Tel. 02/6340914 - Fax 02/6340921
King Abdallah II St. Branch
Tel. 02/7248496 - Fax 02/7248498
Yarmouk University Branch
Tel. 02/7255215 - Fax 02/7255315

South Region Branches

Aqaba Branch
Tel. 03/2015188 - Fax 03/2016188
Karak Branch
Tel. 03/2396102 - Fax 03/2396002

Zarqa Area Branches

King Hussein Bin Talal St. Branch
Tel. 05/3938470 - Fax 05/3938503
New Zarqa Branch
Tel. 05/3864556 - Fax 05/3864557
Russaifeh Branch
Tel. 05/3744151 - Fax 05/3744152
Zarqa Branch
Tel. 05/3983855 - Fax 05/3998677
Zarqa Free Zone Branch
Tel. 05/3826196 - Fax 05/3826195

Jawal Branch
Tel. 0791995682 - Fax 0790524103

Branches outside Jordan

Cyprus Branch
Tel. +357 25 875555 - Fax +357 25 582339

ATM Locations - Jordan

Amman
- Abdali Boulevard
- Abdali Medical Center
- Al-Baraka Mall
- Arab Orient Insurance Co.
- Avenue Mall
- Carrefour - Abu Nsair
- Carrefour - Al-Nuzha
- Carrefour - Madinah Munawarah St.
- Centro Supermarket
- Cozmo Center
- Crowne Plaza Hotel
- Embassy of Kuwait
- Fairmont Hotel
- Head Office (Drive Thru ATM)
- Holiday Inn
- Isteklal Hospital
- Jabal Al-Weibdeh
- King Hussein Business Park
- Millennium Hotel
- Rainbow St.
- Rawhi Pharmacy - Abdoun
- Rawhi Pharmacy - Khalda
- Regency Hotel
- Safeway-Shmeissani
- Total Gas Station - Gardens

Middle Region
- Al- Ahliyyah Amman University
- Crowne Plaza Hotel - Dead Sea
- Hilton - Dead Sea
- Holiday Inn - Dead Sea
- Kempinski Hotel - Dead Sea

North Region
- City Center - Irbid

South Region
- Kempinski Hotel - Aqaba

Zarqa Area
- Al-Manaseer Gas Station - Zarqa

Interactive Teller Machine (ITM) - Jordan
- City Mall
- Abdoun
- Abdali Mall
- Abdali Boulevard
- City Center - Irbid

P.O. Box 9776 Amman 11191
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Call Center: 080022066 / +962-6-5200999
Email: info@jkbank.com.jo
www.jkb.com

For more information, please contact our Customer Service Center at 06-5200999 I 080022066

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ISSUER & ACQUIRER

Mastercard

AMERICAN EXPRESS

ISSUER

American Express Card

VISA

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ISSUER & ACQUIRER

Visa International Service Association

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Middle East Payment Services

WesternUnion WU

MAIN AGENT

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