



INVESTBANK
البنك الإستثماري

REVOLVING AROUND YOU

Thirty-seventh
annual report **2019**



INVESTBANK
البنك الإستثماري

REVOLVING AROUND YOU

**His Majesty
King Abdullah II bin Al Hussein**



**His Royal Highness
Crown Prince Hussein bin Abdullah II**



Board of Directors

Chairman

Abdul Rahim Jardaneh & Sons Co.

Represented by Mr. Bisher Mohammad Abdul Rahim Jardaneh

Vice-Chairman

Mr. Ayman Shafiq Farhan Jumaian

Members

Raouf Abu Jaber & Sons Co. represented
by Mr. Emad Nihad Khalil Jeryes- Until 01/10/2019

Raouf Abu Jaber & Sons Co. represented by
Mr. Duraïd Akram Abdul Latif- As of 01/10/2019

Jordan Drugstore Co. represented by Mr. Abdul Rahim Nizar Abdul Rahim Jardaneh

Bank of Palestine Co. represented by Mr. Roshdi Mahmoud Rashid Al-Ghalayeen

Mr. Fahmi bin Faeq bin Fahmi Abu Khadra

Ms. Zina Nizar Abdul Rahim Jardaneh

Mr. Hani Ibrahim Suleiman Fadayel

Mr. Jiries Spero Jiries Alisa

Dr. Bassam Khalil Abdul Rahim Al-Saket

Mr. Izzat Najmeddine Izzat Al-Dajani

Chief Executive Officer

Muntaser Izzat Ahmad Dawwas

Chairman's Message

Our valued shareholders,

On behalf of all Board members, I am pleased to present to you the 37th Annual Report for the year 2019. As in the past, INVESTBANK has continued its achievements efficiently and capably on all levels, embracing technological advances in banking services towards the leadership of the sector in Jordan across the services and pathways identified in its strategy.

National Economy

Despite the many challenges faced by the national economy, especially the low levels of economic growth, budget deficit and public debt, it withstood several external challenges and showed improvement in the balance of trade due to the increase in exports and decrease in imports in 2019. This was accompanied by a noticeable boom in the tourism sector, which was reflected in the increase in foreign exchange reserves, supporting the stability of the Jordanian dinar, and highlighting the wise financial policies followed by the Central Bank of Jordan to enhance monetary stability. In terms of fiscal policy, the government's budget deficit increased in 2019. Reforms were reviewed together with the International Monetary Fund (IMF) to foster future economic growth, as reflected in the 2020 budget expansionary orientation towards increasing capital spending.

In addition, the government launched executive packages for the Five-Year Reform Matrix, which aims to stimulate the economy and improve living conditions. The packages included salary increases for employees and pensioners, processes to support the real estate market and plans to improve transportation, health insurance and education, downsize the government staff, upgrade services and other initiatives that drive economic growth.

Strategic Direction

INVESTBANK's strategic direction for 2020 includes attracting and catering to small and medium-sized enterprises (SMEs) through the bank and its subsidiaries, which will help create a comprehensive banking environment that fulfills the customers' finance and banking needs. Islamic banking services are available for customers through the credit products provided by our subsidiaries.

INVESTBANK continues to keep up with technological developments in online banking services, which improve the quality of services provided to customers along with securing electronic infrastructure comparable to that of global banks, which allows for secure e-transactions.

This increases operational efficiency, saves time and effort, and positions clients to be partners in these innovative banking products, placing the bank at the forefront of credit card usage and high-income client services in Jordan.

INVESTBANK is aware of the importance of developing banking risk management processes in all its operations, as well as making substantial returns on investment (ROI) through the optimal use of its management competencies and financial resources.

Bank Performance

The bank's results reflected a balanced performance, maintaining stable levels of returns for its shareholders. Net Profit After Tax reached JOD 16 million, whereas Profit Before Income Tax increased by 8.1%, from JOD 21.2 million in 2018 to JOD 22.9 million in 2019. Efficiency Ratios increased to 52% in 2019.

The bank's total assets amounted to JOD 1.2 billion as at the end of 2019. Total income reached JOD 53.5 million, a 6.7% increase on the year 2018.

Direct credit facilities reached about JOD 674 million as at the end of 2019, whereas customer deposits were at JOD 765 million, compared to JOD 748 million as at the end of 2018. All indicators point to the bank's strong financial position. Also, the capital adequacy ratio increased to 16%. Based on these positive results, the Board directed the General Assembly to distribute cash dividends equal to 11% of the bank's JOD 100 million capital*.

Our thanks go to all employees of the INVESTBANK Group who make our successes possible, year after year, and to our customers for their loyalty and trust.

Bisher Mohammad Jardaneh
Chairman of the Board

*This recommendation was suspended under the circular of HE the Governor of the Central Bank of Jordan No. 1/1/4693 dated 9/4/2020, which stipulated postponing the distribution of cash dividends for the fiscal year 2019 to be distributed along with the year-end statements of 2020.

Bank Achievements in 2019 and 2020 Plan

In 2019, INVESTBANK focused on the following key pillars: responding to the changing customer needs, ensuring/assuring the bank's long-term competitiveness, improving performance and operating efficiency and fulfilling our social responsibilities by adopting a sustainable work model and committing to significant changes in the bank's work culture.

INVESTBANK has sought to position itself as the Leading Client-Centric Local Bank, providing specialized commercial banking services to target clients. To achieve that, it focuses on strengthening its subsidiaries, which provide specialized services. It is continuously enhancing and developing its services through its retail and corporate internal facilities departments. These deliberate steps have led to stable returns on equity.

Below are the bank's achievements in the following areas:

Business Management:

- Taking risks into consideration, the bank expanded its business to assure the quality of the credit portfolio. This contributed to a 2.3% increase in total bank assets, a 2.3% growth in client deposits, a net profit of JOD 16.1 million at a 0.6% growth rate, and a capital adequacy ratio of 17.11%.

Geographical Spread:

- Adding 8 ATMs outside the branch network, reaching a total of 11 ATMs inside the branch network and 33 outside of it. The ATM design was also improved to provide more convenience to the client.

Products and Services:

- Adjusting retail loan products to align with the new instructions from the Central Bank.
- Enabling clients to issue an interest certificate for housing loans for the purposes of the income tax online, in order to save time and effort.
- In order to provide a more flexible alternative to traditional term deposit accounts, the FlexiSave saving account was launched, giving clients a preferential interest of up to 3.25% based on the available balance segment. Contrary to the traditional term deposit accounts, this account allows clients the flexibility to withdraw money instantly and without fees.
- Updating existing online services to make them easier to use, providing all services quickly and efficiently, and allowing clients to review and manage their accounts at any time.

Risk Management:

- For the fourth year in a row, INVESTBANK was validated for compliance with the Payment Card Industry Data Security Standard (PCI DSS).

Information Technology Governance:

- In order to apply the best corporate governance practices, and abiding by the Central Bank's directives and the Board's vision, the COBIT 5 framework for IT governance was implemented, reaching a maturity level of 4.1, which exceeds the Central Bank's requirement (3.2).

Social Responsibility towards the Environment and Local Community Development:

- INVESTBANK continues to help Iraq Al-Amir Women's Cooperative Association financially by building a solid brand. More recently, a marketing strategy was designed, marketing channels were launched to promote the products made by these women to enhance the quality of their lives by providing sustainable work opportunities, in addition to preserving the environmental and cultural heritage.
- We support charitable institutions as part of our Corporate Social Responsibility (CSR) Charity Program. In partnership with the Jordan Hashemite Charity Organization's Clothing Bank, INVESTBANK placed donation containers in six strategic branch locations for clients to donate their clothes, shoes and children's toys to families benefiting from the Clothing Bank. This initiative is part of the bank's commitment to engage with the local community and its social obligation and responsibility towards the disadvantaged. More than 26,000 in-kind donations were collected.
- In continuation of the bank's support to Souq Al Shams farmer's market in Ajloun and its surrounding villages, and in partnership with the Royal Society for the Conservation of Nature (RSCN), we supported dozens of farmers by training them in organic farming and the packaging and marketing of organic products. The project covered 25 pieces of land with a surface of 20 hectares, receiving, for the second time in a row, the ECOCERT organic certification.
- With the help of the Shams Fund for Social Responsibility, INVESTBANK focused on children. An agreement was signed with RSCN to develop safe and environmentally friendly educational spaces for children in Ajloun Forest Reserve, in order to raise awareness around the natural ecosystem and species living in the reserve. The project is expected to be launched in May 2020.
- As part of the 'Time to Change' internal initiative, and in order to raise awareness around the importance and incorporation of nature preservation practices in its employees' daily routines, INVESTBANK distributed recycling bins for paper and plastic waste in its main branch to enable its employees to actively participate in contributing to the environment.

INVESTBANK formed partnerships with organizations to improve the environment, such as the Green Wheelz Initiative. We take our role in protecting the environment seriously, especially that recycling as part of this initiative is not only going to raise awareness around the preservation of the environment; it will also help sick children receive education and treatment, in addition to donated wheelchairs. Furthermore, plastic bottles will be sent to the Children's Museum to be used in the educational agricultural station during the second phase of the Touring Museum.



- Taking a distinguished and qualitative step towards supporting children with cancer, INVESTBANK partnered with the Hareer Initiative, which aims to make wigs from natural hair for children who lost their hair due to chemotherapy. This includes collecting, weaving, treating, dying and designing the wig to fit the child comfortably.
- INVESTBANK gave great importance to breast cancer testing, organizing a free exam for all its female employees across all positions and branches in October 2018, in cooperation with King Hussein Cancer Foundation. Specialists from the Jordan Breast Cancer Program demonstrated different self-examination methods to promote early detection amongst employees.
- We continue our INVESTBANK for Life Initiatives by promoting our 3-year partnership with the Society of Autistic Children as part of our commitment to different segments of society, especially those with special needs. INVESTBANK provided new scholarships and training opportunities for autistic children to help them achieve their goals and ambitions and become effective members of society.
- To enhance environmentally friendly practices among the youth, INVESTBANK launched a new learning station for agriculture at the Touring Museum in Ajloun in partnership with the Children's Museum. The station helps raise the kids' awareness around recycling and its effect in fighting pollution, as well as the environmental and health benefits of organic agriculture. The children participated in an activity that reinforced certain positive concepts that enable them to be the desired change in the future.
- Last year, INVESTBANK provided golden sponsorship for the Earth Hour event held by RSCN (our strategic partner), which aimed to promote the conservation of nature and biodiversity in the face of climate change and reduce behaviors that are harmful to the environment. RSCN set a new Guinness record for creating the world's largest mosaic made from 11,000+ white and black candles depicting the Earth Hour logo (60+).

To underline the importance of using a sustainable and environmentally friendly energy source, and as part of the bank's sustainability strategy, the second stage of the photovoltaic system, which generates electricity using solar energy, was completed with a total capacity of 717.44 kW. This will decrease carbon emissions by 590 tons of CO₂ per year. This year, we will be able to use this system to supply the entire main building with its full requirement of electricity, in addition to covering the requirements of our branches in Amman as well as our subsidiaries. This built on the first stage, in which the photovoltaic system covered 65% of the main building's electricity needs.

Human Resources:

Convinced that the human is the most vital cornerstone in the bank's development and progress, INVESTBANK reviewed and updated its HR policies, incentives and benefits in 2018 in order to include employees of subsidiary companies to increase human efficiency and job satisfaction.

Awards:

As a result of everything that was implemented and achieved above, INVESTBANK received many awards from different entities in 2018:

- Best Corporate Bank in Jordan in 2018 by Global Banking & Finance.
- Global Finance Jordan's Best Consumer Digital Bank in 2018 in two categories:
 - o Best Bill Payment and Presentment
 - o Most Innovative Consumer Digital Bank in Jordan

We also created and launched several strategic initiatives in 2019 under the Strategic Plan 2018-2020 pertaining to business expansion, organizational improvements that increase corporate efficiency, empowering control functions and reinforcing them in the corporate culture, adopting the newest technological solutions and others, aiming to maintain our position as a pioneer and leader of the banking sector in Jordan.

Board Recommendations

Based on the aforementioned, the Board recommends the following to the esteemed shareholders:

- 1- Endorsing the bank's 2019 financial statements and discharging the Board for that period.
- 2- According to the circular of HE the Governor of the Central Bank of Jordan No. 1/1/4693 dated 9/4/2020, which stipulated postponing the distribution of cash dividends for the fiscal year 2019 to be distributed along with the year-end statements of 2020, the Board's recommendation to the General Assembly was suspended and the retained earnings of 2019, which amount to JOD 11 million (11% of the bank's capital), will be distributed in 2020.
- 3- Electing the auditor for the financial year 2020.

The Board would like to thank all shareholders and clients for their trust, support and advocacy, as well as our employees for playing a vital role in the bank's continuous success.

Community Service and Environment Protection

Empowering society and protecting the environment

Renewing our commitment to sustainable economic growth

In 2019, INVESTBANK celebrated many achievements. Next to innovative financial services, the social responsibility programs were internationally acclaimed by the Global Banking & Finance Awards, which are highly renowned international awards in the fields of finance and banking.

This award came as a result of INVESTBANK's commitment to supporting comprehensive and sustainable development efforts in Jordan. Over the years, our qualitative social initiatives and programs reflected the growth of our social role and ethical commitment, in addition to our wish to make changes outside the banking sector.

In our social responsibility strategy, we wanted to focus on supporting effective and distinguished initiatives that help build the capacities of individuals and their environments to achieve sustainable growth and prosperity and promote a sense of responsibility towards the environment and broader society. Therefore, we have chosen the initiatives very carefully to make sure they align with our vision on the one hand, and with the interests of shareholders, investors, and contributors on the other. The two pillars of our focus are: economic empowerment of local communities and environment protection, aiming to provide people with the decent life they deserve.

With regards to the first pillar, empowering local communities, we collaborated with local partners to implement programs centered on fighting poverty, enhancing equal opportunity, and promoting the creation of jobs in different sectors to help these communities prosper and ensure their sustainable development.

As for the second pillar, we realize that the environment is key to sustainable development. So, the underlying comprehensive approach of our initiatives aims to achieve sustainability and conserve and protect the environment to address the social and economic challenges of today and the future.



Organic Farming Project

For 9 years, and as part of the Shams Fund, INVESTBANK has cooperated with its strategic partner, the Royal Society for the Conservation of Nature (RSCN), to change the agricultural landscape in Ajloun by launching Souq Al Shams, a farmers' market providing healthy, chemical-free organic produce.

This year, INVESTBANK continued to replenish the model farm in Ajloun Forest Reserve, frequented by the reserve visitors for traditional agricultural tourism purposes. INVESTBANK supported Al-Kifah Cooperative Society to reobtain the Organic Certification, an essential component of the process, from an internationally acclaimed entity, which increased the number of beneficiaries as well as the production and sales rates.

To expand the scope of beneficiaries in the local community and ensure project continuity, INVESTBANK embraced Um Al-Yanabee Women Association in the project. This year, it prepared their farms for applying for Organic Certification at the beginning of next year. The women were trained in beekeeping and honey production. The training included the theory of beekeeping principles, how to deal with and examine hives, as well as how to use the tools and equipment necessary for the project. The practical side included direct contact with beehives and the use of tools to examine different types of hives, in addition to various other project management details.

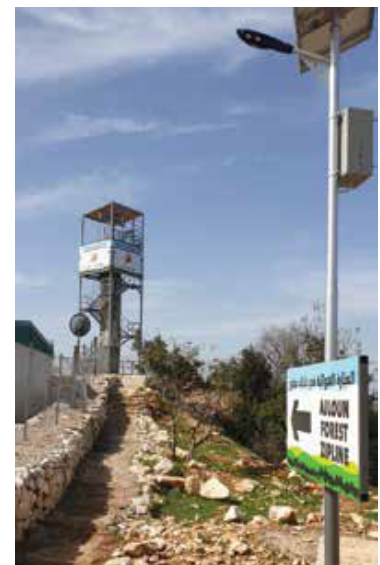


Zip-Line

To complement the touristic attractions in the Ajloun Forest Reserve, INVESTBANK built the second-longest zip-line in Jordan and third-longest in the Middle East in partnership with RSNC.

Expected to launch at the beginning of next year, this robust project aims to create job opportunities for Ajloun local community. On the one hand, this will decrease the high unemployment rates and increase the local residents' income. On the other, it will promote adventure tourism and provide new places for the local community and visitors to enjoy nature in Ajloun. The project's revenues will go into supporting the other projects targeting the reserve's local community.

The project that started in July 2019 will be managed by the local community to create a sustainable income that enables it to face present and future challenges. It will also contribute to achieving the region's social and economic goals through training programs, capacity building and the involvement of youth and women, in particular.



Green Play Area for Children

To achieve its vision of a more environmentally sustainable country, INVESTBANK cooperated with RSNC to launch the first educational entertainment area for children that adheres to environmental standards in Ajloun Reserve, reflecting the highest forms of investment by enhancing positive environmental behaviors.

Situated near Ajloun Nature Reserve Restaurant, the play area features 'green', educational and entertainment games, such as climbing, swings, tree houses and others. They were picked to suit different physical abilities and ages. The area was built in harmony with the surrounding nature and provides opportunities for play and education in a fun and lively environment to different groups in the local community.



Supporting Urban Agriculture

INVESTBANK's sponsorship of the Future Food/ Future City urban agriculture exhibition, held under the Amman Design Week 2019, embodied its goal to support innovation and creativity and provide innovative solutions for comprehensive and sustainable development in Jordan. In the exhibition, INVESTBANK presented an urban agriculture solution designed and implemented by Greening the Camps, a non-for-profit that develops, builds and maintains gardens on rooftops in Gaza Camp in Jerash.

In partnership with Amman Design Week and in cooperation with Greening the Camps, a new model was reassembled and built on a rooftop in Gaza Camp. This model for sustainable living was adopted by many of the families living in the camp. Designing and building gardens on house rooftops aim to connect the families to their agricultural heritage, secure a part of their food requirements and provide them with sustainable income.

This project aims to empower local communities and enhance sustainable economic development in Jordan. Designed to fit in tight spaces, the gardening units supply families with part of their food requirements. Each unit has its own irrigation system that reduces water waste and evaporation to a minimum. The project focuses on improving life quality by developing the agricultural skills of camp residents, which promotes food security and enhances their lives in general as they transition from depending on foreign aids to producing safe and healthy food themselves.

Similarly, INVESTBANK partnered with the Center for the Study of the Built Environment (CSBE) in cooperation with Greening the Camps to support building a productive garden in Algeria Elementary School for Girls, Jabal Al Hussein. Five gardening units were installed, two of which are plastic greenhouses for plants that need a warm climate. Through this project, INVESTBANK aims to create a role model for schools in Jordan to use agricultural spaces and train students in urban gardening.



Children's Touring Museum

After the success achieved in the first year of the partnership with the Children's Museum in Ajloun, INVESTBANK expanded it to Jerash, with the aim of recreating the interactive and entertaining museum experience for the largest number of children in other areas in Jordan.

This included introducing children to the Agriculture Station launched in 2018, which highlights the importance of recycling and its role in reducing environmental pollution, as well as the environmental and health benefits of organic farming. The children conducted a scientific experiment where they planted seedlings in recycled plastic jars as part of the bank's efforts to mainstream environmental responsibility and reinforce green behaviors to change the world for the better.



Green Caravan

In partnership with The Arab Group for The Protection of Nature (APN), INVESTBANK sponsored planting 1,000 lemon trees in Jordan Valley, as part of the bank's efforts to empower local communities and protect the environment. This initiative aims to expand the green landscape and reduce the rate of desertification resulting from urban sprawl and overgrazing. This will help increase the community awareness of the importance of tree planting as a sustainable cultural wealth for future generations and encourage students to volunteer in tree planting and environment protection activities.

The Green Caravan program seeks to promote food security in local communities, reduce desertification and the effects of climate change while providing an additional and sustainable source of income for farmers. This will help reduce poverty and unemployment rates, especially in marginalized and less fortunate regions throughout Jordan.

Photovoltaic System

In the fourth year of implementing the electricity project at INVESTBANK Headquarters' parking for employees and clients, up to 65% of the electricity needs were supplied using renewable solar energy with a peak capacity of 386 kW.

The second stage was completed and launched in early 2019. It included installing and operating the solar photovoltaic (PV) power generation through wheeling with a total capacity of 717.44 kW to cover 100% of the electricity needs at the HQ, branches in Amman and the Central Region and some subsidiaries, reducing harmful CO2 emissions by 1100 tons.



“Time to Change” Initiative

Through the in-house health awareness initiative, “Time to Change”, INVESTBANK continued to encourage its employees to adopt positive and healthy behaviors in and out of the workplace.

In partnership with the National Blood Bank and for the fourth year in a row, INVESTBANK organized the in-house biannual blood donation campaigns. Blood was kept in the employee blood bank to be used by first-degree relatives in emergencies.

For the second year in a row, INVESTBANK partnered with Books@Cafe (B@C) to provide the healthiest meals in the HQ healthy kitchen. This initiative was received so well by employees that the loyalty program “Treats” was launched to enable employees to earn points and get free food and drinks.

The healthy kitchen provides a variety of fresh and healthy foods at affordable prices, replacing fast food delivery and becoming widely popular among employees.



Charity Clothing Bank

As part of its corporate social responsibility program, “INVESTBANK for Life”, INVESTBANK continued its effective and unique partnership with the Jordan Hashemite Charity Organization’s Charity Clothing Bank for the second year in a row. Seven donation containers were placed in different strategic branches, five of which operate 24/7.

Placed in Amman branches; Shmeisani, Abdoun, Swefieh, Emmar Towers, Mecca St. and Dabouq, in addition to a branch in Zarqa, the containers collected over 60,000 in-kind donations, such as clothes, household items and toys.



The Society for the Care of Gifted Autistic Children

In continuation of its support to autistic children and to highlight its commitment to all segments of society, especially people with special needs, INVESTBANK provided new scholarships and training opportunities to autistic children to help them achieve their goals and ambitions and become effective citizens, through its 4-year-long partnership with the Society for the Care of Gifted Autistic Children.

| Entities receiving donations | Amount (rounded to the nearest dinar) |
|---------------------------------------------------------|---------------------------------------|
| Royal Society for Nature Conservation | 60,100 |
| Jordanian Hashemite Fund for Human Development | 26,688 |
| Military Credit Fund (Families of Martyrs Support Fund) | 25,000 |
| Community Financial Literacy Project | 28,000 |
| The Society for the Care of Gifted Autistic Children | 5,000 |
| The Arab Group for The Protection of Nature | 5,000 |
| Amman Design Week | 35,840 |
| CSBE | 3,163 |
| Jordan Hashemite Charity Organization | 1,750 |
| Other | 5,422 |
| Total | 195,364 |

General Declarations

- There are no dealings with local or foreign specific suppliers / key clients in excess of 10% of total purchases and/or sales and revenues.
- There are no protections or privileges given to the bank or any of its products under any laws or regulations.
- INVESTBANK did not receive any patents or franchises.
- INVESTBANK applies international quality standards and received the B+ Capital Intelligence Rating
- There are no resolutions issued by the government, international organizations, or other entities that have material significance on the bank's work or competitiveness.
- There were no financial implications incurred in 2019 for any non-repetitive operations that are not part of the bank's main activities.
- No board member or parties related to board members received any monetary or in-kind benefits through his/her work at the bank that were not disclosed in 2019.
- INVESTBANK engaged in the following contracts, projects and agreements with board members and their relatives:
 - o Electrosec: Mr. Ayman Jumaiaan, Board Member.
 - o United Insurance Company: Mr. Ziad Abu Jaber, Board Member.
 - o Arabtech Jardaneh Engineers & Architects: Mr. Bisher Jardaneh, Chairman.
- The nature of the bank's work involves several risks discussed in Note No. (137) in the Financial Statements of 2019.
- The achievements made by INVESTBANK are backed up by numbers and descriptions of the key events of 2019, available in the Bank's Activities.
- Important future developments and the bank's future are explained in the 2019 Plan on page (2).

Board of Directors



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Collection of Rania Omeish

Board Members Acknowledgments

INVESTBANK Board members acknowledge that no significant issues are affecting the bank's ability to continue as a going concern in 2019. INVESTBANK Board acknowledges its responsibility for the preparation of financial statements and adequacy of its internal controls.

| Name | Capacity | Signature |
|---------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Mr. Bisher Mohammad Jardaneh | Chairman Representative of Abdel-Raheem Jardaneh & Sons Co. |  |
| Mr. Ayman Shafiq Jumaian | Vice-Chairman |  |
| Mr. Duraid Akram Jrab | Board Member Representative of Raouf Abu Jaber & Sons Co. |  |
| Mr. Abdul Rahim Nizar Jardaneh | Board Member Representative of Jordan Drugstore Co. |  |
| Mr. Fahmi bin Faeq Abu Khadra | Board Member |  |
| Ms. Zina Nizar Jardaneh | Board Member |  |
| Mr. Hani Ibrahim Fadayel | Board Member |  |
| Mr. Jiries Spero Alisa | Board Member |  |
| Mr. Roshdi Mahmoud Al-Ghalayeen | Board Member Representative of Bank of Palestine |  |
| Dr. Bassam Khalil Al-Saket | Board Member |  |
| Mr. Izzat Najmeddine Al-Dajani | Board Member |  |

We, the undersigned, acknowledge that the information in this report is correct, accurate and complete.

| | | |
|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Ms. Mais Al-Shalabi Chief Financial Officer / Group Head - Support and Backup | Mr. Muntaser Izzat Dawwas Chief Executive Officer | Mr. Bisher Mohammad Jardaneh Board Chairman |
|  |  |  |

Governance Instructions for Listed Shareholder Companies

INVESTBANK is committed to applying all the general and mandatory rules set out in the Governance Instructions for Listed Shareholder Companies, except for the following, which are not applied for reasons related to the Companies Law and the Central Bank:

| Article | Text of Article | Reasons for non-application |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| 11-4 | <p>Request to hold an extraordinary General Assembly meeting for shareholders with no less than 10% of the company's subscribed shares.</p> <p>Request to hold an extraordinary General Assembly meeting to call for the resignation of the Board Chairman or members owning no less than 20% of the company's equity, except representatives of government equity and public legal persons.</p> | Provision contradicts with the Companies Law in effect. |

For the board to practically and sufficiently cover all the risks the bank faces, it formed different committees and delegated different and specific tasks and responsibilities to each. This ensures that the scope of all activities is properly covered while maintaining that the committees do not hinder work progress and derive their power and authority from the board. The board may delegate its powers to these committees, however, their ultimate responsibility lies with the board.

IT Governance Report:

INVESTBANK made sure to apply the best practices to provide adequate information and relevant systems governance in line with the Central Bank's directives, implementing the COBIT 5 Framework and the Central Bank's directives within it. INVESTBANK's maturity level (4.1) even surpassed that defined by the Central Bank (3.2).

Governance Report:

A- Information and details pertaining to the application of the provisions of these instructions and corporate governance rules.

INVESTBANK commits to applying all general and mandatory rules set out in the Governance Instructions for Listed Shareholder Companies of 2017. In order for the board to practically and sufficiently cover all the risks the bank faces, it formed different committees and delegated different and specific tasks and responsibilities to each. This ensures that the scope of all activities is covered while maintaining that the committees do not hinder work progress, and derive their power and authority from the board. The board may delegate its powers to these committees; however, their ultimate responsibility lies with the board.

| | |
|-------------------|-------------------------------------------------------------------------------------------------|
| Board Chairman | Abdul Rahim Jardaneh & Sons Co., represented by Mr. Bisher Mohammad Abdul Rahim Jardaneh |
| Membership nature | Non-executive, non-independent |
| Vice-Chairman | Mr. Ayman Shafiq Farhan Jumaian |
| Membership nature | Non-executive, non-independent |
| Board Member | Raouf Abu Jaber & Sons Co., represented by Mr. Emad Nihad Jeryes- until 30/09/2019 |
| Board Member | Raouf Abu Jaber & Sons Co., represented by Mr. Duraid Akram Abdul Latif Jrab – as of 01/10/2019 |
| Membership nature | Non-executive, non-independent |
| Board Member | Jordan Drugstore Co., represented by Mr. Abdul Rahim Nizar Abdul Rahim Jardaneh |
| Membership nature | Non-executive, non-independent |
| Board Member | Bank of Palestine Co. represented by Mr. Roshdi Mahmoud Rashid Al-Ghalayeen |
| Membership nature | Non-executive, non-independent |
| Board Member | Mr. Fahmi bin Faeq bin Fahmi Abu Khadra |
| Membership nature | Non-executive, non-independent |
| Board Member | Ms. Zina Nizar Abdul Rahim Jardaneh |
| Membership nature | Non-executive, non-independent |
| Board Member | Mr. Hani Ibrahim Suleiman Fadayel |
| Membership nature | Non-executive, independent |
| Board Member | Mr. Jiries Spero Jiries Alisa |
| Membership nature | Non-executive, independent |
| Board Member | Dr. Bassam Khalil Abdul Rahim Al-Saket |
| Membership nature | Non-executive, independent |
| Board Member | Mr. Izzat Najmeddine Izzat Al-Dajani |
| Membership nature | Non-executive, independent |

B- Legal Board Member Representatives with a description of their roles (executive/non-executive, independent/non-independent):

| No. | Name of Legal Person | | Amount (rounded to the nearest dinar) |
|-----|---------------------------------|---------------------|---------------------------------------|
| 1 | Abdul Rahim Jardaneh & Sons Co. | Limited liability | Non-executive, non-independent |
| 2 | Raouf Abu Jaber & Sons Co. | Limited partnership | Non-executive, non-independent |
| 3 | Jordan Drugstore Co. | Limited liability | Non-executive, non-independent |
| 4 | Bank of Palestine Co. | Public joint-stock | Non-executive, non-independent |

C- Executive positions and incumbents:

Mr. Muntaser Izzat Ahmad Dawwas

Chief Executive Officer

Mr. Nidal Ali Ali

Head – Internal Audit

Mr. Ramzi Rawdan Hasan Darwish

Assistant General Manager – Corporate Banking

Mr. Muhannad Zuhair Ahmad Boka

Assistant General Manager – Commercial Banking

Mr. Tareq “Muhammad Nazih” “Muhammad Mamdouh” Sakkijha

Assistant General Manager – Head of Retail Banking

Ms. Mais Adnan Mahmoud Shalabi

Group Head – Support and Backup

Mr. “Mohammad Ali” Walid Barakat Hamadallah Hiasat

Executive Manager – Legal Department

Mr. Jareer Na’el Jamil Al-Ajlouni

Executive Manager – Treasury

Ms. Rawand Ziyad Mohammad Al-Turk

Executive Manager – Compliance Department

D- All INVESTBANK Board Members serving as board members in public joint-stock companies, if any:

| No. | Board Chairman and members (full name for natural persons and name as per the commercial register for legal persons) | Legal Person Representative name (full name) | Board membership in other companies inside and outside Jordan |
|-----|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------|---------------------------------------------------------------|
| 1 | Abdul Rahim Jardaneh & Sons Co. | Bisher Mohammad Abdul Rahim Jardaneh | Board Member, Jordan Telecommunications Company (Orange) |
| 2 | Ayman Shafiq Farhan Jumaian | Abdul Rahim Nizar Abdul Rahim Jardaneh | Vice-Chairman of the Board, Naqel Company |
| 3 | Jordan Drugstore Co. | | Board Member, Dar Al Dawa Development and Investment Co. |
| 4 | Bank of Palestine Co. | Mr. Duraid Akram Abdul Latif Jrab | Board Member, Nutridar Vice-Chairman of the Board, Quds Bank |

E- Governance Liaison Officer: Ms. Rawand Ziad Mohammad Al-Turk

F- Board Committees:

1. Corporate Governance Committee
2. Audit Committee
3. Nomination and Remuneration Committee
4. Risks and Compliance Committee
5. IT Governance Committee
6. Higher Facilities Committee
7. Investment Committee

G- Audit Committee Chairman and member names, an overview of qualifications and financial/accounting experience:

| Member name | Capacity | Education | Experience |
|-----------------------------------------------------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mr. Hani Ibrahim Suleiman Fadayel | Chairman | BA in Business Administration – University of Jordan, 1975 | <ul style="list-style-type: none"> • 2010-present: General Manager of Fadayel Administrative Consultancy Co. • 1975-1985: City Bank, Jordan. • 1985-2009: Regional Manager – Arab Bank / Bahrain. • 2009-2010: Assistant General Manager – Arab Bank / Amman, Jordan. • 2001-2018: Board member in different banks and financial institutions in Bahrain, Jordan, UAE, Oman, Lebanon, Turkey and UK. |
| Bank of Palestine, represented by Mr. Roshdi Al-Ghalayeen | Member | <ul style="list-style-type: none"> • BA in Economy and Computer Science – American University in Cairo, Egypt, 1986 • Risk Assessment and Management in Banks Certificate – Cairo | <ul style="list-style-type: none"> • Date of appointment: 1989 • 2018-present: General Manager of the Bank of Palestine. |
| Mr. Izzat Najmeddine Izzat Al-Dajani | Member | <ul style="list-style-type: none"> • Master of Business Administration – MIT, 1992 • BS in Accounting and Finance – Syracuse University, 1988 | <ul style="list-style-type: none"> • 2008-present: Chairman of the Board of Directors at Allied Marine - Dubai. • 2002-present: Board Member at Nd&F Limited – Bahamas. • 2006-2011: Board Member at China Franchises SA – China. • 1997-2008: Investment Office Manager/ Board Member – Sheikh |

| Member name | Capacity | Education | Experience |
|-------------|----------|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <p>Mohammed bin Khalifa Office – Qatar.</p> <ul style="list-style-type: none"> • Member / Owner Representative: • 1997 – 2008: Qatar Industrial Services Establishment – Qatar. • 1999-2005: Heron Property Portfolio UK7Isle Of Man. • 2006-2008: Galler Holdings UK & Belgium. • 2000-2008: Yacht Project Management, Bahamas & Netherlands. • 2000-2008: Representative of Sheikh Mohammed bin Khalifa Office at the International Bank of Qatar Board and Executive Committees. • 1992-1997: Project Development Manager – Joint Venture between Jordan Tobacco & Cigarettes Co. and R. J. Reynolds Tobacco Company. • 1988-1990: Credit Manager - International Bank of Qatar. |

H- Audit Committee, Nomination and Remuneration Committee, Corporate Governance Committee and Risks and Compliance Committee Chairmen and members:

1- Corporate Governance Committee

| Member name | Capacity | Absences in 2019 |
|----------------------------------------------------------------------|----------|------------------|
| Dr. Bassam Al-Saket | Chairman | - |
| Abdul Rahim Jardaneh & Sons Co. , represented by Mr. Bisher Jardaneh | Member | - |
| Mr. Jiries Alisa | Member | - |

The committee held 5 meetings in 2019.

2- Audit Committee

| Member name | Capacity | Absences in 2019 |
|-----------------------------------------------------------|----------|------------------|
| Mr. Hani Fadayel | Chairman | - |
| Bank of Palestine, represented by Mr. Roshdi Al-Ghalayeen | Member | 1 |
| Mr. Izzat Al-Dajani | Member | - |

The committee held 5 meetings in 2019.

3- Nomination and Remuneration Committee

| Member name | Capacity | Absences in 2019 |
|---------------------------------------------------------------------|----------|------------------|
| Mr. Jiries Alisa | Chairman | - |
| Abdul Rahim Jardaneh & Sons Co., represented by Mr. Bisher Jardaneh | Member | - |
| Mr. Hani Fadayel | Member | - |
| Dr. Bassam Al-Saket | Member | - |

The committee held 8 meetings in 2019.

4- Risks and Compliance Committee

| Member name | Capacity | Absences in 2019 |
|-------------------------------------------------------------------------------------------|----------|------------------|
| Mr. Izzat Al-Dajani | Chairman | - |
| Ms. Zina Jardaneh | Member | - |
| Mr. Hani Fadayel | Member | 1 |
| Raouf Abu Jaber & Sons Co., represented by Mr. Emad Nihad Khalil Jeryes- until 30/09/2019 | Member | - |

| Member name | Capacity | Absences in 2019 |
|------------------------------------------------------------------------------------|----------|------------------|
| Raouf Abu Jaber & Sons Co., represented by Mr. Duraïd Akram Jrab- as of 01/10/2019 | Member | - |
| Group Head - Risk Management | Member | - |

The committee held 5 meetings in 2019.

5- IT Governance Committee

| Member name | Capacity | Absences in 2019 |
|---------------------|----------|------------------|
| Mr. Ayman Jumaian | Chairman | - |
| Ms. Zina Jardaneh | Member | 1 |
| Mr. Izzat Al-Dajani | Member | - |
| Dr. Bassam Al-Saket | Member | - |

The committee held 5 meetings in 2019.

6- Higher Facilities Committee

It is composed of five Board members:

- Mr. Jiries Alisa (Chairman)
- Mr. Ayman Jumaian (Member)
- Raouf Abu Jaber & Sons Co., represented by Mr. Emad Jeryes (Member) - until 30/09/2019
- Jordan Drugstore Co., represented by Mr. Abdel-Rahim Jardaneh (Member)
- Mr. Fahmi Abu Khadra (Member)
- Ms. Zina Jardaneh (Member)

The committee held 28 meetings in 2019.

7- Investment Committee

It is composed of five Board members:

- Mr. Fahmi AbuKhadra (Chairman)
- Mr. Ayman Jumaian (Member)
- Bank of Palestine Co. represented by Mr. Roshdi Al-Ghalayeeni (Member)
- Raouf Abu Jaber & Sons Co., represented by Mr. Emad Jeryes (Member) - until 30/09/2019
- Raouf Abu Jaber & Sons Co., represented by Mr. Duraïd Jrab (Member)- as of 01/10/2019
- Mr. Izzat Al-Dajani (Member)

The committee held 4 meetings in 2019.

I- Number of meetings between the Audit Committee and the external auditor in 2019

4 meetings.

J- Number of Board meetings in 2019 with present members.

7 meetings.

| Board Meetings in 2019 | |
|-----------------------------------------------------------|------------------|
| Board Members | Absences in 2019 |
| Abdel-Raheem Jaradneh & Sons Co. / Bisher Jardaneh | 0 |
| Ayman Jumaian | 0 |
| Zina Jardaneh | 0 |
| Bank of Palestine / Roshdi Al-Ghalayeen | 0 |
| Raouf Abu Jaber & Sons Co./ Emad Jeryes- until 30/09/2019 | 0 |
| Raouf Abu Jaber & Sons Co./ Duraid Jrab- as of 01/10/2019 | 0 |
| Fahmi Abu Khadra | 1 |
| Jiries Alisa | 0 |
| Jordan Drugstore Co. / Abdel-Rahim Jardaneh | 1 |
| Hani Fadayel | 0 |
| Dr. Bassam Al-Saket | 0 |
| Izzat Al-Dajani | 0 |
| Number of Board meetings in 2019 | 7 |

INVESTBANK

Amman - Hashemiet Kingdom Of Jordan
Consolidated Financial Statements

INVESTBANK

(PUBLIC SHAREHOLDING COMPANY LIMITED)

Consolidated Financial Statements 31 December 2019

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Independent Auditor's Report



Silver Abstraction

Oil on canvas
181x101

Collection of Mohanna Durra



Independent auditor's report
To the shareholders of INVESTBANK Public Shareholding Company
Amman- Jordan

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of INVESTBANK (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2019, and their consolidated financial performance and their 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 include:

- The consolidated statement of financial position as at 31 December 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 of 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 these requirements and the IESBA Code.



Independent auditor's report to the shareholders of INVESTBANK (continued)

Our audit approach

Overview

| Key audit matter | Measurement of expected credit loss |
|------------------|-------------------------------------|
|------------------|-------------------------------------|

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 judgments; 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 have designed the scope of the audit to perform sufficient procedures that enable us to express an opinion on the consolidated financial statements as a whole, taking into account the Groups structure, accounting processes, controls and business segments.

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.

Independent auditor's report to the shareholders of INVESTBANK (continued)

| Key audit matter | How we responded to key audit matter |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Measurement of expected credit loss</p> <p>The Group applies the expected credit loss model to all its financial instruments measured at amortized cost and debt securities measured at fair value through other comprehensive income and financial guarantee contracts, including financing obligations, in accordance with the requirements of IFRS 9 "Financial Instruments" as amended by the Central Bank of Jordan instructions.</p> <p>The Group also exercises significant judgements and makes a number of assumptions when preparing its expected credit loss models, including calculating the PDs separately for corporate and individual portfolios and determining the LGDs and EADs for both funded and unfunded exposures, future adjustments, and staging criteria.</p> <p>With respect to exposures to default, the Group makes judgments on the expected future cash flows for each individual exposure, including the value of collateral.</p> <p>The Group's impairment policy is presented in accordance with the accounting policies stated in Note 2 to these consolidated financial statements.</p> <p>The measurement of expected credit losses is a key audit matter because the Group applies significant judgments and makes a number of assumptions about the staging criteria applied to financial instruments and about preparing expected credit loss models to calculate the provisions for impairment in the Group.</p> | <p>We carried out the following audit procedures when calculating the expected credit losses in the Group's consolidated financial statements for the year ended 31 December 2019:</p> <ul style="list-style-type: none"> • We evaluated and tested the design and efficiency of controls on the calculation of impairment. • We tested the completeness and accuracy of the information used in calculating the expected credit losses. • For the exposure sample, we checked the appropriateness of the Group's application of staging criteria. • We sought the assistance of our specialized internal experts to assess the following aspects: <ul style="list-style-type: none"> - The conceptual framework used in setting the Group's impairment policy in the context of its commitment to the requirements of IFRS 9 as amended by the Central Bank of Jordan instructions. - The methodology of the expected credit loss model and the calculations used to determine the PDs, LGDs and EADs for the Group's financial instruments categories, and for each stage. - The reasonableness of the assumptions used when preparing the model framework, including the assumptions used to assess future scenarios and the significant increase in credit risk. |



Independent auditor's report to the shareholders of INVESTBANK (continued)

Key audit matters (Cont.)

| Key audit matter | How our audit addressed the key audit matter |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>In addition, with regards to the corporate portfolio in the third stage, the determination of the appropriateness of the provision assumptions was subject to an independent evaluation through a sample of selected risk-based exposures and the materiality of individual exposures. The recognized allocations levels were confirmed, based on the detailed information available about the loans and counterparties in the credit files. As for the individuals' portfolio in the third stage, the assumptions were subject to an independent evaluation for each product category, and the recognized allocations levels for each category were confirmed.</p> <p>We evaluated the disclosures in the consolidated financial statements to ensure their compliance with the IFRS (7) and the IFRS (9) as amended by the Central Bank of Jordan instructions. We also confirmed the completeness and accuracy of these disclosures by matching the information with the accounting records.</p> |





Independent auditor's report to the shareholders of INVESTBANK (continued)

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 thereon) 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 management 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.



Independent auditor's report to the shareholders of INVESTBANK (continued)

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 scepticism 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.

Hazem Sababa
License No. (802)



Amman - the Hashemite Kingdom of Jordan.
5 February 2020

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2019**

| Assets | Note | 31 December 2019 | 31 December 2018 |
|-------------------------------------------------------------------|------|----------------------|----------------------|
| | | JD | JD |
| Cash and balances at the Central Bank of Jordan | 4 | 120,759,451 | 131,690,084 |
| Balances at banks and financial institutions | 5 | 57,764,189 | 60,496,498 |
| Deposits at banks and financial institutions | 6 | 6,752,924 | 5,795,837 |
| Financial assets at fair value through statement of income | 7 | 9,667 | 1,887,883 |
| Direct credit facilities - net | 10 | 674,286,869 | 688,947,616 |
| Financial assets at fair value through other comprehensive income | 8 | 43,941,650 | 42,824,335 |
| Financial assets at amortised cost | 9 | 169,034,592 | 122,698,332 |
| Property and equipment- net | 11 | 29,525,829 | 29,803,843 |
| Intangible assets | 12 | 2,615,620 | 2,630,850 |
| Deferred tax assets | 20 | 11,472,794 | 11,309,801 |
| Other assets | 13 | 62,615,752 | 54,017,837 |
| Total assets | | 1,178,779,337 | 1,152,102,916 |
| Liabilities and Equity | | | |
| Liabilities | | | |
| Bank and financial institutions deposits | 14 | 12,923,564 | 11,496,379 |
| Customers deposits | 15 | 764,774,867 | 747,519,491 |
| Cash margins | 16 | 37,955,674 | 53,612,634 |
| Borrowed funds | 17 | 130,176,032 | 114,971,217 |
| Bonds | 18 | 14,850,000 | 16,100,000 |
| Sundry provisions | 19 | 1,022,532 | 137,610 |
| Income tax provision | 20 | 5,814,560 | 4,679,715 |
| Deferred tax liabilities | 20 | 7,337,607 | 8,463,508 |
| Other liabilities | 21 | 21,913,612 | 16,285,132 |
| Total liabilities | | 996,768,448 | 973,265,686 |
| Equity | | | |
| Bank's shareholders' equity | | | |
| Authorized share capital | 22 | 100,000,000 | 100,000,000 |
| Subscribed and paid in share capital | 22 | 100,000,000 | 100,000,000 |
| Statutory reserve | 23 | 29,728,357 | 27,263,225 |
| Financial asstt revaluation reserve | 24 | 12,255,295 | 13,475,675 |
| Retained earnings | 25 | 35,387,832 | 33,486,650 |
| Total equity attributable to the shareholders of the bank | | 177,371,484 | 174,225,550 |
| Non-controlling interest | 27 | 4,639,405 | 4,611,680 |
| Total equity | | 182,010,889 | 178,837,230 |
| Total Liabilities and Equity | | 1,178,779,337 | 1,152,102,916 |

The accompanying notes from 1 to 48 form an integral part of these consolidated financial statements and shall be read in conjunction therewith.

Consolidated Statement Of Income
For the year ended 31 December 2019

| | Note | For the year ended 31 December | |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------------|---------------------|
| | | 2019 JD | 2018 JD |
| Interest income | 28 | 76,460,109 | 71,539,962 |
| Interest expense | 29 | (41,859,280) | (38,796,641) |
| Net interest income | | 34,600,829 | 32,743,321 |
| Net commission income | 30 | 10,959,626 | 10,617,118 |
| Net interest and commissions income | | 45,560,455 | 43,360,439 |
| Gain from foreign currencies | 31 | 957,015 | 617,301 |
| Gain from financial assets at amortized cost | 9 | 344,828 | - |
| Gain of financial assets at fair value through the statement of income | 32 | 3,625 | 98,633 |
| Cash dividends from financial assets at fair value through other comprehensive income | 8 | 3,074,579 | 2,338,496 |
| Other income | 33 | 3,518,415 | 3,666,006 |
| Gross income | | 53,458,917 | 50,080,875 |
| Employees' expenses | 34 | (15,778,464) | (16,204,743) |
| Depreciation and amortization | 11,12,13 | (3,176,892) | (2,366,276) |
| Other expenses | 35 | (8,956,692) | (10,195,262) |
| Provision for impairment of seized assets based on Central Bank of Jordan regulations | 13 | 162,669 | 571,954 |
| Provision for expected credit losses on direct credit facilities | 10 | (2,155,060) | (622,494) |
| (Provision for) Recovered from expected credit loss in balances and deposits at banks and financial institutions accordance to IFRS (9) | 5, 6 | (36,862) | 27,844 |
| Recovered from expected credit loss in financial assets at amortized cost accordance to IFRS (9) | 9 | 124,779 | 71,674 |
| Recovered from Provision of expected credit loss in off-balance sheet items in accordance to IFRS (9) | 21 | 191,305 | 189,857 |
| Sundry provision | 19 | (923,165) | (354,983) |
| Total expenses | | (30,548,382) | (28,882,429) |
| Income for the year before income tax | 20 | 22,910,535 | 21,198,446 |
| Income tax expense | | (6,810,519) | (5,189,799) |
| Net income for the year | | 16,100,016 | 16,008,647 |
| Attributable to: | | | |
| Shareholders of the Bank | | 15,683,801 | 15,479,714 |
| Non-controlling interest | 27 | 416,215 | 528,933 |
| | | 16,100,016 | 16,008,647 |
| Basic and diluted earnings per share from net income for the year attributable to shareholders of the Bank | 36 | JD/ share 0.157 | JD/ share 0.155 |

The accompanying notes from 1 to 48 form an integral part of these consolidated financial statements and shall be read in conjunction therewith.

Consolidated Statement Of Comprehensive Income
For the year ended 31 December 2019

| | For the year ended 31 December | |
|---------------------------------------------------------------------------------------------------------|--------------------------------|-------------------|
| | 2019 | 2018 |
| | JD | JD |
| Net income for the year | 16,100,016 | 16,008,647 |
| Other comprehensive income items not to be reclassified to profit or loss in subsequent periods: | | |
| Changes in financial assets revaluation reserve -net of tax | (1,528,202) | 2,160,051 |
| Loss on sale of financial assets at fair value through other comprehensive income | (166,135) | (523,759) |
| Total other comprehensive income items | (1,694,337) | 1,636,292 |
| Total comprehensive income | 14,405,679 | 17,644,939 |
| Total comprehensive income attributable to: | | |
| Shareholders of the Bank | 13,988,682 | 17,116,006 |
| Non-controlling interest | 416,997 | 528,933 |
| | 14,405,679 | 17,644,939 |

The accompanying notes from 1 to 48 form an integral part of these consolidated financial statements and shall be read in conjunction therewith.

Consolidated Statement Of Changes In Equity For the year ended 31 December 2019

| | Paid in capital | Reserves | | | Retained earnings | Total shareholders' equity attributable to the Bank's shareholders | Non-controlling interest | Total equity |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------|-----------------------|------------------------------------|-------------------|--------------------------------------------------------------------|--------------------------|--------------------|
| | JD | Statutory | General banking risks | Financial Assets valuation reserve | JD | JD | JD | JD |
| Balance 1 January 2019 | 100,000,000 | 27,263,225 | - | 13,475,675 | 33,486,650 | 174,225,550 | 4,611,680 | 178,837,230 |
| Net income for the year | - | - | - | - | 15,683,801 | 15,683,801 | 416,215 | 16,100,016 |
| Net change in financial assets revaluation reserve - net of taxes | - | - | - | (1,528,984) | - | (1,528,984) | 782 | (1,528,202) |
| Loss from sale of financial at fair value through other comprehensive income transferred to retained earnings - net of taxes | - | - | - | 308,604 | (474,739) | (166,135) | - | (166,135) |
| Total other comprehensive income | - | - | - | (1,220,380) | 15,209,062 | 13,988,682 | 416,997 | 14,405,679 |
| Transferred to reserves | - | 2,465,132 | - | - | (2,465,132) | - | - | - |
| Dividends (note 26) | - | - | - | - | (11,000,000) | (11,000,000) | - | (11,000,000) |
| Effect of the increase of Investment in subsidiaries | - | - | - | - | 157,252 | 157,252 | (389,272) | (232,020) |
| Balance at 31 December 2019 | 100,000,000 | 29,728,357 | - | 12,255,295 | 35,387,832 | 177,371,484 | 4,639,405 | 182,010,889 |
| Balance at 1 January 2018 (as previously reported) | 100,000,000 | 25,004,513 | 6,365,000 | 12,477,651 | 30,033,210 | 173,880,374 | 4,916,610 | 178,796,984 |
| Effect of implementation of IFRS [9] – net of tax | - | - | - | - | (6,770,830) | (6,770,830) | (425,066) | (7,195,896) |
| Gains from financial assets at fair value through other comprehensive income transferred to retained earnings as a result of reclassification to financial assets at fair value through statement of income | - | - | - | - | - | - | - | - |
| Transferred from reserves* | - | - | (6,365,000) | (1,003,527) | 1,003,527 | - | - | - |
| Adjusted balance as at 1 January 2018 | 100,000,000 | 25,004,513 | - | 11,474,124 | 30,630,907 | 167,109,544 | 4,491,544 | 171,601,088 |
| Net income for the year | - | - | - | - | 15,479,714 | 15,479,714 | 528,933 | 16,008,647 |
| Net changes in financial assets revaluation reserve - net of taxes | - | - | - | 2,160,051 | - | 2,160,051 | - | 2,160,051 |
| Loss from sale of financial assets at fair value through other comprehensive income | - | - | - | (158,500) | (365,259) | (523,759) | - | (523,759) |
| Total other comprehensive income | - | - | - | 2,001,551 | 15,114,455 | 17,116,006 | 528,933 | 17,644,939 |
| Transferred to reserves | - | 2,258,712 | - | - | (2,258,712) | - | - | - |
| Dividends (note 26) | - | - | - | - | (10,000,000) | (10,000,000) | - | (10,000,000) |
| Investment in subsidiaries | - | - | - | - | - | - | (408,797) | (408,797) |
| As at 31 December 2018 | 100,000,000 | 27,263,225 | - | 13,475,675 | 33,486,650 | 174,225,550 | 4,611,680 | 178,837,230 |

- Included in retained earnings an amount of JD 11,472,794 as of 31 December 2019 restricted by the Central Bank of Jordan for deferred tax assets amounted to JD 11,309,801 as of 31 December 2018.

- Included in the retained earnings a restricted amount of JD 1,039,200 as of 31 December 2019 and 31 December 2018, based on Central Bank of Jordan request, which represents the remaining balance illegal transactions.

- Included in the retained earnings a restricted amount of JD 415,199 as of 31 December 2019 and 31 December 2018, which represents the effect of the early adoption of IFRS [9]. Such amount is restricted and can not be utilized unless realized through actual sale as instructed by Jordan Securities Commission.

- Retained earnings balance does not include any effect of reclassification of financial assets at fair value through statement of other comprehensive income to the portfolio of financial assets at fair value through statement of income as of 31 December 2019 against JD 1,003,527 as of 31 December 2018 to comply with the proper implementation of IFRS [9] according to the Central Bank of Jordan regulation no. [13/2018].

* General banking reserves balances amounting JD 6,365,000 as at 31 December 2017 have been transferred to retained earnings based on Central Bank of Jordan regulation [13/2018] to clear the effect of implementation of IFRS [9], and is restricted to be used after clearing.

- The balance of distributable retained earnings to the Bank's shareholders is JD 14,891,207 as at 31 December 2019 compared to JD 12,149,491 as at 31 December 2018.

- Use of financial assets revaluation reserve-net is restricted and requires prior approval from Central bank of Jordan.

The accompanying notes from 1 to 48 form an integral part of these consolidated financial statements and shall be read in conjunction therewith.

Consolidated Statement Of Cash Flows

For the year ended 31 December 2019

| | Note | For the year ended 31 December | |
|--------------------------------------------------------------------------------------------------------------------------|----------|--------------------------------|--------------------|
| | | 2019 JD | 2018 JD |
| Operating activities | | | |
| Income for the year before income tax | | 22,910,535 | 21,198,446 |
| Adjustment for: | | | |
| Depreciation and amortization | 11,12,13 | 3,176,892 | 2,366,276 |
| Provision for expected credit losses on direct credit facilities | 10 | 2,155,060 | 622,494 |
| Provision for employees end of service | 19 | 4,140 | 3,914 |
| Provision for lawsuits held against the bank | 19 | 863,307 | 361,763 |
| Release from provision of expected credit loss in financial assets and off-balance sheet items in accordance to IFRS (9) | | (279,222) | (289,375) |
| Release from provision for impairment of seized assets based on Central Bank of Jordan regulations | 13 | (162,669) | (567,222) |
| Releases from seized assets by the Bank in settlement of outstanding debt | 13 | - | (4,732) |
| Provision (recoveries from) Sundry provisions | 19 | 55,718 | (10,694) |
| (Gains) losses on sale of assets | | (17,620) | 8,769 |
| Gains on sale of financial assets at amortized cost | 9 | (344,828) | - |
| Gain on sale of assets seized by the Bank | 33 | (79,849) | (39,421) |
| Interest expense on operating lease liabilities | | 258,772 | - |
| Unrealized loss from financial assets at fair value through Statement of income | 32 | 108 | 44,585 |
| Dividends received on financial assets at fair value through other comprehensive income | 8 | (3,074,579) | (2,338,496) |
| Net interest income | | 37,453 | 364,198 |
| Effect of exchange rate fluctuations on cash and cash equivalents | 31 | (27,175) | (46,736) |
| Income before changes in assets and liabilities | | | |
| Changes in assets and liabilities | | 25,476,043 | 21,673,769 |
| Deposits at banks and financial institutions (maturing after more than 3 months) | 6 | (961,883) | 5,202,840 |
| Financial assets at fair value through Statement of Income | 7 | 1,878,108 | 1,395,963 |
| Direct credit facilities | 10 | 12,505,687 | (53,229,540) |
| Other assets | 13 | (3,480,656) | (1,099,505) |
| Customers' deposits | 15 | 17,255,376 | 71,419,409 |
| Cash margin | 16 | (15,656,960) | 12,154,476 |
| Other liabilities | 21 | (637,344) | 2,066,172 |
| Net cash flows generated from operating activities before income tax and provisions paid | | 36,378,371 | 59,583,584 |
| Paid from the lawsuits provisions and sundry provisions and Income tax paid | 19,20 | (5,921,403) | (6,077,575) |
| Net cash flows generated from operating activities | | 30,456,968 | 53,506,009 |

| | Note | For the year ended 31 December | |
|--------------------------------------------------------------------------------------------------|------|--------------------------------|--------------|
| | | 2019 | 2018 |
| | | JD | JD |
| Investing activities | | | |
| Purchase of financial assets at fair value through the statement of comprehensive income | | (7,381,166) | (5,903,907) |
| Sale of financial assets at fair value through the statement of comprehensive income | | 3,809,923 | 3,241,851 |
| Dividends received from financial assets at fair value through statement of comprehensive income | 8 | 3,074,579 | 2,338,496 |
| Financial assets at amortized cost | 9 | 15,216,842 | - |
| Purchase of financial assets at amortised cost | | (69,221,193) | (37,903,922) |
| Maturity of financial assets at amortized cost | | 8,137,698 | 20,479,748 |
| Purchase of property, equipment, and projects under construction | 11 | (1,488,285) | (1,963,992) |
| Proceeds from sale of property and equipment | | 47,379 | 1,640 |
| Purchases of intangible assets | 12 | (460,776) | (549,534) |
| Net cash flow used in purchase of new shares in subsidiaries | | (232,020) | (408,797) |
| Net cash flows used in investing activities | | (48,497,019) | (20,668,417) |
| Financing activities | | | |
| Dividend paid | 26 | (11,000,000) | (10,000,000) |
| Borrowed funds | 17 | 15,204,815 | (25,011,204) |
| Bonds | 18 | (1,250,000) | 13,100,000 |
| Net cash flows from (used in) financing activities | | 2,954,815 | (21,911,204) |
| Effect of exchange rate fluctuations on cash and cash equivalents | 31 | 27,175 | 46,736 |
| Net (decrease) increase in cash and cash equivalents | | (15,058,061) | 10,973,124 |
| Cash and cash equivalents at 1 January | | 180,723,437 | 169,750,313 |
| Cash and cash equivalents at 31 December | 38 | 165,665,376 | 180,723,437 |

The accompanying notes from 1 to 48 form an integral part of these consolidated financial statements and shall be read in conjunction therewith.

(1) General information

- INVESTBANK (the Bank) is a Jordanian public limited company established under No. (173) on 12 August 1982 under the Companies Law No. (12) for the year 1964 with a capital of JD 6.000,000 distributed over 6,000,000 shares with a nominal value of JD 1 per share. The Bank's capital was increased several times until it reached JD 77.500,000/ share as at 31 December 2010, and the Bank's capital was increased during the year 2011 so the subscribed and paid up capital was JD 85.250,000/ share.

The Bank's capital was also increased by JD 14.750,000 on 10 April 2012, so the subscribed and paid-up capital of the Bank was JD 100 million/ share.

- The head office of the bank is located in the city of Amman in the Shmeisani area, Abdul Hameed Sharaf Street, Tel. 5001500, P.O. 950601, Amman 11195, the Hashemite Kingdom of Jordan.

- The Bank provides all banking and financial works related to its activity through its twelve branches and branches inside the Kingdom and through its subsidiaries.

- INVESTBANK is a public shareholding company and is listed in Amman Stock Exchange.

- The consolidated financial statements were approved by the Board of Directors at its session number 01/ 2020 on 5 February 2020, and are subject to the approval of the General Assembly of Shareholders.

(2) Summary of significant accounting policies

The significant accounting policies adopted by the Bank in the preparation of these consolidated financial statements are set out below.

2-1 Basis of the preparation of the consolidated financial statements

- The consolidated financial statements for the year ended 31 December 2019 for the Bank and its subsidiaries (together "the Group") were prepared in accordance with the standards issued by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee affiliated to the International Accounting Standards Board, as endorsed by the Central Bank of Jordan and the applicable local laws and the instructions of the Central Bank of Jordan.

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:

- 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.
- 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 that have been reverted to the Bank appear in the consolidated statement of financial position within other assets at the amount of which they were reverted to the Bank or the fair value, whichever is less, 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. 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.

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

- The consolidated financial statements have been prepared in accordance with the historical cost principle, with the exception of financial assets at fair value through the consolidated income

statement and financial assets at fair value through other comprehensive income that appear at fair value at the date of the consolidated financial statements, as well as financial assets and liabilities that have been hedged against the risks of change in their value at fair value.

- The Jordanian Dinar is the presentation currency for the consolidated financial statements and is the Group's functional currency.

- The accounting policies used in preparation of the consolidated financial statements for the year ended 31 December 2019 are consistent with the accounting policies adopted for the year ended 31 December 2018 except as mentioned in Note 2-2.

2-2 Changes in accounting policy and disclosures

- The accounting policies used in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the last consolidated financial statements for the Group for the year ended 31 December 2018, except for the adoption of new standards and amendments to the existing standards as mentioned below.

A- 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:

- 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”.

- Amendments to IAS 19 ‘Employees’ benefits’

These amendments relate to an amendment to plans, curtailment, or adjustments.

- 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:

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

- IFRS 16 “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”.

- IFRS (16) was issued in January 2016 and is valid for financial periods beginning on or after 1 January 2019. The IFRS (16) states that all leases, and associated contractual rights and obligations should be recognised in the Group's financial position, unless the term is 12 months or less, or the lease is for low-value assets. Consequently, the classification required under IAS 17 "Leases" in operating or finance leases was cancelled for tenants. For each lease, the tenant recognises an obligation in exchange for the future rental obligations. In contrast, the right to use the leased asset is capitalised, which is generally equivalent to the present value of future rental payments plus directly attributable costs that are amortised over the useful life.

- The Group has chosen to use the simplified and permitted approach under IFRS 16 when applying IFRS 16 for the first time on individual operating leases (for each lease separately). The right to use the leased assets has been generally measured with an amount of the lease obligation by using the interest rate upon application for the first time.

- The right of use assets have been measured at an amount equal to the lease obligations, after being adjusted for any prepaid or accrued rental payments related to a lease recognised in the statement of financial position as at 31 December 2018. Under this method, no adjustments were recorded in the retained earnings as at 1 January 2019.

There were no leases of low-value that require an adjustment to the right to use assets on the date of the initial application.

- The right of use assets, which are recognised, relate to rental properties of the Bank, branches, subsidiaries, and ATMs as at 31 December 2019 and 1 January 2019.

Bank's lease activities and mechanism of accounting treatment:

- The Bank rents properties for use in its normal activities, and usually leases are for fixed periods ranging from one to ten years, and some of them may include options for extension and lease terms are negotiated on an individual basis and contain a set of different provisions and conditions. Leases do not include any covenants, and should not be used as collateral for borrowing purposes.

- Until the end of the fiscal year 2018, real estate leases were classified as operating leases, and the amounts paid for operating leases are recorded in the consolidated statement of income in accordance with the straight-line method during the lease term.

- As of 1 January 2019, leases have been recognised as right of use assets and related obligations on the date when the asset is ready for use by the Group, the value of each lease payment is distributed between the lease obligations and financing costs. The cost of financing 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 of use assets to use over the useful life of the asset or lease term, whichever is shorter, using the straight-line method.

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

- Fixed payments (including embedded fixed payments) less receivable lease incentives.
- Variable lease payments that do not depend on index or rate.

- Amounts expected to be paid by the lessee under the residual value guarantees.
 - The purchase option if the lessee is reasonably sure of exercising this option.
 - Payments for lease termination penalties, if the lease terms contain this option.
- Lease payments are discounted using the embedded interest rate or the lessee's incremental borrowing rate, if the former is not available, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.
- Right-of-use assets are measured at cost, that comprises the following:
- The initial measurement value of the lease obligations.
 - Any lease payments made on or before the starting date less any lease incentives received.
 - Any initial direct costs.
 - Return costs (renewal and restoration).
- Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of income. Short-term leases are leases with a lease term of 12 months or less, while low-value assets comprise equipment such as low-value IT equipment and small items of office furniture.
- When applying IFRS 16 for the first time, the Bank used the following practical expedients:
- Using a single discount rate for a portfolio of leases with reasonably similar properties.
 - Relying on previous valuations of whether the leases are of low-value.
 - Operating leases with a remaining lease term of less than 12 months as at 1 January 2019 are accounted for as short-term leases.
 - Excluding direct initial costs of measuring the right of use assets at the date of initial application.
 - Using the estimates to determine the term of the lease, as the contract contains options for extending or terminating the lease.
- The Bank has also chosen not to reassess whether or not the contract contains a lease on the date of the initial application. Instead, the Bank relied on valuation, for the contracts that were concluded before the date of transition, using the application of IAS No. (17) "Leases" and IFRIC No. (4) "Determining whether an arrangement involves a lease."

Impact on the consolidated financial statements:

- The right of use assets have been measured at an amount equal to the lease obligations, having been modified by any prepaid or accrued lease payments related to a lease contract recognised in the consolidated statement of financial position as at 31 December 2018. Under this method, no adjustments were recorded in the retained earnings as at 1 January 2019.
- When applying IFRS 16, the Group recognised rights of use assets of JD 6,986,238 and leases obligations of JD 5,158,473. Below are the details of the rights of use assets, lease obligations and the interest rate of borrowing used.

As at 1 January 2019, the Group had non-cancellable operating lease obligations of JD 6,180,517.

The impact on the consolidated statement of income is to reduce the lease expense by an amount of JD 1,069,925, increase the depreciation expense by an amount of JD 964,346, and increase the interest expense by an amount of JD 258,772.

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 | 6,180,517 |
| Deduction of operating lease obligations, using the additional the lessee's borrowing rate of 4.85% | (1,022,044) |
| Operating lease obligations as at 1 January 2019 | 5,158,473 |
| Add: Interest expense during the year | 258,772 |
| Less: Obligations settled during the year | 1,097,413 |
| Operating lease obligation as at 31 December 2019 | 4,319,832 |
| Including: | |
| Operating lease obligations due within a period of less than one year | 1,006,320 |
| Operating lease obligations due within a period of more than one year | 3,313,512 |

Movement on the right of use lease assets

| Item | 'As at 1 January 2019 |
|---------------------------------------------------------------------------------------------------------|-----------------------|
| The present value of the right of use leased assets as at 1 January 2019 using a discount rate of 4.85% | 5,158,473 |
| Balance of prepaid rent as at 1 January 2019 | 1,827,765 |
| Adjusted balance as at 1 January 2019 | 6,986,238 |
| Less: Depreciation during the year | (964,346) |
| Right of use lease assets as at 31 December 2019 | 6,021,892 |

Movement on the right of use lease assets

| | 31 December 2019 JD | 1 January 2019 JD |
|-----------------------------|------------------------|----------------------|
| Right of use lease assets | 6,021,892 | 6,986,238 |
| Operating lease obligations | (4,319,832) | (5,158,473) |

B. New and revised IFRSs issued and not yet in effect:

- The Bank did not implement the new and revised IFRSs listed below, which are issued but not yet in effect 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 in a different version of the conceptual framework.

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 affiliate or joint venture.

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

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:

- 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.

- 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 that have been reverted to the Bank appear in the consolidated statement of financial position within other assets at the amount of which they were reverted to the Bank or the fair value, whichever is less, 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. 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.

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

Basis of the consolidation of financial statements:

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

- Has the ability to control the investee;
- Is exposed to variable returns, or has the right to variable returns, resulting from its association with the investee;
- Has the ability to use its power to influence the returns of the investee.

The bank will re-estimate whether it controls the investees or not if the facts and circumstances indicate that there are changes on one or more of the control points referred to above.

In the event that the Bank's voting rights fall below the majority of voting rights in any of the investees, it will have the power to control when voting rights are sufficient to give the Bank the ability to unilaterally direct the related subsidiary activities. The bank takes into account all facts and circumstances when estimating whether the Bank has voting rights in the investee that are sufficient to give it the ability to control or not. These facts and circumstances include:

- The volume of voting rights the Bank has in relation to the number and distribution of other voting rights;
- Potential voting rights held by the Bank and any other voting rights holders or parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances indicating that the bank has, or does not have, a current responsibility to direct the relevant activities at the time the required decisions are taken, including how to vote in meetings of previous general assemblies meetings.

The subsidiary is consolidated when the Bank controls the subsidiary and is deconsolidated when the Bank loses control of the subsidiary. Specifically, the results of operations of subsidiaries acquired or excluded during the year are included in the consolidated statement of income from the date on which control is achieved until the date that control of the subsidiary is lost.

Profits and losses and each item of the comprehensive income are distributed to the owners in the entity and the non-controlling interest, the comprehensive income for the subsidiaries belonging to the owners in the entity and the non-controlling share is distributed even if this distribution will lead to a deficit in the balance of the non-controlling interest.

Adjustments are made to the financial statements of the subsidiaries, when required, to align their accounting policies with those used by the Bank.

All assets, liabilities, equity, income and expenses related to transactions and balances between the Bank and its subsidiaries are excluded upon consolidation.

The 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 consolidated statement of income, 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 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.

These consolidated financial statements include the Bank its following subsidiaries as at 31 December 2019:

| Name of the Company | Paid in Capital | Banks Ownership | Company's activity at nature | Company's headoffice | Date of acquisition |
|------------------------------------------|-----------------|-----------------|---------------------------------------------------|----------------------|---------------------|
| Al-Mwared for Financial Brokerage | 5,000,000 | 100% | Brokerage | Amman | 2006 |
| Tamkeen Leasing Co* | 20,000,000 | 97.5% | Finance lease | Amman | 2006 |
| Al Istethmari Latemweel Selselat | | | Management and operation | | |
| Al Imdad Company | 3,000,000 | 94% | of bonded warehouses | Amman | 2010 |
| Jordanian Factoring Company** | 30,000 | 100% | Factoring of receivables | Amman | 2011 |
| Jordan Trade Facilities Company | 16,500,000 | 95.3% | Granting loans and facilities | Amman | 2016 |
| Trade Facilities for Finance Leasing Co. | 2,000,000 | 95.3% | Finance lease. | Amman | 2016 |
| Bindar Trade and Investment Company | 20,000,000 | 94.6% | Granting loans and facilities | Amman | 2017 |
| Ruboua Al Sharq Real Estate Company | 50,000 | 94.6% | Sale of lands and properties owned by the Company | Amman | 2017 |
| Rakeen Real Estate Company | 30,000 | 94.6% | Sale of lands and properties owned by the Company | Amman | 2017 |
| Bindar Finance Lease Company | 1,000,000 | 94.6% | Finance lease. | Amman | 2017 |

* Based on the decision of the General Assembly at its extraordinary meeting held on 18 October 2018, the capital of Tamkeen Financial Leasing Company was increased by JD 10,000,000 so the authorised and paid up capital is JD 20,000,000, and the procedures for increasing the capital were completed on 11 November 2018.

** Jordanian Factoring Company was established on 21 December 2011 and has not started its business until the date of these consolidated financial statements.

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 accounting policies used by the Bank.

In the case of preparing separate financial statements for the Bank as a separate entity, the investments in the subsidiaries are stated at cost.

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 management 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.

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 income is also included in the fair value movement during the period.

The 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 income 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.

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 income 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 upon receipt of services

Contracts with clients that result in recognition of financial instruments, part of which may be related to IFRS (9) or (15), in which case commissions are recognised in the part related to IFRS (9) and the remainder is recognised according to the IFRS (15).

Net income of financial instruments at fair value through the consolidated statement of income:

Net income from financial instruments at fair value through the consolidated statement of income includes all gains and losses resulting from changes in the fair value of financial assets and financial liabilities at fair value through the consolidated statement of income.

The Bank has elected to present the movement at the full fair value of the assets and liabilities at fair value through the consolidated statement of income in this item, including interest income, expenses and related stock dividends.

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.

The dividends distribution in the consolidated statement of income depends on the classification and measurement of the shares, i.e.:

- With regard to equity instruments held through the consolidated statement of income, dividend income is included in the consolidated statement of income under the item of profit (loss) of financial assets at fair value through the consolidated statement of income.
- In the case of equity instruments classified as fair value through other comprehensive income, dividends are included in the consolidated statement of income as dividend from financial assets at fair value through other comprehensive income.

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 on initial recognition (i.e. profit or loss on the first day).
- In all other cases, the fair value will be 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.

Financial assets:

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 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:

- The 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.
- The financing instruments held within the business model that aim to both collect contractual cash flows and sell debt instruments, which have contractual cash flows that 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.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms 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 payments of the principal and interest only:

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 statement of income:

Financial assets at fair value through statement of income are:

- Assets of contractual cash flows, and which have are not (SPPI).
- Assets held within the business model other than those held to collect contractual cash flows or held for collection and sale.
- 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 consolidated statement of income.
- 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 consolidated statement of income. Other exchange differences are recognised in OCI in the investments revaluation reserve.
- For financial assets measured at amortised cost through the consolidated statement of income that are not part of a designated hedging relationship, gains and losses of exchange differences are recognised in the consolidated statement of income.
- 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 consolidated statement of income (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.
- 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 consolidated statement of income are recorded at fair value with any unrealised gains or losses arising from changes in the fair value recognised in investment income.

Expected credit losses:

The Bank recognises loss allowances for expected credit loss on the following financial instruments that are not measured at fair value through the consolidated 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.
- Financial guarantees provided in accordance with the requirements of IFRS 9.
- Receivables related to leases are within the requirements of IAS (17) and IFRS (16).
- Trade receivables.
- Credit exposures to banks and financial institutions [excluding current balances used to cover the Bank's transactions such as remittances, guarantees and credits within a very short period of time (days)].
- 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.

Impairment loss is not recognised in equity instruments.

With the exception and notes Impairment losses are Purchased or Originated rating-Impaired' (POCI) financial assets (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.
- 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.

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, or on the portfolio basis 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.
- 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 consolidated statement of income. 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 more than 90 days on any significant credit obligation to the Bank.
- 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 internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- The remaining lifetime PD at the date of reporting.
- 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.

As a back-stop when an asset becomes 50 days past due, the Bank considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Modification and de-recognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset.

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

The bank renegotiates loans 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.
- 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.
- 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 consolidated statement of income, 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 consolidated statement of income.

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 and taking the necessary approvals. 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 income 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;

- Loans commitments and financial guarantee contracts: as a provision.

- 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.

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 FVTPL or designated as at FVTPL; are measured at fair value with changes recognised immediately in profit or loss.

- Lease receivables.

- 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.

Treasury shares:

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

Composite instruments:

The component parts of the composite instruments (such as convertible notes) issued by the Bank are classified separately as financial liabilities and equity in accordance with the content of the contractual arrangements, definitions of financial liabilities and equity instruments.

The transfer option that will be settled by exchanging a fixed cash amount or other financial asset for a specified number of the company's equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing interest rate in the market for similar non-convertible instruments. In the case of non-embedded related derivatives, they are first separated and the remaining financial liabilities are recorded on an amortised cost basis using the effective interest method until they are extinguished upon conversion or on the instrument's maturity date.

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 consolidated statement of income:

Financial liabilities are classified at fair value through the consolidated statement of income when financial liabilities (a) are held for trading or (b) are classified at fair value through the consolidated statement of income. 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.
- 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 consolidated statement of income 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.
 - 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 FVTPL are stated at fair value through the consolidated statement of income with any gains or losses arising on remeasurement recognised in the consolidated statement of income to the extent that they are not part of a designated hedging relationship.

The net gain or loss recognised in the consolidated statement of income 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 consolidated statement of income, 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 income. The remaining amount of changes in the fair value of the liability is recognised in the consolidated statement of income, 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 consolidated statement of income. 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 consolidated statement of income, all gains and losses are recognised in the consolidated statement of income.

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 income, the Bank assesses whether it expects to offset the effects of changes in the credit risk of the liabilities in the consolidated statement of income with a change in the fair value of another financial instrument that has been measured at fair value through the consolidated statement of income.

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 income.

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 consolidated statement of income immediately unless the derivative is identified and are effective as a hedging instrument, in which case the timing of recognition in the consolidated statement of income 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 consolidated statement of income.

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 consolidated statement of income 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).
- 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 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 specify any financial guarantee contracts at fair value through the consolidated statement of income.

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).
- 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.

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.
- 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 ratio 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 consolidated statement of income 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 consolidated statement of income 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 consolidated statement of income. 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 consolidated statement of income 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 consolidated statement of income, 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 consolidated statement of income 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 consolidated statement of income.
- Amounts previously recognised in other comprehensive income and the accumulation of shareholders' equity in the consolidated statement of income 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 consolidated statement of income.
- 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 consolidated statement of income.

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.

Accounts managed for the interest of clients

- Accounts managed by the Bank on behalf of clients are not considered as assets of the Bank. Fees and commissions for managing these accounts are shown in the consolidated statement of income. A provision is made against the decrease in the value of the capital-guaranteed portfolios, which are managed for the interest of clients.

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

Provisions

- Provisions are recognised when the Bank has obligations at the date of the consolidated statement of financial position arising from past events and obligations can be paid and measured reliably.

Employees' benefits

Employees' short term benefits

- Employee's short term benefits are recognised as expenses when providing related services. The commitment relating to the amount expected to be paid is recognised when the Bank has a current legal or constructive obligation to pay for the previous services provided by the employee and the obligation can be estimated reliably.

Employees' other long-term benefits

- The Bank's net liabilities in relation to employees' benefits are the amount of future benefits that employees have received for their services in the current and previous periods. Those benefits are deducted to determine their present value. The remeasurement is recognised in the consolidated statement of profit or loss in the period in which it arises.

Income tax

- Tax expenses represent amounts of tax payable and deferred tax.
- Payable tax expenses are calculated based on taxable profits. Taxable profits are different from profits disclosed in the consolidated financial statements, as the disclosed profits include revenue that is not subject to tax, expenses that are not deductible in the financial year but in subsequent years or accumulated losses that are accepted in terms of tax, or items that are not taxable or deductible for tax purposes.
- Taxes are calculated as per the tax rates established by the laws, regulations and instructions applicable in the countries where the Bank operates.
- Deferred tax is the tax expected to be paid or recovered as a result of temporary timing differences between the value of assets or liabilities in the consolidated financial statements and the value based on which taxable profit is calculated. Deferred tax is calculated using the liability method in the statement of financial position, and deferred tax is accounted for in accordance with tax rates expected to be applied to settle the tax liability or realise deferred tax assets.
- Deferred tax balance is reviewed at the consolidated financial statements date and written down when it is not probable to utilise tax assets partially or fully.

Assets reverted to the Bank in settlement of due debts

- Assets reverted to the Bank are recognised in the consolidated statement of financial position within the "other assets" item at the lower of the value reverted to the Bank and the fair value, and are revaluated at the consolidated financial statements date at fair value separately. Any impairment is recorded as a loss in the consolidated statement of profit or loss and the increase is not recognised as revenue. Subsequent increase is included in the consolidated statement of profit or loss to the extent that impairment value does not exceed the previously recorded value.

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.

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.

Repurchase or sale contracts

- Sold assets, which are simultaneously committed to be repurchased at a future date, because the Bank continues to control those assets and because any risks or benefits accrue to the Bank as they occur, continue to be recognised in the consolidated financial statements. They continue to be evaluated according to the accounting policies used. (In the event that the buyer has the right to dispose of these assets (sale or re-pledging), they must be reclassified as pledged financial assets). The amounts corresponding to the amounts received for these contracts are included in the liabilities in the borrowed funds line item, and the difference between the sale and repurchase price is recognised as interest expense to be accrued over the life of the contract using the effective interest method.

- As for the assets purchased with the simultaneous commitment to resell them on a specific future date, they are not recognised in the consolidated financial statements, due to the lack of control over these assets and because any risks or benefits that are not assigned to the bank if they occur, and the amounts paid related to these contracts, are included in deposits at banks and other financial institutions or within credit facilities, as the case may be. The difference between the purchase price and the resale price is treated as interest income due over the contract period using the effective interest method.

Property and equipment

- Property and equipment are stated at cost, less the accumulated depreciation and any impairment.

Property and equipment are depreciated (excluding) lands), when they are ready for use at the straight-line method over their expected useful lives using the following annual percentages:

| | % |
|----------------------------------|---------|
| Buildings | 2 |
| Equipment, devices and furniture | 10 - 25 |
| Transport | 15 - 20 |
| Computers | 20 |
| Decorations | 25 |

- The value of an item of property and equipment is written down to its recoverable amount if its net carrying amount is greater than its recoverable amount. Impairment is recognised in the consolidated statement of income.

- The useful lives of property and equipment are reviewed at the end of each year, and if the expectations of the useful lives differ from the estimates made previously, then the change in the estimate for subsequent years is recognised as a change in the estimates.

- Property and equipment are derecognised at disposal or when there are no expected future benefits from their use or disposal.

Intangible assets

Goodwill

- Goodwill is recorded at cost which represents the increase in the acquisition or purchase cost of an investment over the fair value of the company's net assets at the acquisition date. Goodwill resulting from investing in subsidiaries is recorded in a separate item as intangible assets. Goodwill resulting from investing in associates appears as part of the investment account in the associate and the cost of goodwill is subsequently reduced by any impairment in the investment value.
- Goodwill is allocated to cash-generating unit(s) for the purpose of impairment testing.
- Goodwill impairment is tested at the reporting date. Goodwill is written down if there is an indication that it is impaired and if the estimated recoverable amount of cash-generating unit (s) to which the goodwill belongs is lower than the carrying amount of the cash-generating unit (s). Impairment is recognised in the consolidated statement of income.

Other intangible assets

- Intangible assets that are acquired through the merger are stated at fair value at the date of acquisition. The intangible assets that are obtained by a method other than the merger are stated at cost.
- Intangible assets are classified on the basis of their estimated lifetime for a definite or indefinite period. Intangible assets that have a definite lifetime are amortised during this lifetime and are recognised in the consolidated statement of income. For intangible assets that have a indefinite lifetime, their impairment is reviewed at the date of the consolidated financial statements and any impairment is recognised in the consolidated statement of income.
- Intangible assets resulting from the Bank's business are not capitalised and are recognised in the consolidated statement of income in the same period.
- Any indications for the impairment of intangible assets are reviewed at the date of the financial statements. The estimate of the useful lives of those assets is reviewed and any adjustments are made for subsequent periods.
- Computer software and systems: these are amortised using the straight-line method over a period not exceeding 3 years from the date of purchase.

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 the depreciation or amortisation has taken place if the impairment loss is not recognised.

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.



Foreign currencies

- 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 consolidated statement of income 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 income.

- 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 recognized in the consolidated statement of income. 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 income.

Leases

- The Bank has implemented IFRS (16) "Leases" that have replaced existing guidance on leases as of 1 January 2019, including IAS (17) "Leases" and IFRIC (4) "Determining whether an arrangement contains a lease", SIC (15) "Operating lease -incentives" and SIC (27) retrospectively from 1 January 2018 "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 Bank 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 (37) "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.

Cash and cash equivalents:

- Cash and cash equivalents comprise cash and cash balances that mature within three months. They include cash and balances at banks and financial institutions, less deposits at banks and financial institutions that mature within three months, as well as restricted balances.

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.

- Critical accounting judgments and key sources of estimation uncertainty:

- The preparation of the consolidated financial statements and the application of accounting policies require the Bank's management to make estimates and judgements that affect the amounts of assets and liabilities and the disclosure of contingent liabilities. These estimates and judgments generally affect the revenues, expenses, provisions and ECLs, as well as the changes in fair value that appears in the consolidated statement of comprehensive income and within shareholders' equity. Specifically, the Bank's management is required to issue critical judgements and assumptions to estimate the amounts of future cash flows and their timings. Such estimates are necessarily based on assumptions and several factors involving varying degrees of estimations and uncertainty. Therefore, actual results may differ from the estimates as a result of changes in conditions and circumstances of those estimates in the future.

- Judgements, estimates and assumptions are reviewed on an ongoing basis. The impact of change in estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

- The Bank's management believes that its estimates in the consolidated financial statements are reasonable and detailed as follows:

- Impairment of seized properties:

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

- Useful lives of tangible assets and intangible assets:

Management reassessed the useful lives of tangible assets and intangible assets periodically for the purpose of calculating annual depreciation and amortisation based on the overall condition of those assets and estimates of expected useful lives in the future useful lives. Impairment loss is taken to the consolidated statement of income for the year.

- 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.

- Lawsuits Provision:

A provision is made for any potential legal obligations based on the legal study prepared by the Bank's legal advisor that identifies the potential risks that may occur in the future. Such study is reviewed periodically.

- end of service Provision:

The provision for end-of-service benefits that represents the Bank's obligations to employees is calculated and computed according to the Bank's internal regulations.

- Assets and liabilities that are stated at cost:

Management reviews, on a regular basis, the assets and liabilities that are stated at cost to estimate impairments, if any. Impairment losses are recognised in the consolidated statement of income for the year.

- 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 (39).

- Business model assessment:

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence, including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

- Significant increase in credit risk:

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Bank takes into account qualitative and quantitative reasonable and supportable forward looking information. Estimates used by the Bank's management, which are related to the significant change in credit risk that lead to a change in classification within the three stages (1, 2, and 3) are detailed in Note (39).

- Establishing groups of assets with similar credit risk characteristics:

When the expected credit losses are measured on a collective basis, the financial instruments are grouped based on common risk characteristics (such as the type of instrument, the degree of credit risk, the type of collateral, the initial recognition date, the remaining period of maturity date, the industry, the borrower's geographic location, etc.). The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

- Re-segmentation of portfolios and movement between portfolios:

Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECL, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECL but the amount of ECL changes because the credit risk of the portfolios differ.

- Models and assumptions used:

The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL, as outlined in Note (39). Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

A- Classification and measurement of financial assets and liabilities

- The Bank classifies financial instruments or components of financial assets upon initial recognition, either as a financial asset, financial liability, or an equity instrument in accordance with the substance of the contractual agreements and the definition of the instrument. Reclassification of a financial instrument in the consolidated financial statements is subject to its substance rather than its legal form.
- The Bank determines the classification upon initial recognition as well as a reassessment of that determination, if possible and appropriate, at the date of each consolidated statement of financial position.
- When measuring financial assets and liabilities, some of the Bank's assets and liabilities are remeasured at fair value for the purposes of preparing financial reports. When estimating the fair value of any of the assets or liabilities, the Bank uses the observable available market data. In the absence of Level 1 inputs, the Bank performs the assessments using professionally qualified independent evaluators. The Bank works in close cooperation with qualified external evaluators to develop appropriate valuation techniques and data on the fair value estimation model.

B. Classification and measurement of financial assets and liabilities

- In the event that it is not possible to obtain from the active markets the fair values of the financial assets and financial liabilities included in the consolidated statement of financial position, those fair values are determined using a set of valuation techniques that include the use of mathematical models. The data entered for these models is obtained from the market data, if possible. In the absence of such market data, fair values are determined by judgment. These provisions include considerations of liquidity and data entered for the models, such as volatility of derivatives, longer-term discount ratios, prepayment ratios and default ratios on securities backed by the assets. Management believes that the valuation techniques used were appropriate to determine the fair value of the financial instruments.

- Options of extension and termination of leases

Extension and termination options 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.

- Determination of lease term

In determining the lease term, 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.

- Key sources of estimation uncertainty

The following are key estimations that the management has used in the process of applying the of the Bank's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:

- Establishing the number and relative weightings of forward-looking scenarios for each type of types product/ MARKET and determining the forward looking information relevant to each scenario:

When measuring ECL, the Bank uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

- Probability of default (PD)

PD is a key entry point in the measurement of expected credit loss. PD is an estimate of the probability of default, over a certain period of time, which includes the computation of historical data, assumptions and projections related to future conditions.

- Loss given default (LGD)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

- Measurement and assessment procedures of fair value

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

- Discounting 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.

(4) Cash and balances at the Central Bank of Jordan

This item consists the following:

| Investing activities | 31 December 2019 JD | 31 December 2018 JD |
|----------------------------------------|------------------------|------------------------|
| Cash on hand | 13,977,574 | 13,863,348 |
| Balances at the Central Bank of Jordan | | |
| Current and demand accounts | 5,238,947 | 453,351 |
| Term and notice deposits | 16,000,000 | 15,000,000 |
| Statutory cash reserve | 53,342,930 | 54,373,385 |
| Certificate of deposit | 32,200,000 | 48,000,000 |
| Total | 120,759,451 | 131,690,084 |

- There are no restricted balances except for the mandatory cash reserve as at 31 December 2019 and 31 December 2018.
- There are no amounts matured during a period of more than 3 months as at 31 December 2019 and 31 December 2018.
- The Bank has not calculated and recorded the provision for expected credit losses on the balances with the Central Bank of Jordan, in accordance at the Central Bank of Jordan's instructions regarding the implementation of IFRS (9).

(5) Balances at banks and financial institutions

This item consists of the following:

| Investing activities | Local Banks And Financial Institutions | | Foreign Banks And Financial Institutions | | Total | |
|----------------------------------------------|-------------------------------------------|-------------------|---------------------------------------------|-------------------|-------------------|-------------------|
| | 31 December | | 31 December | | 31 December | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current and demand accounts | 305,308 | 213,748 | 24,461,734 | 20,363,980 | 24,767,042 | 20,577,728 |
| Deposits maturing within 3 months or less | 16,921,807 | 28,318,659 | 16,140,640 | 11,633,345 | 33,062,447 | 39,952,004 |
| Less: provision for expected credit loss | (62,755) | (31,504) | (2,545) | (1,730) | (65,300) | (33,234) |
| Total | 17,164,360 | 28,500,903 | 40,599,829 | 31,995,595 | 57,764,189 | 60,496,498 |

- Balances at banks and financial institutions, non-bearing interest amounted to JD 24,877,234 as at 31 December 2019 compared to JD 20,591,498 as at 31 December 2018.
- There are no restricted balances as at 31 December 2019 and 31 December 2018.

Balances at banks and financial institutions movement:

| 2019 | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|------------------------------------------------------|------------------------|------------------------|----------|-------------------|
| Total balance as at the beginning of the year | 60,529,732 | - | - | 60,529,732 |
| New balances during the year | 41,483,385 | - | - | 41,483,385 |
| Plaid balances (Repaid/Derecognized) | (44,183,628) | - | - | (44,183,628) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | - | - | - |
| Changes from amendments | - | - | - | - |
| Written off balances | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - |
| Total Balance as of year end | 57,829,489 | - | - | 57,829,489 |

| 2018 | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|------------------------------------------------------|------------------------|------------------------|----------|-------------------|
| Total balance as at the beginning of the year | 71,613,034 | - | - | 71,613,034 |
| New balances during the year | 60,529,732 | - | - | 60,529,732 |
| Plaid balances (Repaid/Derecognized) | (71,613,034) | - | - | (71,613,034) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | - | - | - |
| Changes from amendments | - | - | - | - |
| Written off balances | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - |
| Total Balance as of year end | 60,529,732 | - | - | 60,529,732 |

| 2019 | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|----------|---------------|
| Balance at beginning of the year | 33,234 | - | - | 33,234 |
| Impairment loss on new balances during the year | 65,300 | - | - | 65,300 |
| Recoveries from impairment loss on (repaid/ derecognised) | (33,234) | - | - | (33,234) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | - | - | - |
| Effect on the provision -as at the end of the year- from the classification change among the three stages during the year | - | - | - | - |
| Changes resulting from modifications | - | - | - | - |
| Written off balances | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - |
| Total Balance as of year end | 65,300 | - | - | 65,300 |

| 2018 | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|----------|---------------|
| Balance the beginning of the year (as previously reported) | - | - | - | - |
| The impact of adopting IFRS (9) | 49,639 | - | - | 49,639 |
| Adjusted balance as at the beginning of the year | 49,639 | - | - | 49,639 |
| Impairment loss on new balances during the year | 33,234 | - | - | 33,234 |
| Recoveries from impairment loss on (repaid/ derecognised) balances | (49,639) | - | - | (49,639) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | - | - | - |
| Effect on the provision -as at the end of the year- from the classification change among the three stages during the year | - | - | - | - |
| Changes resulting from modifications | - | - | - | - |
| Written off balances | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - |
| Total Balance as of year end | 33,234 | - | - | 33,234 |

(6) Deposits at banks and financial institutions

This item consists the following:

| | Local Banks And Financial Institutions | | Foreign Banks And Financial Institutions | | Total | |
|-----------------------------------------------|-------------------------------------------|------------------|---------------------------------------------|------------|------------------|------------------|
| | 31 December | | 31 December | | 31 December | |
| | 2019 JD | 2018 JD | 2019 JD | 2018 JD | 2019 JD | 2018 JD |
| Deposits matured within more than 3 months | 5,000,000 | 5,810,617 | 1,772,500 | - | 6,772,500 | 5,810,617 |
| Less: provision for expected credit loss | (19,424) | (14,780) | (152) | - | (19,576) | (14,780) |
| Total | 4,980,576 | 5,795,837 | 1,772,348 | - | 6,752,924 | 5,795,837 |

* There are no restricted deposits as at 31 December 2019 and 31 December 2018.

Movement on the deposits at banks and financial institutions:

| 2019 | Stage 1 Individuals JD | Stage 2 Individuals JD | Stage 3 JD | Total JD |
|------------------------------------------------------|------------------------------|------------------------------|---------------|------------------|
| Total balance as at the beginning of the year | 5,810,617 | - | - | 5,810,617 |
| New balances during the year | 1,772,500 | - | - | 1,772,500 |
| Paid balances (Repaid/Derecognized) | (810,617) | - | - | (810,617) |
| Transferred to Stage 1 | - | - | - | - |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | - | - | - |
| Changes from amendments | - | - | - | - |
| Written off balances | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - |
| Total Balance as of year end | 6,772,500 | - | - | 6,772,500 |

| 2018 | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|------------------------------------------------------|------------------------|------------------------|----------|------------------|
| Total balance as at the beginning of the year | 11,013,457 | - | - | 11,013,457 |
| New balances during the year | 5,810,617 | - | - | 5,810,617 |
| Plaid balances (Repaid/Derecognized) | (11,013,457) | - | - | (11,013,457) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | - | - | - |
| Changes from amendments | - | - | - | - |
| Written off balances | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - |
| Total Balance as of year end | 5,810,617 | - | - | 5,810,617 |

Provision For expected credit loss movement:

| 2019 | Stage 1 Individuals JD | Stage 2 Individuals JD | Stage 3 JD | Total JD |
|---------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|---------------|---------------|
| Balance at beginning of the year | | | | |
| Impairment loss on new balances during the year | 14,780 | - | - | 14,780 |
| Recoveries from impairment loss on (repaid/ derecognised) balances | 6,858 | - | - | 6,858 |
| Transferred to stage 1 | (2,062) | - | - | (2,062) |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | - | - | - |
| Impact on the provision -as at the end of the year- from the classification change among the three stages during the year | - | - | - | - |
| Changes resulting from modifications | - | - | - | - |
| Written off balances | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - |
| Total Balance as of year end | 19,576 | - | - | 19,576 |

| 2018 | Stage 1 Individuals JD | Stage 2 Individuals JD | Stage 3 JD | Total JD |
|---------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|---------------|-------------|
| Balance at the beginning of the year (as previously reported) | - | - | - | - |
| The impact of adopting IFRS (9) | 26,219 | - | - | 26,219 |
| Adjusted balance as at the beginning of the year | 26,219 | - | - | 26,219 |
| Impairment loss on new balances during the year | 14,780 | - | - | 14,780 |
| Recoveries from impairment loss on (repaid/ derecognised) balances | (26,219) | - | - | (26,219) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | - | - | - |
| Impact on the provision -as at the end of the year- from the classification change among the three stages during the year | - | - | - | - |
| Changes resulting from modifications | - | - | - | - |
| Written off balances | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - |
| Total Balance as of year end | 14,780 | - | - | 14,780 |

(7) Financial assets at fair value through statement of income

This item consists the following:

| | 31 December 2019 JD | 31 December 2018 JD |
|------------------|------------------------|------------------------|
| Companies shares | 9,666 | 1,887,882 |
| Investment funds | 1 | 1 |
| Total | 9,667 | 1,887,883 |

(8) Financial assets at fair value through other comprehensive income

This item consists the following:

| | 31 December 2019 JD | 31 December 2018 JD |
|-----------------|------------------------|------------------------|
| Quoted shares | 36,855,325 | 37,496,625 |
| Unquoted shares | 7,086,325 | 5,327,710 |
| Total | 43,941,650 | 42,824,335 |

* The fair value of unlisted shares was determined according to the third level of fair value determination, using the book value, which is the best available tool for measuring the fair value of these investments.

- The value of losses realised from the sale of assets at fair value through other comprehensive income amounted to JD 474,739 for the year ended 31 December 2019 compared to JD 365,259 for the year ended 31 December 2018 that was directly credited to the retained earnings in equity.

- Cash dividends on the above financial assets amounted to JD 3,074,579 for the year ended 31 December 2019 compared to JD 2,338,496 for the year ended 31 December 2018.

(9) Financial assets at amortised cost

The details of this item are as follows:

| Quoted financial assets | 31 December 2019 JD | 31 December 2018 JD |
|----------------------------------------------------------|------------------------|------------------------|
| Government bills and treasury bonds | 81,564,543 | 43,035,401 |
| Companies bonds and debentures | 6,378,637 | 13,055,102 |
| Total | 87,943,180 | 56,090,503 |
| Financial assets with no market prices available: | | |
| Government bills and treasury bonds | 31,620,558 | 30,981,754 |
| Companies bonds and debentures | 49,620,000 | 35,900,000 |
| Total | 81,240,558 | 66,881,754 |
| Expected credit loss provision accordance with IFRS (9) | (149,146) | (273,925) |
| Total financial assets at amortised cost | 169,034,592 | 122,698,332 |
| Analysis bonds and treasury bills | | |
| Fixed rate | 110,513,780 | 55,650,138 |
| Floating rate | 58,520,812 | 67,048,194 |
| | 169,034,592 | 122,698,332 |

- During 2019, the Bank sold financial assets at amortized cost before its maturity date, at a value of JD 14,872,014, and this resulted in profits of JD 344,828.

- The Bank has not calculated and recorded the provision for expected credit losses on government bills and treasury bonds, in accordance with the Central Bank of Jordan's instructions regarding the implementation of IFRS (9).

Financial assets at amortised cost movement:

| 2019 | Stage 1 Individuals JD | Stage 2 Individuals JD | Stage 3 JD | Total JD |
|------------------------------------------------------|------------------------------|------------------------------|---------------|--------------------|
| Total balance as at the beginning of the year | 122,972,257 | - | - | 122,972,257 |
| New investment during the year | 61,908,182 | - | - | 61,908,182 |
| Matured/ derecognised investments | (15,696,701) | - | - | (15,696,701) |
| Change in fair value | - | - | - | - |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | (5,120,000) | 5,120,000 | - | - |
| Transferred to stage 3 | - | - | - | - |
| Changes from amendments | - | - | - | - |
| Written off balances | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - |
| Total Balance as of year end | 164,063,738 | 5,120,000 | - | 169,183,738 |

| 2018 | Stage 1 Individuals JD | Stage 2 Individuals JD | Stage 3 JD | Total JD |
|------------------------------------------------------|------------------------------|------------------------------|---------------|--------------------|
| Total balance as at the beginning of the year | 105,548,083 | - | - | 105,548,083 |
| New investment during the year | 37,903,922 | - | - | 37,903,922 |
| Matured/ derecognised investments | (20,479,748) | - | - | (20,479,748) |
| Change in fair value | - | - | - | - |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | - | - | - |
| Changes from amendments | - | - | - | - |
| Written off balances | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - |
| Total Balance as of year end | 122,972,257 | - | - | 122,972,257 |

Provision For expected credit loss movment:

| 2019 | Stage 1 Individuals JD | Stage 2 Individuals JD | Stage 3 JD | Total JD |
|------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|---------------|----------------|
| Balance at beginning of the year | 273,925 | - | - | 273,925 |
| Impairment loss on new Investment during the year | 16,339 | - | - | 16,339 |
| Recovery from impairment loss on due matured/ derecognised investments | (141,118) | - | - | (141,118) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | (130,234) | 130,234 | - | - |
| Transferred to stage 3 | - | - | - | - |
| Impact on the provision -as at the end of the year- from the classification change among the three stages during the year | 25,552 | (25,552) | - | - |
| Changes resulting from modifications | - | - | - | - |
| Written off balances | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - |
| Total Balance as of year end | 44,464 | 104,682 | - | 149,146 |

| 2018 | Stage 1 Individuals JD | Stage 2 Individuals JD | Stage 3 JD | Total JD |
|------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|---------------|----------------|
| Balance the beginning of the year (as previously reported) | - | - | - | - |
| The impact of adopting IFRS (9) | 345,599 | - | - | 345,599 |
| Adjusted balance as at the beginning of the year | 345,599 | - | - | 345,599 |
| Impairment loss on new Investment during the year | - | - | - | - |
| Recovery from impairment loss on due matured/ derecognised investments | (71,674) | - | - | (71,674) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | - | - | - |
| Impact on the provision -as at the end of the year- from the classification change among the three stages during the year | - | - | - | - |
| Changes resulting from modifications | - | - | - | - |
| Written off balances | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - |
| Total Balance as of year end | 273,925 | - | - | 273,925 |

(10) Direct credit facilities - net

The details of this item are as follows:

| Individuals (retail) | 31 December 2019 JD | 31 December 2018 JD |
|------------------------------------------------------------------|------------------------|------------------------|
| Overdraft | 8,642,318 | 14,533,907 |
| Loans and discounted bills* | 151,992,989 | 127,022,902 |
| Credit cards | 21,180,982 | 19,087,886 |
| Real estate mortgage | 141,571,490 | 144,073,773 |
| Companies | | |
| Large corporate | | |
| Overdraft | 86,138,523 | 80,637,866 |
| Loans and bills* | 249,501,460 | 290,817,491 |
| SMEs | | |
| Overdraft | 4,920,010 | 5,374,216 |
| Loans and discounted bills* | 46,621,308 | 49,508,811 |
| Government and public sector | 9,523,982 | 7,543,989 |
| Total | 720,093,062 | 738,600,841 |
| Less: | | |
| Provision for expected credit losses in direct credit facilities | 37,578,723 | 39,295,304 |
| Interests in suspense** | 8,227,470 | 10,357,921 |
| Net direct credit facilities | 674,286,869 | 688,947,616 |

* Net after deducting interest and commissions received in advance amounted of JD 27,678,516 as at 31 December 2019 against JD 22,537,502 as of 31 December 2018.

** Interests in suspense include an amount of JD 175,171 as at 31 December 2019 compared to an amount of JD 30,445 as at 31 December 2018, which represents interests in suspense against some performing and watch list accounts (stages 1 and 2).

- Non-performing credit facilities amounted to JD 51,492,519 which is equivalent to 7.2% of total credit facilities as of 31 December 2019 against JD 54,534,633 which is equivalent to 7.4% of total credit facilities as of 31 December 2018.

- Non-performing credit facilities excluding interest in suspense amounted to JD 43,440,220 which is equivalent to 6.1% of total direct credit facilities as of 31 December 2019 against JD 44,207,157 which is equivalent to 6.1% of total direct credit facilities excluding interest in suspense as of 31 December 2018.

- Credit facilities granted to the Jordanian government /or by its guarantee amounted to JD 9,523,982 which is equivalent to 1.3% from total direct credit facilities as of 31 December 2019 against JD 7,543,989 which is equivalent to 1% from total direct credit facilities as of 31 December 2018.

- Part of the instalments receivable guarantees and finance lease contract in Jordan Trade Facilities Company and Bindar Trade and Investment Company (Cheques and promissory notes) amounting JD 11,493,283 as of 31 December 2019 have been deposited as guarantees against loan balances and bank overdraft, against JD 15,318,946 as of 31 December 2018.

A- Provision for direct expected credit losses:

Below is the movement on the provision for direct expected credit losses:

| 2019 | Retail JD | Real estate loans JD | Companies | | Total JD |
|------------------------------------------------------------------|-------------------|----------------------------|-------------------|------------------|-------------------|
| | | | Corporate JD | SMEs JD | |
| Balance at the beginning of the year | 14,297,589 | 3,085,775 | 15,637,579 | 6,274,361 | 39,295,304 |
| Deducted from (reversed to) revenue during the year | 242,639 | (1,054,221) | 2,654,515 | 312,127 | 2,155,060 |
| Provision utilised during the year (debts written off) | (1,161,920) | (2,411) | (1,746,211) | (961,099) | (3,871,641) |
| Balance at the end of the year | 13,378,308 | 2,029,143 | 16,545,883 | 5,625,389 | 37,578,723 |
| 2018 | | | | | |
| Balance at the beginning of the year (as previously reported) | 8,760,188 | 1,928,136 | 14,036,357 | 5,747,071 | 30,471,752 |
| Effect of adopting IFRS 9 | 2,968,806 | 2,323,795 | 2,970,201 | 750,857 | 9,013,659 |
| Balance at the end of the year (restated) | 11,728,994 | 4,251,931 | 17,006,558 | 6,497,928 | 39,485,411 |
| Deducted from (reversed to) revenue during the year | 2,770,015 | (1,065,444) | (1,240,194) | 158,117 | 622,494 |
| Provision utilised during the year (debts written off) | (201,420) | (100,712) | (128,830) | (381,639) | (812,601) |
| Balance at the end of the year | 14,297,589 | 3,085,775 | 15,637,534 | 6,274,406 | 39,295,304 |

B- Gross facilities movement:

| 2019 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|------------------------------------------------------|--------------------|-----------------------------|--------------------|-----------------------------|-------------------|--------------------|
| | Individual JD | At portfolio level JD | Individual JD | At portfolio level JD | | |
| Total balance as at the beginning of the year | 236,712,004 | 286,535,905 | 118,366,617 | 32,493,611 | 64,492,704 | 738,600,841 |
| New balances during the year | 94,441,585 | 205,193,225 | 100,857,295 | 7,929,735 | 27,054,153 | 435,475,993 |
| Repaid/ derecognized balances | (146,421,452) | (168,785,491) | (85,176,703) | (22,951,733) | (22,074,220) | (445,409,599) |
| Transferred to stage 1 | 8,219,250 | 2,998,934 | (4,401,009) | (3,589,815) | (3,490,746) | (263,386) |
| Transferred to stage 2 | (6,409,135) | (8,041,455) | 8,323,383 | 8,324,782 | (2,197,575) | - |
| Transferred to stage 3 | (658,068) | (4,369,609) | (5,077,298) | (2,807,392) | 12,912,367 | - |
| Changes from amendments | - | - | - | - | - | - |
| Written off balances | - | - | - | - | (8,310,787) | (8,310,787) |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 185,884,184 | 313,531,509 | 132,892,285 | 19,399,188 | 68,385,896 | 720,093,062 |

| 2018 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|------------------------------------------------------|--------------------|-----------------------------|--------------------|-----------------------------|-------------------|--------------------|
| | Individual JD | At portfolio level JD | Individual JD | At portfolio level JD | | |
| Total balance as at the beginning of the year | 243,859,053 | 290,314,503 | 90,403,925 | 9,185,457 | 49,945,455 | 683,708,393 |
| New balances during the year | 154,431,879 | 126,563,000 | 84,531,487 | 11,690,389 | 18,767,623 | 395,984,378 |
| Repaid/ derecognized balances | (146,494,468) | (104,020,746) | (67,367,937) | (4,172,126) | (17,581,345) | (339,636,622) |
| Transferred to Stage 1 | 2,235,547 | 1,366,073 | (1,996,980) | (779,501) | (825,139) | - |
| Transferred to stage 2 | (15,264,724) | (19,057,681) | 15,264,724 | 19,479,373 | (421,692) | - |
| Transferred to stage 3 | (2,055,283) | (8,629,244) | (2,468,602) | (2,909,981) | 16,063,110 | - |
| Changes from amendments | - | - | - | - | - | - |
| Written off balances | - | - | - | - | (1,455,308) | (1,455,308) |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 236,712,004 | 286,535,905 | 118,366,617 | 32,493,611 | 64,492,704 | 738,600,841 |

C- Provision for expected credit loss for facilities movement:

| 2019 | Retail JD | Real estate loans JD | Companies | | Government and public sector JD | Total JD |
|---------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------------|-------------------|------------------|---------------------------------------|-------------------|
| | | | Corporate JD | SMEs JD | | |
| Balance at beginning of the year | 14,297,589 | 3,085,775 | 15,637,534 | 6,274,406 | - | 39,295,304 |
| Impairment loss on new balances during the year | 4,577,812 | 1,001,637 | 5,073,654 | 3,209,768 | - | 13,862,871 |
| Recoveries from the impairment loss on settled balances | (4,335,173) | (2,055,858) | (2,419,095) | (2,897,685) | - | (11,707,811) |
| Transferred to Stage 1 | 61,940 | 91,178 | 20,741 | 30,347 | - | 204,206 |
| Transferred to stage 2 | (89,473) | (129,173) | 1,114 | (53,553) | - | (271,085) |
| Transferred to stage 3 | 27,533 | 37,995 | (21,854) | 23,205 | - | 66,879 |
| Effect on the provision -as at the end of the year- from the classification change among the three stages during the year | - | - | - | - | - | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written off | (1,161,920) | (2,411) | (1,746,211) | (961,099) | - | (3,871,641) |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 13,378,308 | 2,029,143 | 16,545,883 | 5,625,389 | - | 37,578,723 |

| 2018 | Retail JD | Real estate loans JD | | | Government and public sector JD | Total JD |
|---------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------------|-------------------|------------------|---------------------------------------|-------------------|
| | | | Corporate JD | SMEs JD | | |
| Balance at beginning of the year | 8,760,188 | 1,928,136 | 14,036,357 | 5,747,071 | - | 30,471,752 |
| The effect of adopting IFRS (9) | 2,968,806 | 2,323,795 | 2,970,201 | 750,857 | - | 9,013,659 |
| Balance adjusted at the beginning of the year | 11,728,994 | 4,251,931 | 17,006,558 | 6,497,928 | - | 39,485,411 |
| Impairment loss on new balances during the year | 6,442,161 | 1,761,716 | 1,903,832 | 1,829,266 | - | 11,936,975 |
| Recoveries from the impairment loss on settled balances | (3,684,208) | (2,827,159) | (3,297,486) | (1,505,628) | - | (11,314,481) |
| Transferred to stage 1 | 15,589 | 11,561 | 6,344 | 9,301 | - | 42,795 |
| Transferred to stage 2 | (12,477) | 18,657 | (23,376) | 16,629 | - | (567) |
| Transferred to stage 3 | (3,112) | (30,219) | 17,033 | (25,930) | - | (42,228) |
| Effect on the provision -as at the end of the year- from the classification change among the three stages during the year | 12,062 | - | 153,459 | (165,521) | - | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written off | (201,420) | (100,712) | (128,830) | (381,639) | - | (812,601) |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 14,297,589 | 3,085,775 | 15,637,534 | 6,274,406 | - | 39,295,304 |

D. Interests in suspense

The movement of interest in suspense is as follow:

| 2019 | Retail JD | Real estate loans JD | Companies | | Total |
|--------------------------------------|------------------|----------------------------|------------------|------------------|-------------------|
| | | | Corporate JD | SMEs JD | |
| Balance as of beginning of the year | 2,824,945 | 1,068,026 | 4,272,271 | 2,192,679 | 10,357,921 |
| Interest in suspense during the year | 1,111,499 | 279,299 | 1,452,009 | 660,467 | 3,503,274 |
| Interests transferred to revenues | (242,587) | (359,213) | (147,586) | (445,193) | (1,194,579) |
| Interest in suspense written off* | (1,037,766) | (56,517) | (2,475,755) | (869,108) | (4,439,146) |
| Balance at the year end | 2,656,091 | 931,595 | 3,100,939 | 1,538,845 | 8,227,470 |
| 2018 | | | | | |
| Balance as of beginning of the year | 2,398,534 | 768,331 | 3,069,296 | 1,646,254 | 7,882,415 |
| Interest in suspense during the year | 1,130,589 | 435,581 | 1,286,871 | 690,794 | 3,543,835 |
| Interests transferred to revenues | (137,885) | (120,072) | (80,315) | (87,350) | (425,622) |
| Interest in suspense written off* | (566,293) | (15,814) | (3,581) | (57,019) | (642,707) |
| Balance at the year end | 2,824,945 | 1,068,026 | 4,272,271 | 2,192,679 | 10,357,921 |

* According to the Board of Directors decision and the senior management of the subsidiaries, non performing credit facilities with their related interest in suspense have been written off amounted to JD 8,310,787 for the year ended 31 December 2019 against JD 1,455,308 for the year ended 31 December 2018 .

E. Distribution of gross facilities according to the Bank's internal credit classification categories:

| 2019 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|--------------------------------------|--------------------|--------------------|--------------------|-------------------|-------------------|--------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Performing credit facilities | 185,884,184 | 313,531,509 | 111,079,804 | 12,304,647 | 10,964,330 | 633,764,474 |
| Watch list | - | - | 21,812,481 | 7,094,541 | 5,929,046 | 34,836,068 |
| Non-performing facilities -including | - | - | - | - | 51,492,520 | 51,492,520 |
| Sub-standard | - | - | - | - | 2,281,398 | 2,281,398 |
| Doubtful | - | - | - | - | 12,299,231 | 12,299,231 |
| Loss | - | - | - | - | 36,911,891 | 36,911,891 |
| Total | 185,884,184 | 313,531,509 | 132,892,285 | 19,399,188 | 68,385,896 | 720,093,062 |

| 2018 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|--------------------------------------|--------------------|--------------------|--------------------|-------------------|-------------------|--------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Performing credit facilities | 236,712,004 | 286,535,905 | 95,472,503 | 24,089,703 | 5,499,276 | 648,309,391 |
| Watch list | - | - | 22,894,114 | 8,403,908 | 4,458,795 | 35,756,817 |
| Non-performing facilities -including | - | - | - | - | 54,534,633 | 54,534,633 |
| Sub-standard | - | - | - | - | 5,633,711 | 5,633,711 |
| Doubtful | - | - | - | - | 6,315,490 | 6,315,490 |
| Loss | - | - | - | - | 42,585,432 | 42,585,432 |
| Total | 236,712,004 | 286,535,905 | 118,366,617 | 32,493,611 | 64,492,704 | 738,600,841 |

E. 1 Impairment loss of credit facilities granted to individuals:

Distribution of total facilities according to the Bank's internal credit classification categories:

| 2019 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|--------------------------------------|------------------|--------------------|------------------|-------------------|-------------------|--------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Performing credit facilities | 263,386 | 151,644,567 | - | 8,255,287 | 880,447 | 161,043,687 |
| Watch list | - | - | - | 1,826,571 | 1,935,441 | 3,762,012 |
| Non-performing facilities -including | - | - | - | - | 17,010,590 | 17,010,590 |
| Sub-standard | - | - | - | - | 1,402,666 | 1,402,666 |
| Doubtful | - | - | - | - | 2,296,814 | 2,296,814 |
| Loss | - | - | - | - | 13,311,110 | 13,311,110 |
| Total | 263,386 | 151,644,567 | - | 10,081,858 | 19,826,478 | 181,816,289 |
| 2018 | | | | | | |
| Performing credit facilities | - | 129,213,890 | - | 5,660,085 | 1,770,820 | 136,644,795 |
| Watch list | - | - | - | 3,698,126 | 1,392,381 | 5,090,507 |
| Non-performing facilities -including | - | - | - | - | 18,909,393 | 18,909,393 |
| Sub-standard | - | - | - | - | 2,115,592 | 2,115,592 |
| Doubtful | - | - | - | - | 3,154,382 | 3,154,382 |
| Loss | - | - | - | - | 13,639,419 | 13,639,419 |
| Total | - | 129,213,890 | - | 9,358,211 | 22,072,594 | 160,644,695 |



Provision for expected credit loss movement:

| 2019 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|---------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Balance at beginning of the year | - | 1,534,844 | - | 799,776 | 11,962,969 | 14,297,589 |
| Impairment loss on new balances during the year | 638 | 1,942,975 | - | 517,623 | 2,116,576 | 4,577,812 |
| Recoveries from impairment loss on (repaid/ derecognised) balances | - | (1,162,025) | - | (603,220) | (2,569,928) | (4,335,173) |
| Transferred to Stage 1 | 3,406 | 311,863 | - | (218,236) | (97,033) | - |
| Transferred to stage 2 | - | (166,733) | - | 299,304 | (132,571) | - |
| Transferred to stage 3 | - | (86,598) | - | (170,540) | 257,138 | - |
| Effect on the provision -as at the end of the year- from the classification change among the three stages during the year | (3,397) | (1,163,761) | - | 144,783 | 1,022,375 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written off | - | - | - | - | (1,161,920) | (1,161,920) |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 647 | 1,210,565 | - | 769,490 | 11,397,606 | 13,378,308 |

| 2018 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|---------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Balance at beginning of the year | - | 67,330 | - | 74,709 | 8,618,149 | 8,760,188 |
| The effect of adopting IFRS (9) | - | 1,951,775 | - | 1,017,031 | - | 2,968,806 |
| Adjusted balance as at the beginning of the year | - | 2,019,105 | - | 1,091,740 | 8,618,149 | 11,728,994 |
| Impairment loss on new balances during the year | - | 1,248,845 | - | 692,454 | 4,500,862 | 6,442,161 |
| Recoveries from impairment loss on (repaid/ derecognised) balances | - | (49,108) | - | (1,053,796) | (2,581,304) | (3,684,208) |
| Transferred to Stage 1 | - | 54,340 | - | (11,346) | (42,994) | - |
| Transferred to stage 2 | - | (16,627) | - | 39,516 | (22,889) | - |
| Transferred to stage 3 | - | (22,124) | - | (40,648) | 62,772 | - |
| Effect on the provision -as at the end of the year- from the classification change among the three stages during the year | - | (1,699,587) | - | 81,856 | 1,629,793 | 12,062 |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written off | - | - | - | - | (201,420) | (201,420) |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | - | 1,534,844 | - | 799,776 | 11,962,969 | 14,297,589 |

E. 2 Impairment loss of credit facilities granted to real estate loans:

Distribution of total facilities according to the Bank's internal credit classification categories:

| 2019 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|--------------------------------------|------------------|--------------------|------------------|-------------------|------------------|--------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Performing credit facilities | 2,819,708 | 129,591,383 | 143,583 | 2,653,329 | 727,099 | 135,935,102 |
| Watch list | - | - | - | 1,038,181 | 1,011,410 | 2,049,591 |
| Non-performing facilities -including | - | - | - | - | 3,586,797 | 3,586,797 |
| Sub-standard | - | - | - | - | 539,704 | 539,704 |
| Doubtful | - | - | - | - | 287,607 | 287,607 |
| Loss | - | - | - | - | 2,759,486 | 2,759,486 |
| Total | 2,819,708 | 129,591,383 | 143,583 | 3,691,510 | 5,325,306 | 141,571,490 |
| 2018 | | | | | | |
| Performing credit facilities | - | 119,690,137 | - | 13,335,947 | 7,637 | 133,033,721 |
| Watch list | - | - | - | 2,899,946 | 1,412,333 | 4,312,279 |
| Non-performing facilities -including | - | - | - | - | 6,727,773 | 6,727,773 |
| Sub-standard | - | - | - | - | 675,924 | 675,924 |
| Doubtful | - | - | - | - | 1,823,110 | 1,823,110 |
| Loss | - | - | - | - | 4,228,739 | 4,228,739 |
| Total | - | 119,690,137 | - | 16,235,893 | 8,147,743 | 144,073,773 |

Gross facilities movement:

| 2019 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|------------------------------------------------------|------------------|--------------------|------------------|------------------|------------------|--------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Total balance as at the beginning of the year | - | 119,690,137 | - | 16,235,893 | 8,147,743 | 144,073,773 |
| New balances during the year | 2,190,710 | 86,352,689 | - | 1,496,000 | 1,451,487 | 91,490,886 |
| Repaid/ derecognized balances | - | (74,608,657) | - | (13,795,243) | (5,530,341) | (93,934,241) |
| Transferred to Stage 1 | 628,998 | 253,489 | - | (764,080) | (118,407) | - |
| Transferred to stage 2 | - | (1,176,740) | 143,583 | 1,317,859 | (284,702) | - |
| Transferred to stage 3 | - | (919,535) | - | (798,919) | 1,718,454 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written off | - | - | - | - | (58,928) | (58,928) |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 2,819,708 | 129,591,383 | 143,583 | 3,691,510 | 5,325,306 | 141,571,490 |

| 2018 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|------------------------------------------------------|------------------|--------------------|------------------|-------------------|------------------|--------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Total balance as at the beginning of the year | - | 116,303,738 | - | 4,169,316 | 5,647,551 | 126,120,605 |
| New balances during the year | - | 39,482,210 | - | 4,450,423 | 2,489,954 | 46,422,587 |
| Repaid/ derecognized balances | - | (24,049,294) | - | (1,541,751) | (2,550,019) | (28,141,064) |
| Transferred to Stage 1 | - | 169,801 | - | (167,513) | (214,117) | (211,829) |
| Transferred to stage 2 | - | (10,594,109) | - | 10,871,181 | (277,072) | - |
| Transferred to stage 3 | - | (1,622,209) | - | (1,545,763) | 3,167,972 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written off | - | - | - | - | (116,526) | (116,526) |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | - | 119,690,137 | - | 16,235,893 | 8,147,743 | 144,073,773 |

Movement on the provision for expected credit loss:

| 2019 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|---------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Balance at beginning of the year | - | 484,716 | - | 427,965 | 2,173,094 | 3,085,775 |
| Impairment loss on new balances during the year | 1,387 | 297,367 | - | 447,790 | 255,093 | 1,001,637 |
| Recoveries from impairment loss on (repaid/ derecognised) balances | - | (416,507) | - | (612,761) | (1,026,590) | (2,055,858) |
| Transferred to Stage 1 | - | 150,899 | - | (48,455) | (102,444) | - |
| Transferred to stage 2 | - | (25,417) | 6,320 | 27,048 | (7,951) | - |
| Transferred to stage 3 | - | (34,304) | - | (114,085) | 148,389 | - |
| Effect on the provision -as at the end of the year- from the classification change among the three stages during the year | - | (205,192) | (6,320) | 80,107 | 131,405 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written off | - | - | - | - | (2,411) | (2,411) |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 1,387 | 251,562 | - | 207,609 | 1,568,585 | 2,029,143 |

| 2018 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Balance the beginning of the year (as previously reported) | - | 121,016 | - | 35,368 | 1,771,752 | 1,928,136 |
| The effect of adopting IFRS (9) | - | 1,234,147 | - | 1,089,648 | - | 2,323,795 |
| Balance adjusted at the beginning of the year | - | 1,355,163 | - | 1,125,016 | 1,771,752 | 4,251,931 |
| Impairment loss on new balances during the year | - | 977,227 | - | 467,029 | 317,462 | 1,761,718 |
| Recoveries from impairment loss on (repaid/ derecognised) balances | - | (1,353,494) | - | (1,106,266) | (367,402) | (2,827,162) |
| Transferred to Stage 1 | - | 24,827 | - | - | (24,827) | - |
| Transferred to stage 2 | - | (4,456) | - | 37,408 | (32,952) | - |
| Transferred to stage 3 | - | (8,809) | - | (18,751) | 27,560 | - |
| Effect on the provision -as at the end of the year- from the classification change among the three stages during the year | - | (505,742) | - | (76,471) | 582,213 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written off | - | - | - | - | (100,712) | (100,712) |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | - | 484,716 | - | 427,965 | 2,173,094 | 3,085,775 |

E. 3 Impairment loss of credit facilities granted to real to large corporate:

Distribution of total facilities according to the Bank's internal credit classification categories:

| 2019 | Stage 1 Individuals JD | Stage 2 Individuals JD | Stage 3 JD | Total JD |
|--------------------------------------|------------------------------|------------------------------|-------------------|--------------------|
| Performing credit facilities | 169,083,284 | 110,936,221 | 9,055,476 | 289,074,981 |
| Watch list | - | 21,099,977 | 1,892,557 | 22,992,534 |
| Non-performing facilities -including | - | - | 23,572,468 | 23,572,468 |
| Sub-standard | - | - | 10,989 | 10,989 |
| Doubtful | - | - | 8,550,315 | 8,550,315 |
| Loss | - | - | 15,011,164 | 15,011,164 |
| Total | 169,083,284 | 132,036,198 | 34,520,501 | 335,639,983 |

| 2018 | Stage 1 Individuals JD | Stage 2 Individuals JD | Stage 3 JD | Total JD |
|--------------------------------------|------------------------------|------------------------------|-------------------|--------------------|
| Performing credit facilities | 229,174,895 | 95,472,502 | 3,499,438 | 328,146,835 |
| Watch list | - | 22,894,115 | 1,251,290 | 24,145,405 |
| Non-performing facilities -including | - | - | 19,163,117 | 19,163,117 |
| Sub-standard | - | - | 1,993,862 | 1,993,862 |
| Doubtful | - | - | 303,286 | 303,286 |
| Loss | - | - | 16,865,969 | 16,865,969 |
| Total | 229,174,895 | 118,366,617 | 23,913,845 | 371,455,357 |

Gross facilities movement:

| 2019 | Stage 1 Individuals JD | Stage 2 Individuals JD | Stage 3 JD | Total JD |
|------------------------------------------------------|------------------------------|------------------------------|-------------------|--------------------|
| Total balance as at the beginning of the year | 229,174,895 | 118,366,617 | 23,913,845 | 371,455,357 |
| New balances during the year | 86,759,877 | 100,644,985 | 17,495,129 | 204,899,991 |
| Repaid/ derecognized balances | (146,684,838) | (85,176,703) | (4,631,858) | (236,493,399) |
| Transferred to Stage 1 | 6,900,553 | (4,401,009) | (2,499,544) | - |
| Transferred to stage 2 | (6,409,135) | 7,679,606 | (1,270,471) | - |
| Transferred to stage 3 | (658,068) | (5,077,298) | 5,735,366 | - |
| Changes resulting from modifications | - | - | - | - |
| Written off | - | - | (4,221,966) | (4,221,966) |
| Amendments due to changes in currency exchange rates | - | - | - | - |
| Total Balance as of year end | 169,083,284 | 132,036,198 | 34,520,501 | 335,639,983 |
| 2018 | | | | |
| Total balance as at the beginning of the year | 239,434,263 | 90,403,925 | 16,308,466 | 346,146,654 |
| New balances during the year | 151,319,560 | 84,531,487 | 7,410,351 | 243,261,398 |
| Repaid/ derecognized balances | (146,494,468) | (67,367,937) | (4,196,446) | (218,058,851) |
| Transferred to Stage 1 | 2,235,547 | (1,996,980) | - | 238,567 |
| Transferred to stage 2 | (15,264,724) | 15,264,724 | - | - |
| Transferred to stage 3 | (2,055,283) | (2,468,602) | 4,523,885 | - |
| Changes resulting from modifications | - | - | - | - |
| Written off | - | - | (132,411) | (132,411) |
| Amendments due to changes in currency exchange rates | - | - | - | - |
| Total Balance as of year end | 229,174,895 | 118,366,617 | 23,913,845 | 371,455,357 |

Provision for expected credit loss movement:

| 2019 | Stage 1 Individuals JD | Stage 2 Individuals JD | Stage 3 JD | Total JD |
|---------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|-------------------|-------------------|
| Balance at beginning of the year | 186,374 | 1,382,234 | 14,068,926 | 15,637,534 |
| Impairment loss on new balances during the year | 1,228,126 | 2,280,155 | 1,565,374 | 5,073,655 |
| Recoveries from impairment loss on (repaid/ derecognised) balances | (95,732) | (866,197) | (1,457,166) | (2,419,095) |
| Transferred to Stage 1 | 29,336 | (29,336) | - | - |
| Transferred to stage 2 | (7,652) | 63,478 | (55,826) | - |
| Transferred to stage 3 | (943) | (33,029) | 33,972 | - |
| Effect on the provision -as at the end of the year- from the classification change among the three stages during the year | (29,040) | (1,340,315) | 1,369,355 | - |
| Changes resulting from modifications | - | - | - | - |
| Written off | - | - | (1,746,211) | (1,746,211) |
| Amendments due to changes in currency exchange rates | - | - | - | - |
| Total Balance as of year end | 1,310,469 | 1,456,990 | 13,778,424 | 16,545,883 |
| 2018 | | | | |
| Balance the beginning of the year (as previously reported) | - | 105,726 | 13,930,631 | 14,036,357 |
| The effect of adopting IFRS (9) | 352,979 | 2,617,222 | - | 2,970,201 |
| Balance adjusted at the beginning of the year | 352,979 | 2,722,948 | 13,930,631 | 17,006,558 |
| Impairment loss on new balances during the year | 290,713 | 1,437,932 | 175,189 | 1,903,834 |
| Recoveries from impairment loss on (repaid/ derecognised) balances | - | (2,705,916) | (591,570) | (3,297,486) |
| Transferred to Stage 1 | 6,344 | (6,344) | - | - |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | (17,033) | 17,033 | - |
| Effect on the provision -as at the end of the year- from the classification change among the three stages during the year | (463,662) | (49,353) | 666,473 | 153,458 |
| Changes resulting from modifications | - | - | - | - |
| Written off | - | - | (128,830) | (128,830) |
| Amendments due to changes in currency exchange rates | - | - | - | - |
| Total Balance as of year end | 186,374 | 1,382,234 | 14,068,926 | 15,637,534 |

E. 4 Impairment loss of credit facilities granted to SMEs companies:

Distribution of total facilities according to the Bank's internal credit classification categories:

| 2019 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|--------------------------------------|------------------|-------------------|------------------|------------------|-------------------|-------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Performing credit facilities | 4,193,824 | 32,295,559 | - | 1,396,031 | 301,308 | 38,186,722 |
| Watch list | - | - | 712,504 | 4,229,789 | 1,089,638 | 6,031,931 |
| Non-performing facilities -including | - | - | - | - | 7,322,665 | 7,322,665 |
| Sub-standard | - | - | - | - | 328,039 | 328,039 |
| Doubtful | - | - | - | - | 1,164,495 | 1,164,495 |
| Loss | - | - | - | - | 5,830,131 | 5,830,131 |
| Total | 4,193,824 | 32,295,559 | 712,504 | 5,625,820 | 8,713,611 | 51,541,318 |
| 2018 | | | | | | |
| Performing credit facilities | - | 37,624,998 | - | 5,093,670 | 221,382 | 42,940,050 |
| Watch list | - | - | - | 1,805,836 | 402,790 | 2,208,626 |
| Non-performing facilities -including | - | - | - | - | 9,734,350 | 9,734,350 |
| Sub-standard | - | - | - | - | 848,333 | 848,333 |
| Doubtful | - | - | - | - | 1,034,712 | 1,034,712 |
| Loss | - | - | - | - | 7,851,305 | 7,851,305 |
| Total | - | 37,624,998 | - | 6,899,506 | 10,358,522 | 54,883,026 |

Gross facilities movement:

| 2019 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|------------------------------------------------------|------------------|-------------------|------------------|------------------|------------------|-------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Total balance as at the beginning of the year | - | 37,624,998 | - | 6,899,506 | 10,358,522 | 54,883,026 |
| New balances during the year | 3,509,455 | 28,341,081 | 212,310 | 2,434,194 | 2,386,049 | 36,883,089 |
| Repaid/ derecognized balances | - | (29,873,065) | - | (4,322,883) | (4,198,642) | (38,394,590) |
| Transferred to Stage 1 | 684,369 | 93,791 | - | (569,586) | (208,574) | - |
| Transferred to stage 2 | - | (2,601,085) | 500,194 | 2,228,540 | (127,649) | - |
| Transferred to stage 3 | - | (1,290,161) | - | (1,043,951) | 2,334,112 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written off | - | - | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - | (1,830,207) | (1,830,207) |
| Total Balance as of year end | 4,193,824 | 32,295,559 | 712,504 | 5,625,820 | 8,713,611 | 51,541,318 |

| 2018 | Stage 1 | | Stage 2 | | | |
|------------------------------------------------------|---------------|-------------------|---------------|------------------|-------------------|-------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | Stage 3 JD | Total JD |
| Total balance as at the beginning of the year | - | 36,100,640 | - | 2,245,300 | 10,286,294 | 48,632,234 |
| New balances during the year | - | 29,705,908 | - | 3,215,942 | 3,170,121 | 36,091,971 |
| Repaid/ derecognized balances | - | (23,418,712) | - | (1,317,154) | (4,639,918) | (29,375,784) |
| Transferred to Stage 1 | - | 375,970 | - | (333,675) | (69,032) | (26,737) |
| Transferred to stage 2 | - | (3,572,819) | - | 3,632,765 | (59,946) | - |
| Transferred to stage 3 | - | (1,565,989) | - | (543,672) | 2,109,661 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written off | - | - | - | - | (438,658) | (438,658) |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | - | 37,624,998 | - | 6,899,506 | 10,358,522 | 54,883,026 |

Movement on the provision for expected credit loss:

| 2019 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|---------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Balance at beginning of the year | - | 638,430 | - | 362,621 | 5,273,355 | 6,274,406 |
| Impairment loss on new balances during the year | 508,687 | 1,389,487 | 9,454 | 598,969 | 703,171 | 3,209,768 |
| Recoveries from impairment loss on (repaid/ derecognised) balances | - | (1,119,001) | - | (248,440) | (1,530,245) | (2,897,686) |
| Transferred to Stage 1 | 12,615 | 162,656 | - | (37,658) | (137,613) | - |
| Transferred to stage 2 | - | (108,708) | - | 138,673 | (29,965) | - |
| Transferred to stage 3 | - | (36,216) | - | (154,568) | 190,784 | - |
| Effect on the provision -as at the end of the year- from the classification change among the three stages during the year | (12,600) | (660,693) | - | (389,826) | 1,063,119 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written off | - | - | - | - | (961,099) | (961,099) |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 508,702 | 265,955 | 9,454 | 269,771 | 4,571,507 | 5,625,389 |
| 2018 | | | | | | |
| Balance at beginning of the year | - | 24,177 | - | 21,708 | 5,701,185 | 5,747,070 |
| The impact of adopting IFRS (9) | - | 478,854 | - | 272,003 | - | 750,857 |
| Balance adjusted at the beginning of the year | - | 503,031 | - | 293,711 | 5,701,185 | 6,497,927 |
| Impairment loss on new balances during the year | - | 729,218 | - | 27,847 | 1,072,202 | 1,829,267 |
| Recoveries from impairment loss on (repaid/ derecognised) balances | - | (18,315) | - | (13,241) | (1,474,072) | (1,505,628) |
| Transferred to Stage 1 | - | 24,109 | - | - | (24,109) | - |
| Transferred to stage 2 | - | (8,671) | - | 27,891 | (19,220) | - |
| Transferred to stage 3 | - | (6,136) | - | (11,263) | 17,399 | - |
| Effect on the provision -as at the end of the year- from the classification change among the three stages during the year | - | (584,806) | - | 37,676 | 381,609 | (165,521) |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written off | - | - | - | - | (381,639) | (381,639) |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | - | 638,430 | - | 362,621 | 5,273,355 | 6,274,406 |

E. 5 Impairment loss of credit facilities granted to government and public sector:

Distribution of total facilities according to the Bank's internal credit classification categories:

| | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|--------------------------------------|------------------|------------------|------------------|------------------|---------------|------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| 2019 | | | | | | |
| Performing credit facilities | 9,523,982 | - | - | - | - | 9,523,982 |
| Watch list | - | - | - | - | - | - |
| Non-performing facilities -including | - | - | - | - | - | - |
| Sub-standard | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - |
| Loss | - | - | - | - | - | - |
| Total | 9,523,982 | - | - | - | - | 9,523,982 |
| 2018 | | | | | | |
| Performing credit facilities | 7,537,109 | 6,880 | - | - | - | 7,543,989 |
| Watch list | - | - | - | - | - | - |
| Non-performing facilities -including | - | - | - | - | - | - |
| Sub-standard | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - |
| Loss | - | - | - | - | - | - |
| Total | 7,537,109 | 6,880 | - | - | - | 7,543,989 |

Gross facilities movement:

| | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|------------------------------------------------------|------------------|------------------|------------------|------------------|---------------|------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| 2019 | | | | | | |
| Total balance as at the beginning of the year | 7,537,109 | 6,880 | - | - | - | 7,543,989 |
| New balances during the year | 1,981,543 | - | - | - | - | 1,981,543 |
| Repaid/ derecognized balances | - | (1,550) | - | - | - | (1,550) |
| Transferred to Stage 1 | 5,330 | (5,330) | - | - | - | - |
| Transferred to stage 2 | - | - | - | - | - | - |
| Transferred to stage 3 | - | - | - | - | - | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written off | - | - | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 9,523,982 | - | - | - | - | 9,523,982 |

| 2018 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|------------------------------------------------------|------------------|------------------|------------------|------------------|---------------|------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Total balance as at the beginning of the year | 4,424,790 | 11,366 | - | - | - | 4,436,156 |
| New balances during the year | 3,112,319 | 1,257 | - | - | - | 3,113,576 |
| Repaid/ derecognized balances | - | (5,743) | - | - | - | (5,743) |
| Transferred to Stage 1 | - | - | - | - | - | - |
| Transferred to stage 2 | - | - | - | - | - | - |
| Transferred to stage 3 | - | - | - | - | - | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written off | - | - | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 7,537,109 | 6,880 | - | - | - | 7,543,989 |

* The Bank has not calculated and recorded the provision for expected credit losses on government bills and treasury bonds, in accordance with the Central Bank of Jordan's instructions regarding the implementation of IFRS (9).

Direct credit facilities are distributed according to the economic sector as follows, bearing in mind that all of these facilities are granted to entities within the Kingdom:

| | 31 December 2019 JD | 31 December 2018 JD |
|--------------------------------------------|------------------------|------------------------|
| Financial | 21,788,418 | 30,691,310 |
| Manufacturing and mining | 90,030,780 | 101,721,863 |
| Commercial | 128,016,403 | 143,023,298 |
| Properties | 141,571,490 | 144,073,773 |
| Constructions | 50,259,283 | 63,183,760 |
| Agricultural | 261,092 | 573,075 |
| Tourism, restaurants, and public utilities | 99,808,993 | 85,898,596 |
| Shares | 9,559,254 | 14,388,119 |
| Government and public sector | 9,523,982 | 7,543,989 |
| Individuals | 163,917,341 | 142,780,493 |
| Other | 5,356,026 | 4,722,565 |
| Total | 720,093,062 | 738,600,841 |

(11) Property and equipment-Net

The details & this item are as follows:

| 2019 Cost: | Lands* JD | Buildings* JD | Equipment, devices, furniture and decoration JD | Transport JD | Computers JD | Total JD |
|-----------------------------------------------------------------------------------------|---------------------|-------------------------|-----------------------------------------------------------------------|------------------------|------------------------|--------------------|
| Balance at the beginning of the year | 10,349,066 | 15,989,773 | 15,675,528 | 510,884 | 2,735,884 | 45,261,135 |
| Additions | - | 12,559 | 707,999 | 130,486 | 222,559 | 1,073,603 |
| Disposals | - | - | (60,159) | (55,048) | - | (115,207) |
| Transfers from payment for purchase of property and equipment, and projects in progress | - | - | 564,231 | - | - | 564,231 |
| Balance at the end of the year | 10,349,066 | 16,002,332 | 16,887,599 | 586,322 | 2,958,443 | 46,783,762 |
| Accumulated depreciation: | | | | | | |
| Balance at the beginning of the year | - | 2,375,522 | 11,084,916 | 289,689 | 2,329,110 | 16,079,237 |
| Additions | - | 441,081 | 1,002,780 | 68,672 | 224,007 | 1,736,540 |
| Disposals | - | - | (42,913) | (42,535) | - | (85,448) |
| Balance at the end of the year | - | 2,816,603 | 12,044,783 | 315,826 | 2,553,117 | 17,730,329 |
| Net book value of property and equipment at the end of the year | 10,349,066 | 13,185,729 | 4,842,816 | 270,496 | 405,326 | 29,053,433 |
| Payment for purchase of property and equipment, and projects in progress | - | - | 372,398 | - | 99,998 | 472,396 |
| Net property and equipment | 10,349,066 | 13,185,729 | 5,215,214 | 270,496 | 505,324 | 29,525,829 |

| 2018 Cost: | Lands* JD | Buildings* JD | Equipment, devices, furniture and decoration JD | Transport JD | Computers JD | Total JD |
|-----------------------------------------------------------------------------------------|---------------------|-------------------------|-----------------------------------------------------------------------|------------------------|------------------------|--------------------|
| Balance at the beginning of the year | 10,349,066 | 15,559,035 | 14,696,842 | 510,884 | 2,632,376 | 43,748,203 |
| Additions | - | 502,661 | 885,092 | - | 103,508 | 1,491,261 |
| Disposals | - | (74,560) | (16,185) | - | - | (90,745) |
| Transfers from payment for purchase of property and equipment, and projects in progress | - | 2,637 | 109,779 | - | - | 112,416 |
| Balance at the end of the year | 10,349,066 | 15,989,773 | 15,675,528 | 510,884 | 2,735,884 | 45,261,135 |
| Accumulated depreciation: | | | | | | |
| Balance at the beginning of the year | - | 2,080,076 | 9,936,773 | 227,650 | 2,107,735 | 14,352,234 |
| Additions | - | 368,033 | 1,150,838 | 62,039 | 232,795 | 1,813,705 |
| Disposals | - | (72,587) | (2,695) | - | (11,420) | (86,702) |
| Balance at the end of the year | - | 2,375,522 | 11,084,916 | 289,689 | 2,329,110 | 16,079,237 |
| Net book value of property and equipment at the end of the year | 10,349,066 | 13,614,251 | 4,590,612 | 221,195 | 406,774 | 29,181,898 |
| Payment for purchase of property and equipment, and projects in progress | - | - | 621,945 | - | - | 621,945 |
| Net property and equipment | 10,349,066 | 13,614,251 | 5,212,557 | 221,195 | 406,774 | 29,803,843 |

- Property and equipment include an amount of JD 11,087,614 as of 31 December 2019, which is the value of fully depreciated assets, compared to an amount of JD 10,534,728 as of 31 December 2018.

* This item includes mortgaged lands and buildings at a value of JD 7,272,207 as of 31 December 2019 and 31 December 2018 for the benefit of the Specialized Finance Leasing Company in exchange for a finance lease granted to Al Istethmari Latemweel Selselat Al Imdad Company (a subsidiary) in the amount of JD 3,704,320 as of 31 December 2019 against JD 4,065,399 as of 31 December 2018.

(12) Intangible assets

The details of this item are as follows:

| 2019 | 2019 | | | | 2018 |
|---------------------------------------------|--------------------------------------------------|-------------------------------------|------------------|------------------|-------------------------|
| | Advanced payment for the acquiring program JD | Computer systems and software JD | Goodwill** JD | Total JD | Intangible assets JD |
| Balance at the beginning of the year | 269,812 | 930,440 | 1,430,598 | 2,630,850 | 2,633,887 |
| Additions* | 156,827 | 303,949 | - | 460,776 | 572,198 |
| Deduct: | | | | | |
| Disposals | - | - | - | - | 22,664 |
| Amortisation for the year | - | 476,006 | - | 476,006 | 552,571 |
| Transfers | (204,895) | 204,895 | - | - | - |
| Balance at the end of the year | 221,744 | 963,278 | 1,430,598 | 2,615,620 | 2,630,850 |

* Additions to computer systems and software represent the amounts paid for the purchase and development of banking systems and programmes.

** Resulting from the Bank acquiring 94.7% of Jordan Trade Facilities Company (shareholding company) (which owns 100% of Trade Facilities Company for Finance Leasing) via the subsidiary (Tamkeen for Finance Leasing) during 2016 through the purchase of 15,390,385 shares with a nominal value of one JD per share. The investment cost amounted to JD 20,774,620 and the fair value of the net assets acquired upon acquisition amounted to JD 19,344,022 resulting in a goodwill of JD 1,430,598.

The goodwill was tested for impairment as at 31 December 2019, and the result was that there was no impairment of goodwill.

(13) Other assets

The details of this item are as follows:

| Assets | 31 December 2019 JD | 31 December 2018 JD |
|--------------------------------------------------|------------------------|------------------------|
| Accrued interest and revenue | 2,906,211 | 1,903,345 |
| Prepaid expenses | 1,003,090 | 2,994,711 |
| Assets sized by the bank* | 44,475,460 | 41,617,299 |
| Refundable deposits | 606,623 | 407,251 |
| Post-dated cheques | 82,198 | 80,585 |
| Balances related to fraudulent transaction - net | 1,039,200 | 1,039,200 |
| Purchased acceptances | 920,889 | 863,652 |
| Right of use assets*** | 6,021,892 | - |
| Other | 5,560,189 | 5,111,794 |
| Total | 62,615,752 | 54,017,837 |

* According to the bank's law the disposal of assets sized by the bank during a maximum period of two years from the date of foreclosure and the Central Bank of Jordan can extend that period for a maximum of another two consecutive years. The balance is presented net after deduction of any impairment.

The movement on assets sized by the Bank was as follows:

| Assets | 31 December 2019 JD | 31 December 2018 JD |
|------------------------------------------------------------------------------------------|------------------------|------------------------|
| Balance at the beginning of the year | 41,617,299 | 39,288,705 |
| Additions | 4,261,558 | 2,773,234 |
| Disposals | (1,569,616) | (1,016,594) |
| Recoveries for impairment of assets sized by the Bank | - | 4,732 |
| Utilised from the provision for impairment of assets that have been reverted to the Bank | 3,550 | - |
| Recoveries for assets seized according to the instructions of the Central Bank of Jordan | 162,669 | 567,222 |
| Net balance related to fraudulent transactions | 44,475,460 | 41,617,299 |

** This item includes net balance related to the fraudulent transactions after deducting the related provision as shown below:

| Assets | 31 December 2019 JD | 31 December 2018 JD |
|-----------------------------------------------------------|------------------------|------------------------|
| Balance related to the fraudulent transactions | 12,974,700 | 12,974,700 |
| Deduct: Provision related to this balance | 10,435,500 | 10,435,500 |
| Deduct: Proceeds from insurance company | 1,500,000 | 1,500,000 |
| Net balance related to the fraudulent transactions | 1,039,200 | 1,039,200 |

The bank was imposed to embezzlement transaction in the balances at banks financial institutions account which led to a loss of approximately JD 12.9 million, this primarily relates to the possibility of collusion between some of the bank's employees. All the necessary legal procedures were taken by the bank's management and a provision for an amount of JD10.4 million was booked for the transaction as of 31 December 2019 and 31 December 2018 after netting the amounts expected to be recovered from the repossessed assets and the deduction of the proceeds collected from the insurance company amounted to JD 1.5 million. Noting that the case procedures had been completed from the General Attorney, and is now represented in front of Amman's Criminal Court.

***At net after deducting the depreciation expense of JD 964,346.

(14) Banks and financial institutions deposits

The details of this item are as follows:

| | 31 December 2019 | | | 31 December 2018 | | |
|---------------------------|--------------------------|---------------------------|-------------------|--------------------------|---------------------------|-------------------|
| | Inside the Kingdom JD | Outside the Kingdom JD | Total JD | Inside the Kingdom JD | Outside the Kingdom JD | Total JD |
| Current accounts | 29,671 | 1,967,491 | 1,997,162 | 35,517 | 2,889,287 | 2,924,804 |
| Term and notice deposits* | 26,402 | 10,900,000 | 10,926,402 | 3,571,575 | 5,000,000 | 8,571,575 |
| Total | 56,073 | 12,867,491 | 12,923,564 | 3,607,092 | 7,889,287 | 11,496,379 |

This amount does not include any amount maturing within a period exceeding three months of December 2019 and December 2018

(15) Customers' deposits

The details of this item are as follows:

| 31 December 2019 | Individuals (Retail) JD | Corporate JD | SMEs JD | Government and public sector JD | Total JD |
|--------------------------|-------------------------------|--------------------|-------------------|------------------------------------------|--------------------|
| Current accounts | 77,800,563 | 53,439,796 | 11,029,929 | 5,508,888 | 147,779,176 |
| Saving deposits | 32,819,012 | 1,635,925 | 3,626 | - | 34,458,563 |
| Time and notice deposits | 353,491,777 | 179,128,612 | 12,584,825 | 37,331,914 | 582,537,128 |
| Total | 464,111,352 | 234,204,333 | 23,618,380 | 42,840,802 | 764,774,867 |
| 31 December 2018 | | | | | |
| Current accounts | 75,205,157 | 59,298,633 | 14,469,618 | 8,171,840 | 157,145,248 |
| Saving deposits | 31,553,150 | 2,213,204 | 82,995 | - | 33,849,349 |
| Time and notice deposits | 362,896,053 | 152,951,873 | 9,228,938 | 31,448,030 | 556,524,894 |
| Total | 469,654,360 | 214,463,710 | 23,781,551 | 39,619,870 | 747,519,491 |

- The value of government and public sector deposits amounted to JD 42,840,802, i.e. 5.6% of total deposits as at 31 December 2019 as opposed JD 39,619,870, i.e. 5.3% as at 31 December 2018.
- The value of non-interest bearing deposits amounted to JD 170,719,973, i.e. 22.3% of total deposits as at 31 December 2019 as opposed JD 180,515,539, i.e. 24.1% as at 31 December 2018.
- The value of deposits held (restricted) amounted to JD 8,205,571 as at 31 December 2019, i.e. 1.1%, compared to JD 10,123,932, i.e. 1.4%, as at 31 December 2018.
- The value of frozen deposits amounted to JD 5,747,183 as at 31 December 2019 compared to JD 6,506,623 as at 31 December 2018.

(16) Cash margins

The details of this item are as follows:

| | 31 December 2019 JD | 31 December 2018 JD |
|----------------------------------------|------------------------|------------------------|
| Securities against direct facilities | 19,784,011 | 39,878,001 |
| Securities against indirect facilities | 18,165,913 | 13,728,883 |
| Other securities | 5,750 | 5,750 |
| Total | 37,955,674 | 53,612,634 |

(17) Borrowed funds

The details of this item are as follows:

| 31 December 2019 | Amount | Number of instalments | | Frequency of instalments maturity | Guarantees | Interest rate of borrowings |
|-------------------------------------------|--------------------|-----------------------|-----------|-------------------------------------------------|----------------------------------------------------------------------------------|-----------------------------|
| | | Aggregate | Remaining | | | |
| Borrowing from the Central Bank of Jordan | 3,131,934 | 150 | 110 | Monthly | Promissory notes | 1% to 1.75% |
| Borrowing from local banks/ institutions | 116,621,798 | 435 | 260 | Monthly, quarterly, semi-annual and at maturity | Case deposits/ mortgage bonds/ equipment and property mortgage/ promissory notes | 5 % to 7.5% |
| Borrowing from external institutions | 10,422,300 | 20 | 18 | Semi-annual and at maturity | - * | 3.52 % to 7.2% |
| Total | 130,176,032 | | | | | |

| 31 December 2018 | Amount | Number of instalments | | Frequency of instalments maturity | Guarantees | Interest rate of borrowings |
|-------------------------------------------|--------------------|-----------------------|-----------|-------------------------------------------------|----------------------------------------------------------------------------------|-----------------------------|
| | | Aggregate | Remaining | | | |
| Borrowing from the Central Bank of Jordan | 1,215,268 | 70 | 49 | Monthly | Promissory notes | 1.75% |
| Borrowing from local banks/ institutions | 109,501,949 | 2224 | 1415 | Monthly, quarterly, semi-annual and at maturity | Case deposits/ mortgage bonds/ equipment and property mortgage/ promissory notes | 4.6 % to 8.75% |
| Borrowing from external institutions | 4,254,000 | 9 | 9 | Semi-annual and at maturity | - * | 6.6 % to 7.2% |
| Total | 114,971,217 | | | | | |

- The funds borrowed from the Central Bank of Jordan, amounting to JD 3,131,934, are borrowed amounts to refinance client loans within medium-term financing programmes that have been re-lent at an interest rate of about 4.1%. The loans are due on 31 December 2022, 31 January 2023, and 30 April 2023.

- The borrowed funds include amounts borrowed from local banks in the amount of JD 81,121,798, which are debit current accounts and revolving loans granted to subsidiaries (Al Istethmari Latemweel Selselat Al Imdad Company Tamkeen Financial Leasing Company, Jordan Trade Facilities Company and Bindar Trade and Investment Company).

- The funds borrowed from external institutions represent amounts borrowed from Sanad Fund for Small and Micro Enterprises Financing with a value of USD 14.7 million, equivalent to JD 10,422,300 for the Bank and its subsidiaries (Al Istethmari Latemweel Selselat Al Imdad Company and Jordan Trade Facilities Company) as at 31 December 2019 compared to USD 6 million, equivalent to JD 4,254,000 for subsidiaries (Al Istethmari Latemweel Selselat Al Imdad Company and Jordan Trade Facilities Company) as at 31 December 2018.

- The funds borrowed from local institutions represent sums borrowed from the Jordanian Mortgage Refinance Company, at a value of JD 35,500,000, and housing loans have been refinanced with an interest rate of about 7.9%.

- The value of fixed-interest loans is JD 69,968,836, and variable-interest loans amount to JD 60,207,196 as at 31 December 2019, compared to fixed-interest loans of JD 64,140,031 and variable interest loans in the amount of 50,831,186 as at 31 December 2018 .

- Part of the guarantees of the receivables of instalments and finance leasing contracts in Jordan Trade Facilities Company and Bindar Trade and Investment Company, which are valued at JD 11,493,283 as at 31 December 2019 (checks and bills) deposited as guarantees against the balances of loans and overdrafts of the company for an amount of JD 15,318,946 as at 31 December 2018.

* There is a letter of comfort issued by the Bank.

(18) Bonds

This item represents bonds issued by subsidiaries as follows:

| subsidiary 31 December 2019 | Value of bonds | Interest rate | Gross instalments | Remaining instalments | Frequency of instalments maturity | Guarantees | Issue date | Maturity date |
|-------------------------------------|-------------------|------------------|----------------------|--------------------------|---------------------------------------------------------------|---------------------|-----------------|-----------------|
| Al Istethmari Latemweel Selselat | | | | | | | | |
| Al Imdad Company | 3,000,000 | 7.25% | 1 | 1 | One payment at the date of maturity | Promissory notes | 10 May 2019 | 3 May 2020 |
| Tamkeen Leasing Co | 3,000,000 | 7.25% | 1 | 1 | One payment at the date of maturity | A letter of comfort | 1 July 2019 | 25 June 2020 |
| Jordan Trade Facilities Company | 3,000,000 | 7% | 1 | 1 | One payment at the date of maturity | Promissory notes | 5 April 2019 | 29 March 2020 |
| Bindar Trade and Investment Company | 1,200,000 | 10.92%* | 3 | 1 | 30% in the third and fourth year and 40% in the fifth year | Promissory notes | 10 March 2015 | 10 March 2020 |
| Bindar Trade and Investment Company | 4,650,000 | 7% | 1 | 1 | One payment at the date of maturity | N/A | 28 June 2019 | 21 June 2020 |
| Total | 14,850,000 | | | | | | | |
| 31 December 2018 | | | | | | | | |
| Al Istethmari Latemweel Selselat Al | | | | | | | | |
| Imdad Company | 3,000,000 | 7.25% | 1 | 1 | One payment at the date of maturity | N/A | 13 June 2018 | 7 June 2019 |
| Tamkeen Leasing Co | 3,000,000 | 7% | 1 | 1 | One payment at the date of maturity | N/A | 10 June 2018 | 5 June 2019 |
| Jordan Trade Facilities Company | 3,000,000 | 6.75% | 1 | 1 | One payment at the date of maturity | N/A | 9 February 2018 | 3 February 2019 |
| Bindar Trade and Investment Company | 2,100,000 | 8.9%* | 3 | 2 | 30% in the third and fourth year and 40% in the fifth year | Promissory notes | 10 March 2015 | 10 March 2020 |
| Bindar Trade and Investment Company | 5,000,000 | 7.25% | 1 | 1 | One payment at the date of maturity | N/A | 12 June 2018 | 6 June 2019 |
| Total | 16,100,000 | | | | | | | |

*The bond was issued on 10 March 2015 at an interest rate of 8.9% annually for the first two years and variable every six months for the remainder of the period according to the average interest rate of lending for the best customers at the reference banks plus a 1% risk margin.

(19) Sundry provisions

The details of this item are as follows:

| 31 December 2019 | Balance at the beginning of the year JD | Formed during the year JD | Utilised during the year JD | Reversed to revenues JD | Balance at end of the year JD |
|---------------------------------------------------------------------------|--------------------------------------------|------------------------------|--------------------------------|----------------------------|----------------------------------|
| Provision for end of service benefits | 18,607 | 4,140 | - | - | 22,747 |
| Provision for cases filed against the Bank and its subsidiaries (note 47) | 81,455 | 863,307 | 15,645 | 436 | 928,681 |
| Other | 37,548 | 56,154 | 22,598 | - | 71,104 |
| Total | 137,610 | 923,601 | 38,243 | 436 | 1,022,532 |
| 31 December 2018 | | | | | |
| Provision for end of service benefits | 46,693 | 3,914 | 32,000 | - | 18,607 |
| Provision for cases filed against the Bank and its subsidiaries (note 47) | 599,812 | 774,379 | 880,120 | 412,616 | 81,455 |
| Other | 56,949 | 4,535 | 8,707 | 15,229 | 37,548 |
| Total | 703,454 | 782,828 | 920,827 | 427,845 | 137,610 |

(20) Income tax

A) Provision for income tax

The movement in the income tax provision is as follows:

| | 31 December 2019 JD | 31 December 2018 JD |
|-----------------------------------------|------------------------|------------------------|
| Balance at beginning of the year | 4,679,715 | 3,984,780 |
| Total income tax paid | (5,883,160) | (5,156,748) |
| (Recoveries from) income of prior years | (113,820) | 50,790 |
| Income tax for the year | 7,131,825 | 5,800,893 |
| Balance at end of the year | 5,814,560 | 4,679,715 |

Income tax has been calculated in accordance with the applicable regulations, laws and IFRSs.

Income expense for the year consists of the following:

| | 31 December 2019 JD | 31 December 2018 JD |
|--------------------------------------------------|------------------------|------------------------|
| Income tax on profit for the year | 7,131,825 | 5,800,893 |
| (Recoveries from) prior year's income tax | (46,810) | 50,790 |
| Deferred tax assets for the year | (3,292,164) | (4,936,546) |
| Amortisation of deferred tax assets for the year | 3,129,171 | 4,276,774 |
| (Amortisation of deferred tax liabilities) | (111,503) | (2,112) |
| | 6,810,519 | 5,189,799 |

- The legal income tax rate in Jordan for the Bank (Parent company) is 38% and for the subsidiaries 28%.

The Bank's tax status:

The financial Period is charged with its own income tax expense in accordance with the laws and regulations, IFRSs, and a necessary tax provision is calculated and recognised accordingly.

A final clearance was made with the Income and Sales Tax Department for the fiscal years until the end of 2018, when the tax return for 2018 was accepted within the sampling system.

In the opinion of the management and the tax advisor, the provision for income tax expense is sufficient to meet tax liabilities Up to 31 December 2019.

Tax status of Al-Mawarid Financial Brokerage Company (a subsidiary):

A final clearance was made with the Income and Sales Tax Department for the period from incorporation on 5 June 2006 until the end of 2018.

The company's management and tax adviser believe that the company will not have any liabilities above the provision made until 31 December 2019.

Tax Status of Tamkeen Leasing Company (a subsidiary):

- The company did not submit the self-assessment statement for the period from its inception on 31 October 2006 until 31 December 2009, as it had not exercised its activities within these years.

- A final deduction was made with the Income and Sales Tax Department in respect of the income tax for the years from 2010 to 2017.

- The company submitted the tax return for the year 2018 on the legally specified date, and the statement was accepted without modification within the samples system.

- The company submitted the sales tax returns on the legally specified date, and the Income and Sales Tax Department audited the general sales tax returns until 31 December 2017, and subsequent returns were submitted on the date specified by law and the related tax due was paid up to the date of preparing these financial statements.

- The company's management and tax adviser believe that the company will not have any liabilities above the provision made until 31 December 2019.

Tax status of Al Istethmari Letmaweel Selselat Al-Imdad (a subsidiary):

- A final clearance was conducted with the Income and Sales Tax Department until the end of 2010.
- The company submitted annual income tax returns for the years from 2011 to 2014 within the legal period and paid all the obligations declared within the legal period and they were all accepted by the Income and Sales Tax Department as is without any modifications.
- A final clearance was made with the Income and Sales Tax Department for the fiscal years until the end of 2018, when the tax return for 2018 was accepted within the sampling system.
- The company submitted sales tax returns within the legal period and has no tax obligation to date.
- Sales tax returns were accepted without modification until the end of 2017, and subsequent tax returns were filed on the legally specified date and the related tax due was paid up to the date these financial statements were prepared.
- In the opinion of the company's management and tax adviser, the company will not have any tax liabilities above the provision made until 31 December 2019.

Tax Status of Jordan Trade Facilities Company (a subsidiary):

- A final clearance was conducted with the Income and Sales Tax Department until the end of 2014.
- The company filed the self-assessment return for the years 2015 and 2016 within the legal period. The Income and Sales Tax Department did not inspect the Company's records until the preparation date of these financial statements.
- The company filed the self-assessment return for the years 2017 and 2018 and were accepted by the Income and Sales Department under the samples system without modification.
- The company submitted the general sales tax returns on the legally-specified date until the date these consolidated financial statements were prepared. The Income and Sales Tax Department audited the submitted returns for the years 2009 through 2013.
- The subsidiary (Trade Facilities for Finance Leasing) provided the self-assessment statements until the end of 2018 and were accepted by the Income and Sales Tax Department under the samples system without modification.
- The subsidiary Trade Facilities Company for Finance Leasing) has submitted the general sales tax returns on time. The Income and Sales Tax Department has inspected the submitted returns until 2013.
- In the opinion of company and tax advisor, Jordan Trade Facilities Company and its subsidiaries will not have any tax liabilities above the provision made until 31 December 2019.

Tax status of Bindar Trade and Investment Company (a subsidiary):

- A final clearance was conducted with the Income and Sales Tax Department until the end of 2015.
- The company's tax return for the years 2016 and 2017 was submitted in accordance with the rules and schedule as determined by law, and the accounts were not audited by the Income and Sales Tax Department until the date of preparing these consolidated financial statements.
- The company submitted the tax return for the year 2018 on the legally specified date, and the statement was accepted without modification within the samples system.
- General sales tax returns were audit until the end of 2015, and subsequent tax returns were filed on the legally specified date and the related tax due was paid up to the date these consolidated financial statements were prepared.
- The subsidiary (Bindar Financial Leasing Company) made a final clearance with the Income and Sales Tax Department until the end of 2016, and the tax return for 2017 was submitted on the legally specified date and the company has no tax obligations until the date of preparing these consolidated financial statements.
- The company submitted the tax return for the year 2018 on the legally specified date, and the statement was accepted without modification within the samples system.
- (Bindar Financial Leasing Company) registered in the sales tax as of 1 January 2017 and the tax returns were submitted and the due tax was paid up to the date of preparing these consolidated financial statements.
- The subsidiary (Ruboua Al Sharq Real Estate Company) completed a final clearance with the Income and Sales Tax Department of the company until the end of 2018 and the due tax was paid on the legally specified date.
- The subsidiary (Rakeen Real Estate Company) completed a final clearance with the Income and Sales Tax Department of the company until the end of 2018 and the due tax was paid on the legally specified date.
- In the opinion of the company and tax advisor, Bindar Trade and Investment Company and its subsidiaries will not have any tax liabilities above the provision made until 31 December 2019.

B) Deferred Tax assets/ liabilities

The details of this item are as follows:

| Included accounts | 31 December 2019 | | | | | 31 December 2018 |
|---------------------------------------------------------------------------|----------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| | Beginning balance JD | Amounts released JD | Additions JD | Ending balance JD | Deferred tax JD | Deferred tax JD |
| A-Deferred tax assets | | | | | | |
| Provision for employees end-of-service indemnities | 18,607 | - | 4,140 | 22,747 | 8,644 | 7,071 |
| Provisions for lawsuits against the Bank | 52,570 | 16,081 | 595,467 | 631,956 | 240,143 | 19,977 |
| Provisions made as per IFRS 9/ Bank | 5,444,067 | 2,772,159 | 1,613,070 | 4,284,978 | 1,628,292 | 2,068,745 |
| Provision for impairment of acquired properties | 29,660 | 3,550 | - | 26,110 | 9,922 | 11,271 |
| Provision for properties acquired for more than 4 years | 1,451,140 | 162,669 | - | 1,288,471 | 489,619 | 551,434 |
| Provision for balances attributable to non-statutory operations* | 10,435,500 | - | - | 10,435,500 | 3,965,490 | 3,965,490 |
| Effect of adopting IFRS 16: | - | - | 128,164 | 128,164 | 48,702 | - |
| Employees' bonuses unpaid | 1,286,070 | 770,367 | 938,000 | 1,453,703 | 552,407 | 488,707 |
| Directors' remuneration unpaid | 55,000 | 55,000 | - | - | - | 20,900 |
| Provision for impairment of financial brokerage clients | 1,280,390 | 1,154,805 | 180,940 | 306,525 | 85,827 | 358,509 |
| Provision for ECL of receivables/ Mawarid Company | 20,000 | 20,000 | 30,000 | 30,000 | 8,400 | 3,185 |
| Directors' remunerations and allowances unpaid/ Mawarid Company | 11,374 | 11,374 | - | - | - | 5,600 |
| Provisions made as per IFRS 9/ Mawarid Company | - | - | 12,111 | 12,111 | 3,391 | - |
| Taxable income (loss)/ Mawarid | - | - | 354,142 | 354,142 | 99,160 | - |
| Provision for ECL/ Al Istithmari for Tamwel Selselt Al Imdad | 310,224 | 137,282 | 810,272 | 983,214 | 275,300 | 86,863 |
| Taxable income (loss)/ Al Istithmari for Tamwel Selselt Al Imdad | - | - | 31,718 | 31,718 | 8,881 | - |
| Provision for ECL/ Tamkeen for Finance Leasing | 1,020,182 | 472,331 | 1,001,017 | 1,548,868 | 433,683 | 285,651 |
| Taxable income (loss) at 75% | - | - | 370,201 | 370,201 | 103,656 | - |
| Provision for cases/ Jrodan Trade Facilities Co. | - | - | 220,000 | 220,000 | 61,600 | - |
| Provision for ECL/ Jordan Trade Facilities Company | 5,081,874 | 1,665,884 | 1,895,849 | 5,311,839 | 1,487,317 | 1,422,924 |
| Interest in suspense/ Jordan Trade Facilities Co. | 1,090,578 | 409,492 | 635,676 | 1,316,762 | 368,693 | 305,361 |
| Other provisions/ Jordan Trade Facilities Co. | 64,391 | 39,014 | 59,050 | 84,427 | 23,639 | 18,029 |
| Interests of operating lease obligations/ Jordan Trade Facilities Company | - | - | 28,086 | 28,086 | 7,864 | - |
| Provision for ECL/ Bindar for Trade and Investment Company | 6,007,130 | 2,135,669 | 1,630,972 | 5,502,433 | 1,540,681 | 1,681,996 |
| Provision for cases/ Bindar for Trade and Investment | 28,885 | - | 47,840 | 76,725 | 21,483 | 8,088 |
| | 33,687,642 | 9,825,677 | 10,586,715 | 34,448,680 | 11,472,794 | 11,309,801 |
| B- Deferred tax liabilities | | | | | | |
| Financial assets revaluation reserve | 21,686,185 | 4,228,187 | 1,987,627 | 19,445,625 | 7,337,607 | 8,352,005 |
| Effect of early adoption of IFRS 9 | 1,115,030 | 1,115,030 | - | - | - | 111,503 |
| | 22,801,215 | 5,343,217 | 1,987,627 | 19,445,625 | 7,337,607 | 8,463,508 |

- Deferred tax liabilities include JD 7,337,607 as at 31 December 2019 compared to JD 8,352,005 as at 31 December 2018 representing tax liabilities against profits of valuation of financial assets at fair value through other comprehensive income that appear in the Financial assets revaluation reserve - net of equity, in addition to an amount of JD zero that represents the deferred tax liabilities on profits of assets at fair value through the statement of income as at 31 December 2019 recorded within the retained earnings as a result of the application of IFRS No. (9) compared to JD 111.503 as at 31 December 2018.

* This item represents the deferred tax benefits expected from making a provision against balances due to non-statutory operations (Note 13) and the management believes that these amounts can be used in the near future.

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

| | 31 December 2019 | | 31 December 2018 | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Assets JD | Liabilities JD | Assets JD | Liabilities JD |
| Balance at beginning of the year | 11,309,801 | 8,463,508 | 7,576,553 | 6,103,221 |
| Effect of early adoption of IFRS 9 | - | - | 3,073,467 | - |
| Added | 3,292,164 | 501,899 | 4,936,555 | 2,597,091 |
| Excluded | 3,129,171 | 1,627,800 | 4,276,774 | 236,804 |
| Balance at end of the year | 11,472,794 | 7,337,607 | 11,309,801 | 8,463,508 |

C) Accounting profit settlement against tax profit is summarised as follows:

| | 2019 JD | 2018 JD |
|-----------------------------------------------------------|-------------------|-------------------|
| Accounting profit | 22,910,535 | 21,198,446 |
| Non-taxable profits | (5,147,487) | (3,883,970) |
| Acceptable tax expenses for prior years | (6,306,750) | (7,720,353) |
| Non-acceptable expenses in terms of tax | 7,155,287 | 10,988,153 |
| Tax profit | 18,611,585 | 20,582,276 |
| Percentage of the Bank's statutory income tax* | 38.0% | 35.6% |
| Bank's actual tax rate | 30.0% | 24.6% |
| Percentage of statutory income tax for the subsidiaries * | 28.0% | 24.0% |
| Actual tax rate for subsidiaries | 27.0% | 25.7% |

* Excluding some items that are subject to different tax rates in accordance with the applicable tax income law

(21) Other liabilities

The details of this item are as follows:

| | 31 December 2019 JD | 31 December 2018 JD |
|---------------------------------------------------------------------------|------------------------|------------------------|
| Certified and acceptable checks | 1,034,918 | 1,124,246 |
| Interest payable | 6,757,655 | 5,717,336 |
| Sundry creditors | 2,476,708 | 2,255,511 |
| Payables of financial brokerage clients | 756,650 | 376,700 |
| Unpaid dividend distribution | 222,103 | 230,110 |
| Iron safes insurance | 146,220 | 144,175 |
| Accrued expenses | 1,890,429 | 1,862,690 |
| lease liabilities | 4,319,832 | - |
| Other liabilities | 3,856,449 | 3,929,975 |
| Provision for impairment of off-balance sheet items according to IFRS (9) | 452,648 | 644,389 |
| Total | 21,913,612 | 16,285,132 |

(22) Paid-in capital

Authorised and paid-in capital amounted to JD 100 million distributed over 100 million shares at a par value of JD 1 per share as of the end of the year 2019 and 2018.

(23) Reserves

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

A) Statutory reserve:

Amounts accumulated in this account represent 10% of the annual profits before tax transferred in accordance with the Jordanian Companies Law. This reserve is not available for distribution to shareholders.

An amount equal to the negative balance of the fair value reserve of retained earnings is restricted except with the prior approval of the Central Bank of Jordan.

B) Restricted reserves are as follows:

| Reserve name | 2019 JD | 2018 JD | Nature of restriction |
|-------------------|------------|------------|-------------------------------------------------------------|
| Statutory reserve | 29,728,357 | 27,263,225 | Restricted according to the Banks' Laws and Companies' Laws |

* In accordance with the instructions of the Central Bank of Jordan No. (13/2018), the accumulated balance of the general banking risk reserve item amounting to JD 6,365,000 as at 31 December 2017 has been transferred to the retained earnings item for offset with the impact of IFRS 9. Surplus from the amount after offset amounting to JD 1,971,056 is restricted.

(24) Financial assets valuation reserve

Movement in this item is as follows:

| | 31 December 2019 JD |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Balance at the beginning of the year | 13,475,675 |
| Unrealised shares losses | (2,709,517) |
| Deferred tax liabilities | 1,014,398 |
| Losses on of financial assets at fair value through other comprehensive income transferred to retained earnings as a result of sale | 474,739 |
| Balance at the end of the year* | 12,255,295 |

Impact of applying IFRS (9) on the financial assets revaluation reserve

| | 31 December 2018 JD |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Balance As at 31 December 2017 (as previously reported) | 12,477,651 |
| Effect of the application of IFRS 9 (effect of reclassification of financial assets) | (1,115,030) |
| Effect of the application of IFRS (9) on the deferred taxable assets/ liabilities | 111,503 |
| Adjusted balance the beginning of the year as at 1 January 2018 | 11,474,124 |
| Unrealised shares profits | 3,887,022 |
| Deferred tax liabilities | (2,250,730) |
| Losses on of financial assets at fair value through other comprehensive income transferred to retained earnings as a result of sale | 365,259 |
| Balance at the end of the year* | 13,475,675 |

* financial assets revaluation reserve after deducting the deferred tax liabilities amounted to JD 7,337,607 as 31 December 2019 against JD 8,352,005 as at 31 December 2018.

(25) Retained earnings

Movement on the retained earnings is summarised as follows:

| | 31 December 2019 JD |
|-------------------------------------------------------------------------------------|------------------------|
| Balance at the beginning of the year | 33,486,650 |
| Profit for the year | 15,683,801 |
| Transferred to reserves | (2,465,132) |
| Dividend distributed | (11,000,000) |
| Losses on sale of financial assets at fair value through other comprehensive income | (474,739) |
| Effect of investment increase in subsidiaries | 157,252 |
| Balance at the end of the year | 35,387,832 |

Effect of adopting IFRS 9 on retained earnings:

| | 31 December 2018 JD |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Balance of retained earnings as at 31 December 2017 (as previously reported) | 30,033,210 |
| Expected credit losses of financial assets and items off the statement of financial position as a result of applying IFRS (9) | (9,710,064) |
| Effect of adopting IFRS (9) on the deferred tax assets | 2,939,234 |
| Effect of adopting IFRS (9) on the deferred tax liabilities | (111,503) |
| Transferred to reserves | 6,365,000 |
| Gains on financial assets at fair value through other comprehensive income transferred to retained earnings as a result of reclassification to the portfolio of financial assets at fair value through the statement of income | 1,115,030 |
| Balance of retained earnings (opening balance) as at 1 January 2018 (restated) | 30,630,907 |
| Profit for the year | 15,479,714 |
| Losses on sale of financial assets at fair value through other comprehensive income | (365,259) |
| Transferred to reserves | (2,258,712) |
| Dividend distributed | (10,000,000) |
| Balance at the end of the year | 33,486,650 |

Retained earnings include a restricted amount of JD 11,472,794 as at 31 December 2019 according to the instructions of the Central Bank of Jordan in exchange for deferred tax assets against JD 11,309,801 as at 31 December 2018.

Retained earnings include a restricted amount of JD 1,039,200 as at 31 December 2019 and 31 December 2018, representing the remainder of the balances attributable to non-statutory operations as per the request of the Central Bank of Jordan.

Retained earnings include an amount of JD 415,199 as at 31 December 2019 and 31 December 2018, which represents the effect of early application of IFRS 9 and cannot be disposed of except to the extent that it is actually realised through sales, according to the JSC's instructions.

The retained earnings as at 31 December 2019 do not include any effect of reclassifying financial assets at fair value through other comprehensive income to the portfolio of financial assets at fair value through the statement of income for JD 1,003,527 as at 31 December 2018 in order to properly implement the IFRS (9).

- In accordance with the instructions of the Central Bank of Jordan No. (13/2018), the accumulated balance of the general banking risk reserve item amounting to JD 6,365,000 as at 31 December 2017 has been transferred to the retained earnings item for offset with the impact of IFRS 9. Surplus from the amount after offset amounting to JD 1,971,056 is restricted.

- The value of retained earnings distributable to the Bank's shareholders is JD 14,891,207 as at 31 December 2019 compared to JD 12,149,491 as at 31 December 2018.

(26) Proposed dividends

According to the decision of the General Assembly of Shareholders on 24 April 2019, and amount of JD 11 million of retained earnings for the year 2018 was distributed, equivalent to 11% of the Bank's capital.

(27) Non-controlling interest

The details of this item are as follows:

| | 31 December 2019 | | | 31 December 2018 | | |
|-------------------------------------|----------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------|----------------------------------------------|----------------------------------------------|
| | Ratio of non-controlling interest % | Non-controlling interest in net profit JD | Non-controlling interest in net assets JD | Ratio of non-controlling interest % | Non-controlling interest in net profit JD | Non-controlling interest in net assets JD |
| Tamkeen Leasing Co | 2.5 | (19,840) | 777,026 | 2.5 | (82,572) | 796,866 |
| Al Istethmari Latemweel Selselat | | | | | | |
| Al Imdad Company | 6.0 | (31,098) | 364,507 | 6.0 | 57,403 | 395,605 |
| Jordan Trade Facilities Company | 4.7 | 223,834 | 2,021,527 | 4.8 | 276,198 | 1,820,244 |
| Bindar Trade and Investment Company | 5.4 | 243,319 | 1,476,345 | 6.8 | 277,904 | 1,598,965 |
| | | 416,215 | 4,639,405 | | 528,933 | 4,611,680 |

(28) Interests income

The details of this item are as follows:

| | 2019 JD | 2018 JD |
|-----------------------------------------------------------|-------------------|-------------------|
| Direct credit facilities: | | |
| Individuals (retail): | | |
| Loans and bills | 13,686,411 | 11,135,075 |
| Overdrafts | 707,613 | 1,042,584 |
| Credit cards | 3,008,142 | 2,271,032 |
| Real estate loans | 11,753,639 | 11,381,314 |
| Corporate: | | |
| Loans and bills | 22,794,859 | 22,148,018 |
| Overdrafts | 7,412,953 | 7,725,365 |
| SMEs | | |
| Loans and bills | 4,911,020 | 5,365,459 |
| Overdrafts | 490,206 | 590,350 |
| Government and public sector | 657,985 | 359,827 |
| Balances at the Central Bank of Jordan | 1,639,426 | 1,596,614 |
| Balances and deposits at banks and financial institutions | 1,972,565 | 2,299,676 |
| Financial assets at amortised cost | 7,425,290 | 5,624,648 |
| Total | 76,460,109 | 71,539,962 |

(29) Interests expense

The details of this item are as follows:

| | 2019 JD | 2018 JD |
|----------------------------------------------|-------------------|-------------------|
| Deposits at banks and financial institutions | 193,514 | 289,471 |
| Customers' deposits: | | |
| Current and demand accounts | 659,701 | 341,793 |
| Saving accounts | 250,742 | 247,539 |
| Term and notice deposits | 29,440,035 | 25,914,668 |
| Cash margins | 960,108 | 774,359 |
| Borrowed funds | 7,825,032 | 8,919,066 |
| Bonds | 1,199,621 | 1,026,426 |
| Total deposits insurance fees | 1,071,755 | 1,283,319 |
| Interest expense lease liabilities | 258,772 | - |
| Total | 41,859,280 | 38,796,641 |

(30) Net commissions income

The details of this item are as follows:

| | 2019 JD | 2018 JD |
|---------------------------------|-------------------|-------------------|
| Commissions income: | | |
| Direct facilities commissions | 9,742,991 | 8,679,102 |
| Indirect facilities commissions | 1,357,234 | 1,685,494 |
| Brokerage commissions | 161,759 | 152,358 |
| Other commissions | 1,929,183 | 1,926,009 |
| Total commissions income | 13,191,167 | 12,442,963 |
| Less: commissions paid | 2,231,541 | 1,825,845 |
| Net commissions income | 10,959,626 | 10,617,118 |

(31) Gain on foreign currency exchange

The details of this item are as follows:

| | 2019 JD | 2018 JD |
|------------------------------------------------|----------------|----------------|
| Commissions income: | | |
| Gains from foreign currencies trading/ dealing | 929,840 | 570,565 |
| Gains from revaluation | 27,175 | 46,736 |
| Total | 957,015 | 617,301 |

(32) Gains on financial assets at fair value through the statement of income

The details of this item are as follows:

| | Realized (loss) profit JD | Unrealised loss JD | Shares dividends returns JD | Total JD |
|------------------|---------------------------------|--------------------------|--------------------------------------|---------------|
| 2019 | | | | |
| Companies shares | (5,021) | (108) | 8,754 | 3,625 |
| Total | (5,021) | (108) | 8,754 | 3,625 |
| 2018 | | | | |
| Companies shares | 41,675 | (44,585) | 101,543 | 98,633 |
| Total | 41,675 | (44,585) | 101,543 | 98,633 |

(33) Other income

The details of this item are as follows:

| | 2019 JD | 2018 JD |
|-------------------------------------------|------------------|------------------|
| Bounded income | 1,709,050 | 2,473,697 |
| Telecommunication income | 200,378 | 204,520 |
| sized asset properties rentals | - | - |
| Gains on sale of sized assets by the Bank | 79,849 | 39,421 |
| Recoveries from written off debts | 1,012,881 | 426,601 |
| Other | 516,257 | 521,767 |
| Total | 3,518,415 | 3,666,006 |

(34) Employees' expenses

The details of this item are as follows:

| | 2019 JD | 2018 JD |
|-------------------------------------------------------|-------------------|-------------------|
| Salaries, benefits, bonuses and employees' allowances | 13,391,318 | 13,887,640 |
| Bank's and subsidiaries' share in the social security | 1,310,675 | 1,338,016 |
| Medical expenses | 898,975 | 787,908 |
| Travel and transportation expenses | 69,353 | 41,837 |
| Employees' training expenses | 71,479 | 109,996 |
| Employees' life insurance expenses | 28,034 | 34,331 |
| Per diems | 8,630 | 5,015 |
| Total | 15,778,464 | 16,204,743 |



(35) Other expenses

The details of this item are as follows:

| | 2019 JD | 2018 JD |
|----------------------------------------------------|------------------|-------------------|
| Rent | 119,474 | 1,166,564 |
| Stationary and printing | 190,073 | 149,969 |
| Advertisement | 752,595 | 872,298 |
| Subscription and fees | 789,676 | 818,664 |
| Telecommunication and courier expenses | 864,962 | 833,250 |
| Maintenance and repairs of buildings and equipment | 397,925 | 292,118 |
| Maintenance of systems and software license | 1,050,751 | 971,854 |
| Credit cards and accounts incentives' | 1,124,911 | 1,290,675 |
| Insurance | 388,635 | 208,696 |
| Legal fees | 135,847 | 138,944 |
| Electricity, water and heating | 276,950 | 419,230 |
| Professional and consultation fees | 619,111 | 672,046 |
| Donations | 196,250 | 140,317 |
| Credit card expenses | 64,106 | 89,265 |
| Board members bonuses and transportation | 424,411 | 596,204 |
| Safety and security expenses | 200,063 | 155,766 |
| Cleaning expenses | 181,753 | 182,392 |
| Other expenses | 1,179,199 | 1,197,010 |
| Total | 8,956,692 | 10,195,262 |

(36) Earning per share from the year attributable to the shareholders of the Bank

The details of this item are as follows:

| | 2019 JD | 2018 JD |
|------------------------------------------------------------------------------|-------------|-------------|
| Net profit of the year attributable to the Bank's shareholders | 15,683,801 | 15,479,714 |
| Weighted average of the number of shares | 100,000,000 | 100,000,000 |
| Earning per share from the year attributable to the shareholders of the Bank | 0.157 | 0.155 |

The basic earnings per share from the net profit for the for the year attributable to the shareholders of the Bank equals the diluted earnings as the Bank not issue any financial instruments that have an impact on the basic earnings per share.

(37) Cash and cash equivalents

The details of this item are as follows:

| | 31 December 2019 JD | 31 December 2018 JD |
|--------------------------------------------------------------------------------------|------------------------|------------------------|
| Cash and balances at the Central Bank of Jordan with maturity within three months | 120,759,451 | 131,690,084 |
| Add: Balances at banks and financial institutions with maturity within three months | 57,829,489 | 60,529,732 |
| Less: Deposits at banks and financial institutions with maturity within three months | 12,923,564 | 11,496,379 |
| | 165,665,376 | 180,723,437 |

(38) Related parties transactions

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

| Company's Name | Ownership % | Company's capital | |
|---------------------------------------------------|----------------|-------------------|------------|
| | | 2019 JD | 2018 JD |
| Al-Mward for Financial Brokerage | 100% | 5,000,000 | 5,000,000 |
| Tamkeen Leasing Co | 97.5% | 20,000,000 | 20,000,000 |
| Al Istethmari Latemweel Selselat Al Imdad Company | 94% | 3,000,000 | 3,000,000 |
| Jordanian Factoring Company | 100% | 30,000 | 30,000 |
| Jordan Trade Facilities Company | 95.3% | 16,500,000 | 16,500,000 |
| Trade Facilities for Finance Leasing Co. | 95.3% | 2,000,000 | 2,000,000 |
| Bindar Trade and Investment Company | 94.6% | 20,000,000 | 20,000,000 |
| Ruboua Al Sharq Real Estate Company | 94.6% | 50,000 | 50,000 |
| Rakeen Real Estate Company | 94.6% | 30,000 | 30,000 |
| Bindar Financial Leasing Company | 94.6% | 1,000,000 | 1,000,000 |

The Bank has entered into transactions with members of the Board of Directors, key management, subsidiaries and major shareholders within the normal activities of the Bank and by using interest rates and commercial commissions. All credit facilities granted to related parties are considered performing and no provisions are made for them, except as mentioned below.

The following is the summary of transactions and balances with related parties:

| | Related party | | | Total | |
|--------------------------------------------------------|---------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| | Subsidiaries* | Directors and key executive management | Others (staff and their relatives, and relative of Board of Directors and key executive management and companies controlled) | 31 Decembers 2019 | 31 Decembers 2018 |
| Balance sheet items: | JD | JD | JD | JD | JD |
| Credit facilities | 8,250,000 | 4,321,559 | 46,173,347 | 58,744,906 | 59,030,892 |
| Provision for impairment of direct credit facilities** | - | - | 82,880 | 82,880 | 54,428 |
| Financial assets at amortised cost | 900,000 | - | 5,120,000 | 6,020,000 | 7,800,000 |
| Deposits, current accounts and cash deposits | 3,683,335 | 5,621,203 | 19,852,982 | 29,157,520 | 32,712,780 |
| Deposits at banks and financial institutions | - | 4,679,172 | - | 4,679,172 | 5,809,503 |
| Off balance sheet items: | | | | | |
| Letters of credit | - | - | 19,711 | 19,711 | 20,103 |
| Guarantees | 992,800 | 445,642 | 3,177,261 | 4,615,703 | 5,378,071 |
| Elements of the statement of income: | | | | | |
| Interests and commissions income | 676,435 | 230,312 | 4,133,639 | 5,040,386 | 5,185,813 |
| Interests and commissions expense | 228,367 | 536,278 | 970,612 | 1,735,257 | 1,577,088 |
| Provision for impairment of credit facilities** | - | - | 28,452 | 28,452 | (663,264) |

Highest interest rate on direct credit facilities in Jordanian Dinars 21%

Lowest interest rate on direct credit facilities in Jordanian Dinars 2.25%

Highest interest rate on direct credit facilities in foreign currency 12%

Lowest interest rate on direct credit facilities in foreign currency 6.489%

Highest interest rate on deposits in Jordanian Dinars 6.25%

Lowest interest rate on deposits in Jordanian Dinars Zero

Highest interest rate on deposits in foreign currency 2.5%

Lowest interest rate on deposits in foreign currency Zero

Highest commission on facilities 1%

Lowest commission on facilities Zero

Interest rates payable on financial assets at amortised cost, in Jordanian Dinars, range from 10.583%. To 10.917%.

Salaries, bonuses for key executive management of the Bank and subsidiaries amounted to JD 3,340,570 for the year ended 31 December 2019 against JD 3,584,725 for year ended 31 December 2018.

As at 31 December 2019, the number of related clients reached 935. The value of the collaterals provided by the related clients against the granted credit facilities amounted to JD 33,822,475 as at 31 December 2019.

* Balances and transactions with subsidiaries are excluded in these consolidated financial statements and are shown for reference only.

** This represents the provisions prepared according to the instructions of the Central Bank of Jordan (No. 47/2009).

(39) Risk management

The overall risk management framework

The Bank has set the supervisory levels (defence lines) to manage risk at the Bank's level, by setting the general framework for these levels as follows:

- **Business Units:** Employees within the business units represent the first line of defence and are directly responsible for managing risks and evaluating control procedures related to them.
- **Risk Management Function:** The risk management staff represents one of the elements of the second defence line and they are responsible for coordinating the risk management efforts and facilitating the process of supervising the mechanisms used and followed by the Bank to manage the risks.
- **Compliance Department:** Compliance Department is another component of the second line of defence. Compliance Department staff are concerned with ensuring compliance with laws, regulations, instructions, orders, codes of conduct, standards and sound banking practices.
- **Internal Audit:** The internal audit staff represents the third line of defence and are responsible for conducting the independent review of the control procedures, processes, and systems associated with risk management at the Bank's level.

The Bank formed a risk and compliance management committee emanating from the Board of Directors. This committee is concerned with risk management to ensure that all risks to which the Bank is exposed or may be exposed, are managed in an efficient manner to mitigate its impact on the various activities of the Bank and to ensure the proper functioning of its management, and its consistency with the Bank's strategy to maximise equities and maintain the Bank's growth within the approved risk framework. The Committee has the following main tasks:

- A- Reviewing the Bank's risk management framework.
- B- Reviewing the Bank's risk management strategy before approving it by the Board of Directors.
- C. Reviewing the Bank's risk management policies before approving it by the Board of Directors.
- D. Ensuring the availability of policies and a framework for managing the necessary risks, programmes and tools, with annual reviews as a minimum to ensure their effectiveness and amending them if necessary.
- E. Ensuring that adequate and appropriate support is provided to the Risk Management Function to perform its tasks in accordance with the approved policies and procedures and the instructions of the Central Bank of Jordan.
- F- Ensuring the use of modern methods in managing and evaluating the Bank's risks.
- G- Reviewing periodic risk management reports.
- H- Reviewing the Bank's acceptable risks documents and before approving it by the Board of Directors.
- I- Reviewing the methodology by which the expected credit loss is calculated and submitted to the Board for approval.
- J- Verifying the existence and application of effective internal control systems, internal credit rating systems, and automated systems for calculating expected credit losses and appropriate screening and verification procedures so that this system is able to reach results within adequate hedging against expected credit risks.
- K- Ensuring that there is an independent body that has the power to decide on exception or amendment on the calculation of ECL and to present these cases to the Board of Directors or its relevant committees at its first meeting and to obtain its approval.

L- Reviewing the internal evaluation methodology of the Bank's capital adequacy and submitting the same to the Board of Directors for approval, so that this methodology is comprehensive, effective and capable of identifying all risks that the Bank may face, and take into account the Bank's strategic plan and capital plan. Reviewing this methodology periodically and verifying its application, and ensuring that the bank maintains sufficient capital to meet all the risks it faces.

M- Ensuring the independence of the risk management.

As for compliance management, the Committee aims to add value to the Bank's operations by improving the effectiveness of risk management, internal control systems and corporate governance, through ensuring that the Bank and its internal policies comply with all laws, regulations, instructions, orders, codes of conduct, standards, and sound banking practices issued by local and international oversight bodies and reporting to the Board of Directors on the Bank's compliance. The Committee carries out the following main tasks:

A- Ensuring full compliance with the laws, regulations, policies and orders that the Bank's business is subject to and the existence of a general framework for correct professional behaviour, and monitoring the Bank's compliance and commitment to implementing the provisions of the legislation in force and the requirements of regulatory authorities.

B- Ensuring that there is an integrated general framework for internal control, improving it when necessary, and reviewing compliance with the corporate governance manual.

C- Reviewing the related parties' dealings with the Bank and giving recommendations to the Board of Directors before concluding them.

D- Verifying that sufficient qualified human resources are available to comply with compliance management and to train them and is responsible for assessing the performance of the compliance manager and staff and determining their remuneration.

E- Reviewing and approving any disclosures in the annual report related to risks and internal control systems.

F- Adopting the compliance control policy, money laundering and terrorist financing policy, and evaluating the degree of effectiveness with which the Bank manages the compliance department at least once a year and reviewing it when making any changes to it.

G- Monitoring and following up the implementation of the compliance policy and verifying compliance with the Bank's internal policies, international standards and related legislation.

H- Reviewing clients' complaints reports and making sure that appropriate measures are taken to follow up on these complaints.

I- Taking the necessary measures to enhance the values of integrity and sound professional practice within the Bank in a manner that makes compliance with applicable laws, regulations, instructions, orders and standards a primary goal to be achieved.

J- Reviewing and approving compliance programmes and plans annually.

In addition, the Bank has formed an Executive Risk Management Committee, which in turn supervises efforts to manage all types of risks that the Bank may face in addition to the overall risk management framework. The Executive Risk Management Committee submits the necessary reports to the Risk Committee of the Board of Directors.

The Risk Management Function undertakes the process of managing the Bank's various risks on a daily basis (credit, operating and market risks) within the general framework of the approved risk management policies, through:

- Risk identification.
- Risk assessment.
- Risk control/mitigation.
- Risk monitoring.

Noting that the Bank adheres to the requirements of the Central Bank of Jordan related to each of the Basel III decisions and the process of (ICAAP) in addition to the requirements of stress tests and the requirements of the IFRS No. (9).

39/A Credit risk:

Credit risk is defined as: "the probability that the principal or interest will not be recovered on time and completely, resulting in a financial loss for the Bank".

Given the importance of credit risks as the largest part of the risks to which the Bank is exposed in general, the Bank has given credit management great importance by activating the appropriate tools to monitor and identify these risks at the level of the credit portfolio. To achieve this, the Bank, based on its risk management strategy, conducted the following:

1 - Approving a document of acceptable risks, setting credit limits for credit risks and monitoring them periodically to mitigate the credit risks that the Bank can be exposed to.

2 - The Bank implements a credit risk rating system from Moody's for clients of major companies and commercial companies, which would reflect on the quality of the credit portfolio and help in making appropriate credit decisions as follows:

- Through the system, the clients' credit rating is obtained as follows:

- Large corporate
- SMEs

- Classification of clients on the system to ten levels, where the rating scores are distributed from 1 (high quality companies with few risks) to 10 (classified company not performing), as the classification system includes classification of performing debts within (7) degrees and non-performing within (3) degrees.

- Analysing the borrower's risks as per economic sector, management, financial status, experience, etc.

- Analysing client's data and financial statements to extract the most important financial ratios and indicators that help in making credit decisions.

- There is a specific matrix for each credit rating on the Moody's system, as the rating is correlated with the likelihood of default corresponding to that rating.

3 - Mitigating credit risk through credit risk mitigators (cash, real estate, shares or other guarantees) that are commensurate with the credit risk to which the Bank is exposed and in a manner that ensures that appropriate guarantees are met.

4 - Preparing and conducting stress testing for credit risk.

5 - Approved business policies and procedures that cover the approved basis for managing credit related operations and which include the following:

- Specific powers of approval of granting credit
- Defining the tasks and responsibilities of all parties and departments related to the credit granting process.
- Defining the necessary supervisory reports and statements that ensure that activities related to credit granting operations are monitored and followed up by the various departments involved in credit granting operations.

6 - The existence of departments and committees to manage credit granting operations, in a manner that ensures separation of duties between the various business departments and the credit monitoring and reviewing of credit risk management departments, as follows:

- Specialised committees for the approval of credit.
- Specialised departments for reviewing credit.
- Specialised departments for managing credit.
- A specialised unit for legal documentation.
- Specialised departments for following up the collection of receivables and past-due debts.

7 - The Bank ensures that it is committed to the instructions of the Central Bank of Jordan regarding credit concentrations in addition to preparing and monitoring credit concentrations and declaring banking risks to the Bank's customers.

8 - Sound and appropriate legal and credit documentation for all conditions associated with credit facilities, including legal documentation required for the Bank's guarantees.

- Descriptive disclosures (IFRS 9):

Functions and responsibilities of the Board of Directors (and related committees):

- To provide the appropriate governance structure to ensure the proper application IFRS 9, including:

- To define the roles of the Board of Directors, committees, departments and working units of the Bank, ensure the integrity of their work and provide the appropriate infrastructure.

- To verify and implement appropriate credit risk management policies.

- To Verify the existence and application of effective internal control systems, internal credit rating systems, and automated systems for calculating expected credit losses and appropriate screening and verification procedures so that this system is able to reach results within adequate hedging against expected credit risks.

- To ensure that there is an independent body that has the power to decide on the exception or amendment and to present these cases to the Board of Directors or its relevant committees at its first meeting and to obtain its approval.

- To adopt of finance objectives and bases of acquisition and classification of financial instruments, and ensuring integration with other business requirements.

- To ensure that the Bank's control units, specifically risk department, internal audit department take all necessary actions 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.

- The audit Committee verifies the adequacy of the expected credit loss (impairment loss) made by the Bank.

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

The Bank implements a credit risk rating system from Moody's for clients of major companies and commercial companies, which would reflect on the quality of the credit portfolio and help in making appropriate credit decisions as follows:

- Through the system, the clients' credit rating is obtained as follows:

- Large corporate
- SMEs

- Classification of clients on the system to ten levels, where the rating scores are distributed from 1 (high quality companies with few risks) to 10 (classified company not performing), as the classification system includes classification of performing debts within (7) degrees and non-performing within (3) degrees.

- Analysis of the borrower's risks as per economic sector, management, financial status, experience, etc.

- Analysing client's data and financial statements to extract the most important financial ratios and indicators that help in making credit decisions.

- There is a specific matrix for each credit rating on the Moody's system, as the rating is correlated with the likelihood of default corresponding to that rating.

General framework for the application of the requirements of IFRS (9):

- Based on INVESTBANK's keenness to adhere to the IFRS (9), and based on the instructions of the Central Bank of Jordan regarding the implementation of the IFRS (9), INVESTBANK implemented the standard within the following data:

1. Engaging with a specialised company to provide necessary consultations on the application of the standard.
2. Purchasing an automated system specialised to apply the standard requirements.
3. Developing the framework document for the implementation of the standard and its approval by the Board of Directors.
4. Recognising (classifying) all credit exposures/ debt instruments that are subject to the measurements and calculation of ECL within one of the following stages:

- Stage 1: This represents the expected credit loss weighted with PD for credit exposure/ debt instrument during the next (12) months, as credit exposures/ debt instruments have been included in this item, which did not have a significant increase or affecting its credit risks since the initial recognition of exposure/ instrument or that which has low credit risk at the date of preparing the financial statements, and credit risk is considered low if the conditions mentioned within the instructions of the Central Bank of Jordan based on the requirements of the standard are met, and examples of these indicators include the following:

- Low default risk.
- The debtor has a high ability in the short term to meet commitments.

- Stage 2: This stage includes credit exposure/ debt instruments, which had a significant increase in credit risk since their initial recognition, but have not yet reached a default stage due to the lack of objective evidence to establish default. The expected credit loss for the entire lifetime of the credit exposure/ debt instrument is calculated as the ECL resulting from all PDs over the remaining time period of the credit exposure/ debt instrument.

The Bank is taking into account the indicators included in the instructions of the Central Bank of Jordan, which is derived from the requirements of the standard relative to the classification of credit exposures/ debt instruments within this stage. Examples of these indicators are as follows:

- Non-compliance with contractual conditions such as the existence of maturities equal to or greater than (90) days.
- The existence of clear indications that the debtor is near bankruptcy.
- In addition to the indicators received in the instructions of the Central Bank No. 2009/47.

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

- The calculation of ECL depends on the PD, which is calculated according to credit risk and economic factors, and the LGD ratio, which is based on the collectible value of the collateral, the EAD. Accordingly, the Bank adopted the following mathematical model to calculate the ECL in accordance with IFRS No. (9). The following equation applies to all exposures as follows:

$$\text{ECL} = \text{PD}\% \times \text{EAD (JOD)} \times \text{LGD}\%$$

ECL: Expected credit loss

PD: Probability of default

EAD: Exposure at Default

LGD: Loss Given Default

- Scope of application/ ECL:

- In accordance with the requirements of IFRS (9), ECL measurement model is applied within the following framework (except as measured at fair value through the consolidated 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.
- Financial guarantees provided in accordance with the requirements of IFRS 9.
- Receivables related to leases are within the requirements of IAS (17) and IFRS (16).
- 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)].

6. Calculation of the PD: The Bank calculates the PD according to the following data:

- Economic indicators and macroeconomic factors (GDP, unemployment and inflation, real interest rates) to be used in calculating ECL (PD) were taken into account.

- With regard to clients who are treated on an individual basis and classified through the credit rating system, the PD extracted from the credit rating system has been relied upon as a calibration of the default rates on the system to align with the requirements of the standard and after taking into account the historical defaults data of the Bank. As for the clients who are treated individually and not classified through the credit rating system, they are included in Stage 2, according to the instructions of applying the IFRS (9) No. (2018/13).

- As for the clients who are dealt with on an collective basis, the “Roll Rate” methodology was adopted to calculate the percentage of future loss at default, as it was relied upon to study the historical data of the Bank by taking into account an analysis of the results of the methodology at a collective level (collective basis) for credit exposures that have similar credit characteristics by taking into consideration a group of factors; of which the most important are as follows:

- Type of product
- Type of collaterals
- Sector

7. Calculation of (EAD): The Bank has taken the following data into account when calculating EAD:

- Credit exposure type.
- Balance of credit exposure.
- Credit Conversion Factor - CCF

8. Calculating LGD, as the Bank made the calculation by analysing historical data of the Bank's recovery rates (recovery rates), after taking into consideration a set of factors, the most important of which are the nature of guarantees and products and clients' classification. Accordingly, LGD ratios have been developed either on individual level for clients classified through the credit rating system or at collective basis for exposures that bear similar characteristics to clients not rated on the credit rating system.

1- Credit risk exposures (after provision for impairment, interest in suspense, collaterals and other risk mitigation)

| Items in the statement of financial position: | 31 December 2019 JD | 31 December 2018 JD |
|--------------------------------------------------|------------------------|------------------------|
| Balances at the Central Bank of Jordan | 106,781,877 | 117,826,736 |
| Balances at banks and financial institutions | 57,764,189 | 60,496,498 |
| Deposits at banks and financial institutions | 6,752,924 | 5,795,837 |
| Credit facilities: | | |
| For individuals | 165,781,890 | 143,522,161 |
| Real estate mortgage | 138,610,752 | 139,919,972 |
| For corporates | | |
| Large corporate | 315,993,161 | 351,545,507 |
| SMEs | 44,377,084 | 46,415,987 |
| For government and public sector | 9,523,982 | 7,543,989 |
| Bills and bonds | | |
| Financial assets at amortised cost | 169,034,592 | 122,698,332 |
| Other assets | 7,679,855 | 6,004,701 |
| Total balance sheet items | 1,022,300,306 | 1,001,769,720 |
| Off financial position items | | |
| Guarantees | 81,129,272 | 90,342,149 |
| Letters of credit | 13,749,467 | 8,175,702 |
| Acceptances and time-drawings | 1,565,719 | 7,801,957 |
| unutilized credit facilities limits | 15,563,376 | 35,644,588 |
| Total off financial position items | 112,007,834 | 141,964,396 |
| Total on and off financial position items | 1,134,308,140 | 1,143,734,116 |

To hedge the credit exposures mentioned above, the Bank uses the following mitigators and within specific conditions in the Bank's credit policy:

- 1 - Cash margins
- 2 - Bank guarantees accepted
- 3 - Real estate guarantees
- 4 - Mortgage of shares traded
- 5 - Mortgage of vehicles and machineries
- 6 - Collateral of funded goods

2 - Distribution of credit exposure by risk degree:

Credit exposures are distributed by risk degree as in the following table:

| 2019 | Retail JD | Real estate loans JD | Companies | | Government and public sector JD | Banks and other financial institutions JD | Total JD |
|----------------------------------|--------------------|----------------------------|--------------------|-------------------|------------------------------------------|----------------------------------------------------|----------------------|
| | | | corporate JD | SMEs JD | | | |
| Low-risk | 9,084,072 | - | 2,904,712 | 411,814 | 229,490,960 | - | 241,891,558 |
| Acceptable risk | 152,789,391 | 123,716,812 | 350,155,385 | 34,606,926 | - | 78,851,862 | 740,120,376 |
| Of which are matured (*): | | | | | | | |
| Up to 30 days | 347,077 | 209,848 | 9,092,594 | 253,034 | - | - | 9,902,553 |
| 31 to 60 days | 168,478 | 81,364 | 2,408,929 | 53,405 | - | - | 2,712,176 |
| Watch list | 4,744,641 | 12,545,617 | 9,297,490 | 8,248,320 | - | - | 34,836,068 |
| Non-performing: | | | | | | | |
| Sub-standard | 1,458,440 | 324,144 | 61,407 | 437,406 | - | - | 2,281,397 |
| Doubtful | 2,030,369 | 1,775,868 | 7,136,377 | 1,356,617 | - | - | 12,299,231 |
| Bad | 11,709,376 | 3,209,049 | 15,513,231 | 6,480,235 | - | - | 36,911,891 |
| Total | 181,816,289 | 141,571,490 | 385,068,602 | 51,541,318 | 229,490,960 | 78,851,862 | 1,068,340,521 |
| Less: Provision for impairment | 13,378,308 | 2,029,143 | 16,652,948 | 5,625,389 | - | 126,957 | 37,812,745 |
| Interests in suspense | 2,656,091 | 931,595 | 3,100,939 | 1,538,845 | - | - | 8,227,470 |
| Net | 165,781,890 | 138,610,752 | 365,314,715 | 44,377,084 | 229,490,960 | 78,724,905 | 1,022,300,306 |

The credit exposures (financial assets and financial investments) are distributed as per the credit rating.

| Credit rating | Government and public sector | financial institutions |
|----------------|------------------------------|------------------------|
| (AAA to -AA) | - | 7,500,088 |
| (A+ to -A) | - | 26,077,670 |
| (BBB+ to -BBB) | - | 8,109,690 |
| (BB+ to -B) | 229,490,960 | 28,282,376 |
| Less than (-B) | - | 8,755,081 |
| | 229,490,960 | 78,724,905 |

| 2018 | Retail JD | Real estate loans JD | Companies | | Government and public sector JD | Banks and other financial institutions JD | Total JD |
|----------------------------------|--------------------|----------------------------|--------------------|-------------------|------------------------------------------|----------------------------------------------------|----------------------|
| | | | corporate JD | SMEs JD | | | |
| Low-risk | 7,863,003 | - | 6,792,083 | 1,011,198 | 199,387,880 | - | 215,054,164 |
| Acceptable risk | 130,990,217 | 135,100,102 | 358,468,882 | 39,386,167 | - | 82,451,901 | 746,397,269 |
| Of which are matured (*): | | | | | | | |
| Up to 30 days | 602,634 | 222,082 | 4,807,932 | 93,661 | - | - | 5,726,309 |
| 31 to 60 days | 87,092 | 479,838 | 3,523,530 | 30,754 | - | - | 4,121,214 |
| Watch list | 4,699,151 | 1,731,988 | 24,343,335 | 4,984,343 | - | - | 35,758,817 |
| Non-performing: | | | | | | | |
| Sub-standard | 2,279,002 | 433,413 | 1,505,468 | 1,415,828 | - | - | 5,633,711 |
| Doubtful | 3,158,679 | 2,257,230 | 59,725 | 839,856 | - | - | 6,315,490 |
| Loss | 11,654,643 | 4,551,040 | 19,134,114 | 7,245,635 | - | - | 42,585,432 |
| Total | 160,644,695 | 144,073,773 | 410,303,607 | 54,883,027 | 199,387,880 | 82,451,901 | 1,051,744,883 |
| Less: Provision for impairment | 14,297,589 | 3,085,775 | 15,885,449 | 6,274,361 | - | 74,068 | 39,617,242 |
| Interests in suspense | 2,824,945 | 1,068,026 | 4,272,271 | 2,192,679 | - | - | 10,357,921 |
| Net | 143,522,161 | 139,919,972 | 390,145,887 | 46,415,987 | 199,387,880 | 82,377,833 | 1,001,769,720 |

The credit exposures (financial assets and financial investments) are distributed as per the credit rating.

| Credit rating | Government and public sector | financial institutions |
|----------------|------------------------------|------------------------|
| (AAA to -AA) | - | 9,588,566 |
| (A+ to -A) | - | 18,449,172 |
| (BBB+ to -BBB) | - | 8,048,578 |
| (BB+ to -B) | 199,387,880 | 15,302,433 |
| Less than (-B) | - | - |
| Unrated | - | 30,989,084 |
| | 199,387,880 | 82,377,833 |

* The entire debt balance is considered due in the event of a premium or interest being due, and the current account is considered receivable and due if the ceiling is exceeded.

Credit exposures include facilities, bank balances and deposits, as well as financial assets.

The following is the distribution of the fair value of collaterals provided against facilities:

| 2019 | Retail JD | Real estate mortgage JD | Companies | | Total JD |
|-----------------------------|-------------------|-------------------------------|--------------------------|-------------------|--------------------|
| | | | Large corporate JD | SMEs JD | |
| Collaterals against: | | | | | |
| Low-risk | 9,084,072 | - | 2,904,712 | 411,814 | 12,400,598 |
| Acceptable risk | 52,636,887 | 122,256,710 | 197,857,110 | 16,527,165 | 389,277,872 |
| Watch list | 1,268 | 12,481,610 | 5,835,332 | 48,576 | 18,366,786 |
| Non-performing: | | | | | |
| Sub-standard | 2,333,860 | 939,091 | - | 469,734 | 3,742,685 |
| Doubtful | 1,055,149 | 2,233,083 | 4,055,264 | 509,052 | 7,852,548 |
| Loss | 4,063,689 | 3,660,996 | 764,147 | 2,913,803 | 11,402,635 |
| | 69,174,925 | 141,571,490 | 211,416,565 | 20,880,144 | 443,043,124 |
| Including: | | | | | |
| Cash margins | 9,098,138 | - | 2,910,962 | 442,262 | 12,451,362 |
| Real estate | 44,145,220 | 141,571,490 | 159,214,240 | 9,874,177 | 354,805,127 |
| Trade stocks | - | - | 571,092 | - | 571,092 |
| Vehicles and equipment | 15,931,567 | - | 48,720,271 | 10,563,705 | 75,215,543 |
| | 69,174,925 | 141,571,490 | 211,416,565 | 20,880,144 | 443,043,124 |

| 2018 | Retail JD | Real estate mortgage JD | Companies | | Total JD |
|-----------------------------|-------------------|-------------------------------|--------------------------|------------------|--------------------|
| | | | Large corporate JD | SMEs JD | |
| Collaterals against: | | | | | |
| Low-risk | 7,863,003 | - | 6,792,083 | 1,011,198 | 15,666,284 |
| Acceptable risk | 64,589,660 | 135,732,205 | 178,274,112 | 4,493,708 | 383,089,685 |
| Watch list | 13,826 | - | 7,422,025 | 61,989 | 7,497,840 |
| Non-performing: | | | | | |
| Sub-standard | 1,125,637 | 1,326,317 | 3,561,547 | 1,006,874 | 7,020,375 |
| Doubtful | 1,205,420 | 2,887,323 | 788,411 | - | 4,881,154 |
| Loss | 2,009,637 | 4,127,928 | 4,251,330 | 1,027,098 | 11,415,993 |
| | 76,807,183 | 144,073,773 | 201,089,508 | 7,600,867 | 429,571,331 |
| Including: | | | | | |
| Cash margins | 7,876,829 | - | 6,852,478 | 1,011,198 | 15,740,505 |
| Real estate | 50,451,807 | 144,073,773 | 160,018,958 | 5,567,338 | 360,111,876 |
| Trade stocks | - | - | 584,085 | - | 584,085 |
| Vehicles and equipment | 18,478,547 | - | 33,633,987 | 1,022,331 | 53,134,865 |
| | 76,807,183 | 144,073,773 | 201,089,508 | 7,600,867 | 429,571,331 |

The fair value of collateral is valued upon granting the facilities based on the valuation techniques usually adopted for these collaterals, and in subsequent periods the value is updated at market prices or the prices of similar assets.

- Rescheduled debts

These are the debts that were previously classified as non-performing credit facilities and were taken out of the framework of non-performing credit facilities under a fundamental schedule and classified as watch list debt or transferred to performing and they amounting to JD 15,449,539 as of 31 December 2019 compared to JD 7,899,019 as of 31 December 2018.

- Restructured debt

Restructuring means re-arranging the status of credit facilities in terms of adjusting the premiums, extending the life of credit facilities, postponing some of the instalments or extending the grace period, amounting to JD 66,875,997, as of 31 December 2019 compared to JD 82,355,152 for the year 2018.

- Provisions that are no longer required as a result of debt settlement or repayment:

The value of provisions for the impairment of non-performing debt and watch list debt that were no longer required as a result of settlements or repayment of debts and transferred against other debts amounted to JD 5,028,445 as of 31 December 2019, compared to JD 5,197,620 as of 31 December 2018.

3 - Bills, bonds and notes

The following table shows the classifications of bills, bonds and notes according to the external rating institutions and the internal classification of the Bank:

2019

| Rating grade | Within financial assets at fair value through statement of income JD | Within financial assets at amortised cost JD | Total JD |
|--------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------|--------------------|
| Unrated | - | 5,015,318 | 5,015,318 |
| Rated (A - B+I) | - | 6,373,204 | 6,373,204 |
| According to the Bank's internal rating | - | 44,460,969 | 44,460,969 |
| Governmental and under its guarantee | - | 113,185,101 | 113,185,101 |
| Total | - | 169,034,592 | 169,034,592 |

2018

| Rating grade | Within financial assets at fair value through statement of income JD | Within financial assets at amortised cost JD | Total JD |
|--------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------|--------------------|
| Unrated | - | 6,269,766 | 6,269,766 |
| Rated (A - B+I) | - | 7,380,267 | 7,380,267 |
| According to the Bank's internal rating | - | 35,031,144 | 35,031,144 |
| Governmental and under its guarantee | - | 74,017,155 | 74,017,155 |
| Total | - | 122,698,332 | 122,698,332 |

Distribution of credit exposures

| Bank's internal rating grade | Rating category as per the instructions (47/ 2009) | Gross amount of exposure | Expected credit losses (ECL) | Probability of Default (PD) | Rating according to external rating institutions | Exposure at default (EAD) | Loss given default (LGD)% |
|-------------------------------------------------------|----------------------------------------------------|--------------------------|------------------------------|-----------------------------|--------------------------------------------------|---------------------------|---------------------------|
| JD | JD | JD | JD | JD | JD | JD | JD |
| Performing exposures | | | | | | | |
| Balances at banks and financial institutions | | | | | | | |
| Stage 1 | Performing credit exposures | 57,829,492 | 65,300 | [0.06% - 1.77%] | [3 - 6+] | 57,829,492 | 22.00% |
| Stage 2 | Watch list credit exposures | - | - | - | - | - | - |
| Deposits at banks and financial institutions | | | | | | | |
| Stage 1 | Performing credit exposures | 6,772,500 | 19,576 | [0.04% - 1.77%] | [+3 - 6+] | 6,772,500 | 22.00% |
| Stage 2 | Watch list credit exposures | - | - | - | - | - | - |
| Credit facilities: | | | | | | | |
| Stage 1 | Performing credit exposures | 499,415,692 | 3,549,288 | [0.01% - 52.94%] | - | 499,415,692 | 25.16% |
| Stage 2 | Watch list credit exposures | 152,280,797 | 2,713,313 | [0.04% - 97.76%] | - | 152,280,797 | 19.15% |
| Within financial assets at amortised cost | | | | | | | |
| Stage 1 | Performing credit exposures | 164,063,738 | 44,464 | [0.06% - 1.77%] | [3 - 6+] | 164,063,738 | 22.00% |
| Stage 2 | Watch list credit exposures | 5,120,000 | 104,682 | 9.29% | - | 5,120,000 | 22.00% |
| Financial guarantees | | | | | | | |
| Stage 1 | Performing credit exposures | 64,222,777 | 14,858 | [0.02% - 3.90%] | - | 15,759,399 | 20.46% |
| Stage 2 | Watch list credit exposures | 15,501,469 | 55,819 | [0.21% - 25.03%] | - | 3,378,533 | 21.62% |
| Letters of credit | | | | | | | |
| Stage 1 | Performing credit exposures | 12,526,363 | 9,978 | [0.06% - 3.90%] | - | 1,967,910 | 22.00% |
| Stage 2 | Watch list credit exposures | 2,802,064 | 3,261 | [0.32% - 9.29%] | - | 420,310 | 22.00% |
| Other obligations (unt utilized credit limits) | | | | | | | |
| Stage 1 | Performing credit exposures | 40,980,341 | 135,183 | [0.02% - 3.90%] | - | 40,980,341 | 21.95% |
| Stage 2 | Watch list credit exposures | 5,837,558 | 138,678 | [0.04% - 12.55%] | - | 5,837,558 | 22.00% |
| Gross performing exposures/ current year | | 1,027,352,791 | 6,854,400 | | | 953,826,270 | |
| Gross performing exposures/ comparative year | | 1,042,933,815 | 6,670,847 | | | 756,639,948 | |

| Bank's internal rating grade JD | Rating category as per the instructions (4/7/ 2009) JD | Gross amount of exposure JD | Expected credit losses (ECL) JD | Probability of Default (PD) JD | Rating according to external rating institutions JD | Exposure at default (EAD) JD | Loss given default (LGD)% JD |
|---------------------------------------------------------|--------------------------------------------------------------|--------------------------------------|------------------------------------------|-----------------------------------------|--------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| Non-performing exposures | | | | | | | |
| Balances at banks and financial institutions | | | | | | | |
| Stage 3 | Non-performing credit exposures | - | - | - | - | - | - |
| Deposits at banks and financial institutions | | | | | | | |
| Stage 3 | Non-performing credit exposures | - | - | - | - | - | - |
| Credit facilities: | | | | | | | |
| Stage 3 | Non-performing credit exposures | 60,169,102 | 31,316,122 | 100% | - | 60,136,789 | 16% |
| Within financial assets at amortised cost | | | | | | | |
| Stage 3 | Non-performing credit exposures | - | - | - | - | - | - |
| Financial guarantees | | | | | | | |
| Stage 3 | Non-performing credit exposures | 1,519,857 | 44,155 | 100% | - | 344,707 | 18% |
| Letters of credit | | | | | | | |
| Stage 3 | Non-performing credit exposures | - | - | - | - | - | - |
| Other obligations (utilized credit limits) | | | | | | | |
| Stage 3 | Non-performing credit exposures | 86,376 | 50,718 | 100% | - | 86,376 | 22% |
| Gross non-performing exposures/ current year | | 61,775,335 | 31,410,995 | | | 60,567,872 | |
| Gross non-performing exposures/ comparative year | | 55,970,570 | 33,590,782 | | | 48,462,016 | |
| Grand total of exposures/ current year | | 1,089,128,126 | 38,265,395 | | | 1,014,394,142 | |
| Grand total of exposures/ comparative year | | 1,098,904,385 | 40,261,629 | | | 805,101,964 | |

4- Total distribution of exposures by financial instruments

| Item | Financial JD | Manufacturing JD | Trade JD | Real Estates JD | Agricultural JD | Shares JD | Individuals JD | Government and public sector JD | Other JD | Total JD | Provision JD | Net JD |
|----------------------------------------------|--------------------|---------------------|--------------------|--------------------|--------------------|-------------------|-------------------|------------------------------------------|--------------------|----------------------|-------------------|----------------------|
| Balances at banks and financial institutions | 57,829,489 | - | - | - | - | - | - | - | - | 57,829,489 | 65,300 | 57,764,189 |
| Deposits at banks and financial institutions | 6,772,500 | - | - | - | - | - | - | - | - | 6,772,500 | 19,576 | 6,752,924 |
| Credit facilities | 21,849,191 | 89,366,470 | 121,923,927 | 68,155,419 | 251,134 | 9,547,826 | 53,784,243 | 9,523,982 | 337,463,400 | 711,865,592 | 37,578,723 | 674,286,869 |
| Bills, bonds and notes: | | | | | | | | | | | | |
| Within financial assets at amortised cost | 14,249,873 | - | - | - | - | - | - | 113,185,101 | 41,748,764 | 169,183,738 | 149,146 | 169,034,592 |
| Total/ current year | 100,701,053 | 89,366,470 | 121,923,927 | 68,155,419 | 251,134 | 9,547,826 | 53,784,243 | 122,709,083 | 379,212,164 | 945,651,319 | 37,812,745 | 907,838,574 |
| Total/ comparative year | 146,097,742 | 96,646,835 | 118,690,280 | 81,942,897 | 561,616 | 13,236,002 | 45,441,925 | 81,561,144 | 333,377,062 | 917,555,523 | 39,617,241 | 877,938,282 |
| Financial guarantees | 6,309,296 | 6,081,739 | 18,698,879 | 39,760,502 | 1,157,420 | - | 41,300 | - | 9,194,967 | 81,244,103 | 114,831 | 81,129,272 |
| Letters of credit | 5,537,052 | 1,341,178 | 5,906,484 | 913,467 | - | - | 63,278 | - | - | 13,761,459 | 11,992 | 13,749,467 |
| Acceptances and time-drawings | 137,790 | 525,762 | 543,795 | 359,620 | - | - | - | - | - | 1,566,967 | 1,248 | 1,565,719 |
| Other obligations (untlized credit limits) | 2,890,507 | 10,838,024 | 16,337,681 | 13,578,164 | - | - | 221,268 | - | 3,038,631 | 46,904,275 | 324,578 | 46,579,697 |
| Of which direct credit limits | 2,406,860 | 4,872,928 | 6,011,203 | 579,808 | - | - | 157,568 | - | 1,711,020 | 15,739,387 | 176,010 | 15,563,377 |
| Of which indirect credit limits | 483,647 | 5,965,096 | 10,326,478 | 12,998,356 | - | - | 63,700 | - | 1,327,611 | 31,164,888 | 148,568 | 31,016,320 |
| Grand total/ current year | 115,575,698 | 108,153,173 | 163,410,766 | 122,767,172 | 1,408,554 | 9,547,826 | 54,110,089 | 122,709,083 | 391,445,762 | 1,089,128,123 | 38,265,394 | 1,050,862,729 |
| Grand total/ comparative year | 163,447,574 | 118,776,681 | 167,205,441 | 148,830,260 | 1,748,928 | 13,236,002 | 46,212,641 | 81,561,144 | 357,885,711 | 1,098,904,382 | 40,261,629 | 1,058,642,753 |

B- Distribution of exposures by classification stages under IFRS 9

| Item | Stage 1 Individual JD | Stage 1 Collective JD | Stage 2 Individual JD | Stage 2 Collective JD | Stage 3 JD | Total JD | Provision JD | Net JD |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------|----------------------|-------------------|----------------------|
| Financial | 113,161,817 | 264,039 | 1,817,831 | 15,424 | 316,587 | 115,575,698 | 482,198 | 115,093,500 |
| Industrial | 75,765,195 | 1,054,215 | 20,823,546 | 272,346 | 10,237,871 | 108,153,173 | 3,214,139 | 104,939,034 |
| Trade | 96,473,325 | 5,033,289 | 43,379,805 | 1,772,025 | 16,752,322 | 163,410,766 | 14,593,478 | 148,817,288 |
| Real Estates | 73,552,267 | 2,479,948 | 44,359,842 | 848,934 | 1,526,181 | 122,767,172 | 1,422,346 | 121,344,826 |
| Agricultural | 10,000 | 63,542 | 65,000 | - | 1,270,012 | 1,408,554 | 36,418 | 1,372,136 |
| Shares | 1,752,041 | 912,839 | - | - | 6,882,946 | 9,547,826 | 306,525 | 9,241,301 |
| Individuals | 2,341,313 | 37,338,680 | 2,215,554 | 3,737,696 | 8,476,846 | 54,110,089 | 5,961,947 | 48,148,142 |
| Government and public sector | 122,709,083 | - | - | - | - | 122,709,083 | - | 122,709,083 |
| Other | 44,512,509 | 268,386,800 | 49,389,317 | 12,844,566 | 16,312,570 | 391,445,762 | 12,248,343 | 379,197,419 |
| Grand total/ current year | 530,277,550 | 315,533,352 | 162,050,895 | 19,490,991 | 61,775,335 | 1,089,128,123 | 38,265,394 | 1,050,862,729 |
| Grand total/ comparative year | 563,382,568 | 303,764,681 | 143,195,700 | 32,590,864 | 55,970,569 | 1,098,904,382 | 40,261,629 | 1,058,642,753 |

5- Total distribution of exposures by geographical areas

| Item | Jordan JD | Other Middle East Countries JD | Europe JD | Asia JD | Africa JD | America JD | Other countries JD | Total JD | Provision JD | Net JD |
|------------------------------------------------|----------------------|--------------------------------------|-------------------|----------------|---------------|------------------|--------------------------|----------------------|-------------------|----------------------|
| Balances at banks and financial institutions | 17,227,112 | 2,462,570 | 34,614,912 | 152,321 | - | 2,937,088 | 435,486 | 57,829,489 | 65,300 | 57,764,189 |
| Deposits at banks and financial institutions | 5,000,000 | - | - | - | - | 1,772,500 | - | 6,772,500 | 19,576 | 6,752,924 |
| Credit facilities | 711,865,592 | - | - | - | - | - | - | 711,865,592 | 37,578,723 | 674,286,869 |
| Bills, bonds and notes: | | | | | | | | | | |
| Within financial assets at amortised cost | 166,350,101 | - | 704,873 | - | - | 2,128,764 | - | 169,183,738 | 149,146 | 169,034,592 |
| Total/ current year | 900,442,805 | 2,462,570 | 35,319,785 | 152,321 | - | 6,838,352 | 435,486 | 945,651,319 | 37,812,745 | 907,838,574 |
| Total/ comparative year | 881,720,096 | 6,907,923 | 20,309,488 | 70,692 | 33,461 | 7,325,187 | 1,188,677 | 917,555,524 | 39,617,241 | 877,938,283 |
| Financial guarantees | 81,244,103 | - | - | - | - | - | - | 81,244,103 | 114,831 | 81,129,272 |
| Letters of credit | 13,761,460 | - | - | - | - | - | - | 13,761,460 | 11,992 | 13,749,468 |
| Acceptances and time-drawings | 1,566,967 | - | - | - | - | - | - | 1,566,967 | 1,248 | 1,565,719 |
| Other obligations (unt utilized credit limits) | 46,904,275 | - | - | - | - | - | - | 46,904,275 | 324,578 | 46,579,697 |
| Including direct credit limits | 15,739,387 | - | - | - | - | - | - | 15,739,387 | 176,010 | 15,563,377 |
| Including indirect credit limits | 31,164,888 | - | - | - | - | - | - | 31,164,888 | 148,568 | 31,016,320 |
| Grand total/ current year | 1,043,919,610 | 2,462,570 | 35,319,785 | 152,321 | - | 6,838,352 | 435,486 | 1,089,128,124 | 38,265,394 | 1,050,862,730 |
| Grand total/ comparative year | 1,063,068,956 | 6,907,923 | 20,309,488 | 70,692 | 33,461 | 7,325,187 | 1,188,677 | 1,098,904,384 | 40,261,629 | 1,058,642,755 |

D- Distribution of exposures by classification stages under IFRS 9

| Item | Stage 1 Individual JD | Stage 1 Collective JD | Stage 2 Individual JD | Stage 2 Collective JD | Stage 3 JD | Total JD | Provision JD | Net JD |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------|----------------------|-------------------|----------------------|
| Jordan | 485,069,035 | 315,533,353 | 162,050,895 | 19,490,992 | 61,775,335 | 1,043,919,610 | 38,257,739 | 1,005,661,871 |
| Other Middle East Countries | 2,462,570 | - | - | - | - | 2,462,570 | - | 2,462,570 |
| Europe | 35,319,785 | - | - | - | - | 35,319,785 | 5,283 | 35,314,502 |
| Asia | 152,321 | - | - | - | - | 152,321 | - | 152,321 |
| Africa | - | - | - | - | - | - | - | - |
| America | 6,838,352 | - | - | - | - | 6,838,352 | 2,372 | 6,835,980 |
| Other countries | 435,486 | - | - | - | - | 435,486 | - | 435,486 |
| Grand total/ current year | 530,277,549 | 315,533,353 | 162,050,895 | 19,490,992 | 61,775,335 | 1,089,128,124 | 38,265,394 | 1,050,862,730 |
| Grand total/ comparative year | 563,382,568 | 303,764,682 | 143,195,699 | 32,590,865 | 55,970,570 | 1,098,904,384 | 40,261,629 | 1,058,642,755 |

Distribution of fair value of collaterals against credit exposures:

A. Distribution of fair value of collaterals against gross credit exposures as at 31/12/2019 according to requirements of IFRS (9):

| Item | Fair value of collaterals | | | | | | | | ECL JD | |
|--------------------------------------------------------------------------|-----------------------------------|--------------------|-------------------|-------------------------------------|--------------------|------------------------------------|-------------------|-----------------------------------------|--------------------|---------------------------------------------|
| | Gross amount of exposure JD | Cash margins JD | Shares JD | Accepted Banks' guarantees JD | Real estate JD | Vehicles and equipment JD | Other JD | Gross amount of collaterals JD | | Net exposures after collaterals JD |
| Balances at banks and financial institutions | 57,829,489 | - | - | - | - | - | - | - | 57,829,492 | 65,300 |
| Deposits at banks and financial institutions | 6,772,500 | - | - | - | - | - | - | - | 6,772,500 | 19,576 |
| Credit facilities: | 711,865,592 | 15,182,127 | 10,875,223 | - | 248,017,562 | - | 14,527,956 | 288,602,869 | 509,293,715 | 37,578,723 |
| Individuals | 179,160,200 | 7,495,312 | 1,443,478 | - | 10,075,973 | - | - | 19,014,763 | 168,575,952 | 13,378,309 |
| Real estate loans | 140,639,895 | - | - | - | 64,327,042 | - | - | 64,327,042 | 92,597,244 | 2,029,142 |
| Corporates | 332,539,044 | 7,621,815 | 9,431,745 | - | 151,252,545 | - | 11,716,650 | 180,022,756 | 201,733,308 | 16,545,882 |
| SMEs | 50,002,471 | 65,000 | - | - | 22,362,002 | - | 2,811,306 | 25,238,308 | 36,863,229 | 5,625,389 |
| Government and public sector | 9,523,982 | - | - | - | - | - | - | - | 9,523,982 | - |
| Bills, bonds and notes: | 169,183,738 | - | - | - | - | - | - | - | 169,183,738 | 149,146 |
| Within financial assets at fair value through the statement of income | - | - | - | - | - | - | - | - | - | - |
| Within financial assets at fair value through other comprehensive income | - | - | - | - | - | - | - | - | - | - |
| Within financial assets at amortised cost | 169,183,738 | - | - | - | - | - | - | - | 169,183,738 | 149,146 |
| Financial instruments derivative | - | - | - | - | - | - | - | - | - | - |
| Pledged financial instruments (debt instruments) | - | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | - | - | - | - |
| Total/ current year | 945,651,319 | 15,182,127 | 10,875,223 | - | 248,017,562 | - | 14,527,956 | 288,602,869 | 743,079,445 | 37,812,745 |
| Total/ comparative year | 917,555,525 | 10,521,280 | 1,328,179 | - | 106,411,939 | - | - | 118,261,398 | 799,294,127 | 39,617,242 |
| Financial guarantees | 81,244,100 | 1,211,213 | 184,919 | - | 9,207,662 | - | - | 10,603,800 | 74,678,489 | 114,828 |
| Letters of credit | 13,761,457 | 1,258,231 | 287,045 | - | 447,495 | - | - | 1,992,776 | 12,112,606 | 11,989 |
| Acceptances and time-drawings | 1,566,964 | - | - | - | - | - | - | - | 1,566,964 | 1,245 |
| Other obligations (unt utilized credit limits) | 46,904,269 | - | - | - | - | - | - | - | 46,904,269 | 324,572 |
| Including direct credit limits | 15,739,383 | - | - | - | - | - | - | - | 15,739,383 | 176,007 |
| Including indirect credit limits | 31,164,886 | - | - | - | - | - | - | - | 31,164,886 | 148,565 |
| Grand total/ current year | 1,089,128,109 | 17,651,571 | 11,347,187 | - | 257,672,719 | - | 14,527,956 | 301,199,445 | 878,341,773 | 38,265,379 |
| Grand total/ comparative year | 1,098,904,385 | 11,353,057 | 1,557,497 | - | 117,316,817 | - | - | 130,227,371 | 968,677,014 | 40,261,631 |

Distribution of fair value of collaterals against credit exposures:

B. Distribution of fair value of collaterals against gross credit exposures listed within stage 3 as at 31/12/2019 according to requirements of IFRS (9):

| Item | Fair value of collaterals | | | | | | | | | |
|--------------------------------------------------------------------------|--------------------------------|--------------------|------------------|----------------------------------|-------------------|------------------------------|----------------|-----------------------------------|---------------------------------------|-------------------|
| | Gross amount of exposure JD | Cash margins JD | Shares JD | Accepted Banks' guarantees JD | Real estate JD | Vehicles and equipment JD | Other JD | Gross amount of collaterals JD | Net exposures after collaterals JD | ECL JD |
| Balances at banks and financial institutions | | | | | | | | | | |
| Deposits at banks and financial institutions | - | - | - | - | - | - | - | - | - | - |
| Credit facilities: | 60,169,102 | 175,292 | 7,339,556 | - | 24,921,946 | - | 398,186 | 32,834,981 | 42,910,846 | 31,316,122 |
| Individuals | 17,181,063 | 35,990 | 224,513 | - | 3,662,313 | - | - | 3,922,816 | 16,801,072 | 11,397,606 |
| Real estate loans | 4,393,711 | - | - | - | 6,706,665 | - | - | 6,706,665 | 1,731,282 | 1,568,584 |
| Corporates | 31,419,562 | 139,302 | 7,115,043 | - | 7,837,947 | - | 88,704 | 15,180,997 | 19,978,498 | 13,778,424 |
| SMEs | 7,174,766 | - | - | - | 6,715,021 | - | 309,482 | 7,024,503 | 4,399,994 | 4,571,507 |
| Government and public sector | - | - | - | - | - | - | - | - | - | - |
| Bills, bonds and notes: | - | - | - | - | - | - | - | - | - | - |
| Within financial assets at fair value through the statement of income | - | - | - | - | - | - | - | - | - | - |
| Within financial assets at fair value through other comprehensive income | - | - | - | - | - | - | - | - | - | - |
| Within financial assets at amortised cost | - | - | - | - | - | - | - | - | - | - |
| Financial instruments derivative | - | - | - | - | - | - | - | - | - | - |
| Pledged financial instruments (debt instruments) | - | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | - | - | - | - |
| Total/ current year | 60,169,102 | 175,292 | 7,339,556 | - | 24,921,946 | - | 398,186 | 32,834,981 | 42,910,846 | 31,316,122 |
| Total/ comparative year | 54,139,711 | - | - | - | 8,162,228 | - | - | 8,162,228 | 45,977,483 | 33,478,343 |
| Financial guarantees | 1,519,857 | - | - | - | 21,253 | - | - | 21,253 | 1,500,964 | 44,155 |
| Letters of credit | - | - | - | - | - | - | - | - | - | - |
| Acceptances and time-drawings | - | - | - | - | - | - | - | - | - | - |
| Other obligations (utilized credit limits) | 86,376 | - | - | - | - | - | - | - | 86,376 | 50,718 |
| Including direct credit limits | 29,616 | - | - | - | - | - | - | - | 29,616 | 38,231 |
| Including indirect credit limits | 56,760 | - | - | - | - | - | - | - | 56,760 | 12,487 |
| Grand total/ current year | 61,775,335 | 175,292 | 7,339,556 | - | 24,943,199 | - | 398,186 | 32,856,234 | 44,498,186 | 31,410,995 |
| Grand total/ comparative year | 55,970,570 | - | - | - | 8,218,411 | - | - | 8,218,411 | 47,752,159 | 33,590,782 |

6- Credit exposures reclassified:

A. Total credit exposures classified:

| | Stage 2 | | Stage 3 | | Gross reclassified exposures JD | Percentage of reclassified exposures JD |
|------------------------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------------|--------------------------------------------|
| | Gross amount of exposure JD | Reclassified exposures JD | Gross amount of exposure JD | Reclassified exposures JD | | |
| Balances at banks and financial institutions | - | - | - | - | - | - |
| Deposits at banks and financial institutions | - | - | - | - | - | - |
| Credit facilities | 152,280,797 | 16,648,165 | 60,169,102 | 12,912,367 | 29,560,532 | 13.91% |
| Bills, bonds and notes: | - | - | - | - | - | - |
| Within financial assets at amortised cost | 5,120,000 | 5,120,000 | - | - | 5,120,000 | 100.00% |
| Total/ current year | 157,400,797 | 21,768,165 | 60,169,102 | 12,912,367 | 34,680,532 | 15.94% |
| Total/ comparative year | 150,855,299 | 34,744,097 | 54,139,711 | 16,063,112 | 50,807,209 | 24.78% |
| Financial guarantees | 15,501,469 | 4,325,491 | 1,519,857 | 99,017 | 4,424,508 | 25.99% |
| Letters of credit | 2,664,274 | - | - | - | - | - |
| Acceptances and time-drawings | 137,789 | - | - | - | - | - |
| Other obligations (unt utilized credit limits) | 5,837,558 | 1,152,943 | 86,376 | 56,376 | 1,209,319 | 20.41% |
| Of which direct credit limits | 993,176 | 210,667 | 29,616 | 29,616 | 240,283 | 23.49% |
| Of which indirect credit limits | 4,844,382 | 942,276 | 56,760 | 26,760 | 969,036 | 19.77% |
| Grand total/ current year | 181,541,887 | 27,246,599 | 61,775,335 | 13,067,760 | 40,314,359 | 16.57% |
| Grand total/ comparative year | 175,786,564 | 47,227,477 | 55,970,570 | 16,425,304 | 63,652,781 | 27.47% |

B- ECL of reclassified exposures:

| Item | Reclassified exposures | | | ECL of reclassified exposures | | | Stage 3 Individual | Total |
|------------------------------------------------|-----------------------------------------|-----------------------------------------|------------------------------|-------------------------------|--------------------|--------------------|--------------------|------------------|
| | Gross reclassified exposures to Stage 2 | Gross reclassified exposures to Stage 3 | Gross reclassified exposures | Stage 2 Individual | Stage 2 Individual | Stage 3 Individual | | |
| Balances at banks and financial institutions | - | - | - | - | - | - | - | - |
| Deposits at banks and financial institutions | - | - | - | - | - | - | - | - |
| Credit facilities | 16,648,165 | 12,912,367 | 29,560,532 | 69,798 | 465,025 | 630,283 | - | 1,165,106 |
| Bills, bonds and notes: | - | - | - | - | - | - | - | - |
| Within financial assets at amortised cost | 5,120,000 | - | 5,120,000 | 130,234 | - | - | - | 130,234 |
| Total/ current year | 21,768,165 | 12,912,367 | 34,680,532 | 200,032 | 465,025 | 630,283 | - | 1,295,340 |
| Total/ comparative year | 34,744,097 | 16,063,112 | 50,807,209 | 231,956 | 1,019,488 | 3,415,324 | - | 4,666,768 |
| Financial guarantees | 4,325,491 | 99,017 | 4,424,508 | 3,239 | 2,300 | 22 | - | 5,561 |
| Letters of credit | - | - | - | - | - | - | - | - |
| Acceptances and time-drawings | - | - | - | - | - | - | - | - |
| Other obligations (unt utilized credit limits) | 1,152,943 | 56,376 | 1,209,319 | 4,865 | - | 911 | - | 5,776 |
| Of which direct credit limits | 210,667 | 29,616 | 240,283 | 371 | - | 358 | - | 729 |
| Of which indirect credit limits | 942,276 | 26,760 | 969,036 | 4,494 | - | 553 | - | 5,047 |
| Grand total/ current year | 27,246,599 | 13,067,760 | 40,314,359 | 208,136 | 467,325 | 631,216 | - | 1,306,677 |
| Grand total/ comparative year | 47,227,477 | 16,425,304 | 63,652,781 | 362,870 | 1,019,530 | 3,487,043 | - | 4,869,443 |

Distribution of the total ECL by classification stages:

| 2019 | Stage 1 | | Stage 2 | | Stage 3 | Total |
|----------------------------------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Balances at banks and financial institutions | 65,300 | - | - | - | - | 65,300 |
| Deposits at banks and financial institutions | 19,576 | - | - | - | - | 19,576 |
| Credit facilities | 1,821,206 | 1,728,082 | 1,466,444 | 1,246,869 | 31,316,122 | 37,578,723 |
| Financial assets at amortised cost | 44,464 | - | 104,682 | - | - | 149,146 |
| Financial guarantees | 13,665 | 1,191 | 55,800 | 19 | 44,155 | 114,830 |
| utilized credit limits | 135,158 | 25 | 138,678 | - | 50,718 | 324,579 |
| Letters of credit | 9,978 | - | 3,261 | - | - | 13,239 |
| Total | 2,109,347 | 1,729,298 | 1,768,865 | 1,246,888 | 31,410,995 | 38,265,393 |

| 2018 | Stage 1 | | Stage 2 | | Stage 3 | Total |
|----------------------------------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Balances at banks and financial institutions | 33,234 | - | - | - | - | 33,234 |
| Deposits at banks and financial institutions | 14,780 | - | - | - | - | 14,780 |
| Credit facilities | 338,951 | 2,505,408 | 1,382,236 | 1,590,366 | 33,478,343 | 39,295,304 |
| Financial assets at amortised cost | 273,925 | - | - | - | - | 273,925 |
| Financial guarantees | 34,875 | 1,418 | 45,276 | 49 | 51,364 | 132,982 |
| utilized credit limits | 220,085 | 733 | 211,861 | - | 61,074 | 493,753 |
| Letters of credit | 11,402 | 5,010 | 1,242 | - | - | 17,654 |
| Total | 927,252 | 2,512,569 | 1,640,615 | 1,590,415 | 33,590,781 | 40,261,632 |

39/ B 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”.

INVESTBANK adopted the Control and Risk Self-Assessment methodology for managing operational risks through the use of an automated system designed for this purpose (CARE System).

The Invest Bank manages operational risk within the following data:

- Preparing a policy for managing operational risks and adopting it by the Bank's Board of Directors.
- Preparing the Operational Risk Accountability Policy and approving it by the Bank's Board of Directors.
- Preparing the INVESTBANK Anti-Fraud Policy and approving it by the Bank's Board of Directors.
- Preparing the Reputable Risk Management Policy and approving it by the Bank's Board of Directors.
- Creating risk profiles (risk profile) through which risks and control measures that limit them are identified for the important departments of the Bank, and work is underway to complete all the Bank's departments within the plans of approved work programmes.
- Applying an automated system for operating risk management (core system) to implement the methodology of self-assessment of risks and control procedures
- Building a database of events resulting from risks and operational errors.
- Expressing an opinion on work procedures to state the risks contained therein and adequacy of control procedures associated with them.
- Preparing the procedures of stress testing of operational risk.
- Providing the risk management committees (the Risk Management Committee of the Board of Directors and the Executive Risk Management Committee) with the necessary reports.

Compliance risks:

Compliance risks are defined as the risks of legal and regulatory penalties, material loss or reputation risks to which the Bank may be exposed due to non-compliance with laws, regulations, instructions, orders, codes of conduct, standards and sound banking practices.

Non-compliance with the instructions and laws issued by the various supervisory authorities is considered one of the most important risks that any bank can be exposed to, due to the large financial losses resulting from violating these instructions and laws, which in turn are reflected in the bank's reputation. Recent years witnessed a significant increase in issuing instructions and laws related to organizing the work of various institutions. In view of this, the need to manage compliance risks across the Bank has become an imperative, as the existence of the compliance function leads to increased efficiency in risk management and a reduction in the costs to which the Bank may be exposed as a result of non-compliance with laws and regulations.

39/ c Market risk

Market risks are defined as the risks that affect the value of investments and financial assets of the Bank resulting from a change in market factors (such as interest rates, exchange rates, stock prices, commodity prices ...).

The Bank monitors market risks through the use of appropriate methodologies to evaluate and measure these risks in addition to conducting stress tests based on a set of assumptions and changes in different market conditions and according to the instructions of the regulatory authorities.

These methods include:

1- Value at Risk (VaR)

VaR is determined by using special calculation models such that the standard deviation is calculated and then VaR is at the confidence levels (99% - 95%) of the total investment portfolio and the ratio is extracted via dividing the result by equity.

2- Stress testing.

3- Stop loss limit.

4- Monitoring open financial positions in foreign currencies.

C/ 1 Interest rate risk

Interest rate risk arises from the possibility of a change in interest rates and thus affects cash flows or the fair value of financial instruments. The Bank is exposed to interest rate risk due to the existence of a time gap for re-pricing between assets and liabilities. These gaps are monitored periodically by ALCO.

-Sensitivity analysis:

31 December 2019

| Currency | Change of increase in interest rate (percentage point) % | Sensitivity of interest and profit and (loss) income JD | Sensitivity of equity JD |
|------------------|----------------------------------------------------------------|---------------------------------------------------------------|-----------------------------|
| US Dollar | 2 | (77,096) | - |
| Euro | 2 | 2,851 | - |
| Sterling Pound | 2 | (808) | - |
| JPY | 2 | 291 | - |
| Other currencies | 2 | 40,016 | - |

| Currency | Change of (decrease) of interest rate (percentage point) % | Sensitivity of interest and profit and (loss) income JD | Sensitivity of equity JD |
|------------------|------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------|
| US Dollar | 2 | 77,096 | - |
| Euro | 2 | (2,851) | - |
| Sterling Pound | 2 | 808 | - |
| JPY | 2 | (291) | - |
| Other currencies | 2 | (40,016) | - |

**-Sensitivity analysis:
31 December 2018**

| Currency | Change of increase in interest rate (percentage point) % | Sensitivity of interest and profit and (loss) income JD | Sensitivity of equity JD |
|------------------|----------------------------------------------------------------|---------------------------------------------------------------|-----------------------------|
| US Dollar | 2 | 154,091 | - |
| Euro | 2 | (98,542) | - |
| Sterling Pound | 2 | (610) | - |
| JPY | 2 | 372 | - |
| Other currencies | 2 | 28,938 | - |

| Currency | Change of (decrease) of interest rate (percentage point) % | Sensitivity of interest and profit and (loss) income JD | Sensitivity of equity JD |
|------------------|------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------|
| US Dollar | 2 | (154,091) | - |
| Euro | 2 | 98,542 | - |
| Sterling Pound | 2 | 610 | - |
| JPY | 2 | (372) | - |
| Other currencies | 2 | (28,938) | - |

C/ 2 Currency risk

The table below shows the currencies that the Bank is exposed to and the effect of a possible and reasonable change on their prices against the Jordanian Dinar on the statement of income, given that the currency centres are monitored on a daily basis to verify they remain within the specified limits and the market risk unit submits a daily report thereon to the Head of Risk Management Function.

2019

| Currency | Change (increase) in exchange rate % | Impact on profit and loss JD | Impact on equity JD |
|------------------|--------------------------------------------|---------------------------------|------------------------|
| Euro | 5 | 7,128 | 147,670 |
| Sterling Pound | 5 | (2,021) | - |
| JPY | 5 | 726 | - |
| Other currencies | 5 | 100,040 | - |

2018

| Currency | Change (increase) in exchange rate % | Impact on profit and loss JD | Impact on equity JD |
|------------------|--------------------------------------------|---------------------------------|------------------------|
| Euro | 5 | (246,355) | 122,385 |
| Sterling Pound | 5 | (1,524) | - |
| JPY | 5 | 930 | - |
| Other currencies | 5 | 72,344 | 32,573 |

In the event that there is a negative change in the exchange rate, the effect will be equal to the change above, with a reversed sign.

C/ 3 Risk of change in shares prices:

It is the risk of a decrease in the fair value of the shares portfolio because of the change in the value of shares indices and the change in the value of individual shares.

2019

| Ticker | Change in index % | Impact on profit and loss JD | Impact on equity JD |
|-----------------------------|----------------------|---------------------------------|------------------------|
| Amman market index | 5 | (483) | (1,392,778) |
| Palestine market index | 5 | - | (94,478) |
| International markets index | 5 | - | (355,509) |

2018

| Ticker | Change in index % | Impact on profit and loss JD | Impact on equity JD |
|-----------------------------|----------------------|---------------------------------|------------------------|
| Amman market index | 5 | (1,140) | (1,543,717) |
| Palestine market index | 5 | (93,256) | (10,620) |
| International markets index | 5 | - | (323,736) |

- Re-pricing interest gap:

Adopting the methodology for assessing interest rate risk by analysing the average lifetime of gaps (assuming that interest rates change by a certain amount is determined based on market conditions and then calculating the gap by identifying the categories of interest rate risk in the banking portfolio and distributing the Bank's assets and liabilities, which are sensitive to change in interest rates by specific categories then the gaps for each of the categories are identified.

Interest rate sensitivities are as follows:

| 31 December 2019 Assets: | Re-pricing interest gap | | | | | | | Total |
|-------------------------------------------------------------------|-------------------------|----------------------|---------------------|----------------------|--------------------|--------------------|-------------------------------|----------------------|
| | Less than 1 month | 1 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 years and above | Non-interest bearing elements | |
| Cash and balances at the Central Bank of Jordan | 48,200,000 | - | - | - | - | - | 72,559,451 | 120,759,451 |
| Balances at banks and financial institutions | 32,890,323 | - | - | - | - | - | 24,873,866 | 57,764,189 |
| Deposits at banks and financial institutions | - | - | - | - | 6,752,924 | - | - | 6,752,924 |
| Financial assets at fair value through statement of income | - | - | - | - | - | - | 9,667 | 9,667 |
| Direct credit facilities - net | 61,530,282 | 41,282,146 | 100,142,216 | 87,592,267 | 189,589,371 | 194,150,587 | - | 674,286,869 |
| Financial assets at fair value through other comprehensive income | - | - | - | - | - | - | 43,941,650 | 43,941,650 |
| Financial assets at amortised cost | 3,000,041 | 999,836 | 12,141,862 | 12,485,735 | 83,504,386 | 56,902,732 | - | 169,034,592 |
| Property and equipment- net | - | - | - | - | - | - | 29,525,829 | 29,525,829 |
| Intangible assets | - | - | - | - | - | - | 2,615,620 | 2,615,620 |
| Deferred tax assets | - | - | - | - | - | - | 11,472,794 | 11,472,794 |
| Other assets | 223,753 | 449,585 | 361,859 | 830,988 | 1,785,194 | 3,324,490 | 55,639,883 | 62,615,752 |
| Total assets | 145,844,399 | 42,731,567 | 112,645,937 | 100,908,990 | 281,631,875 | 254,377,809 | 240,638,760 | 1,178,779,337 |
| Liabilities: | | | | | | | | |
| Deposits at banks and financial institutions | | | | | | | | |
| Customers' deposits | 10,900,000 | - | - | - | - | - | 2,023,564 | 12,923,564 |
| Cash margins | 132,005,757 | 125,333,202 | 144,249,777 | 180,959,951 | 11,506,155 | - | 170,720,025 | 764,774,867 |
| Borrowed funds | 3,017,681 | 2,294,182 | 5,818,339 | 4,672,445 | 9,509,691 | 12,643,336 | - | 37,955,674 |
| Bonds | 2,389,654 | 11,913,090 | 8,999,060 | 27,046,377 | 41,805,439 | 38,022,412 | - | 130,176,032 |
| Sundry provisions | - | 4,200,000 | 10,650,000 | - | - | - | - | 14,850,000 |
| Provision for income tax | - | - | - | - | - | - | 1,022,532 | 1,022,532 |
| Deferred tax liabilities | - | - | - | - | - | - | 5,814,560 | 5,814,560 |
| Other liabilities | - | - | - | - | - | - | 7,337,607 | 7,337,607 |
| Total liabilities | 339,404 | 14,539 | 206,424 | 136,870 | 1,404,489 | 2,250,461 | 17,561,425 | 21,913,612 |
| Re-pricing interest gap | 148,652,496 | 143,755,013 | 169,923,600 | 212,815,643 | 64,225,774 | 52,916,209 | 204,479,713 | 996,768,448 |
| 31 December 2018 | (2,808,097) | (101,023,446) | (57,277,663) | (111,906,653) | 217,406,101 | 201,461,600 | 36,159,047 | 182,010,889 |
| Total assets | 150,901,833 | 80,814,369 | 81,698,425 | 106,412,279 | 248,015,298 | 253,368,233 | 230,892,479 | 1,152,102,916 |
| Total liabilities | 164,539,701 | 102,925,784 | 181,211,473 | 210,726,960 | 59,245,750 | 41,583,135 | 213,032,883 | 973,265,686 |
| Re-pricing interest gap | (13,637,868) | (22,111,415) | (99,513,048) | (104,314,681) | 188,769,548 | 211,785,098 | 17,859,596 | 178,837,230 |

- Concentration in foreign exchange risk:

| Item 2019 Assets: | US Dollar | Euro | GBP | JPY | Others | Total |
|-----------------------------------------------------------------------|--------------------|--------------------|------------------|------------------|------------------|--------------------|
| Cash and balances at the Central Bank of Jordan | 15,338,056 | 1,654,247 | 372,588 | - | 695,816 | 18,060,707 |
| Balances at banks and financial institutions | 17,963,780 | 15,704,858 | 4,099,837 | 142,039 | 5,603,990 | 43,514,504 |
| Deposits at banks and financial institutions | 1,772,348 | - | - | - | - | 1,772,348 |
| Financial assets at fair value through statement of income | 1 | - | - | - | - | 1 |
| Direct credit facilities - net | 47,226,184 | 16,206 | 72,957 | - | 20,547 | 47,335,894 |
| Financial assets at fair value through other comprehensive income | 6,046,351 | 2,953,396 | - | - | 358,323 | 9,358,070 |
| Financial assets at amortised cost | 37,993,762 | - | - | - | - | 37,993,762 |
| Other assets | 850,906 | 14,908 | 10,348 | 9,895 | 556,074 | 1,442,131 |
| Total assets | 127,191,389 | 20,343,615 | 4,555,730 | 151,934 | 7,234,750 | 159,477,418 |
| Liabilities: | | | | | | |
| Deposits at banks and financial institutions | 868,264 | 332,265 | - | - | 397,393 | 1,597,922 |
| Customers' deposits | 111,669,642 | 16,915,152 | 4,577,543 | 137,404 | 4,823,029 | 138,122,770 |
| Cash margins | 8,018,302 | 1,206,481 | 10,869 | 1 | 9,427 | 9,245,080 |
| Borrowed funds | 10,422,300 | - | - | - | - | 10,422,300 |
| Other liabilities | 67,661 | 1,747,158 | 7,736 | - | 4,109 | 1,826,664 |
| Total liabilities | 131,046,169 | 20,201,056 | 4,596,148 | 137,405 | 5,233,958 | 161,214,736 |
| Net concentration in the statement of financial position | (3,854,780) | 142,559 | (40,418) | 14,529 | 2,000,792 | (1,737,318) |
| Contingent liabilities off the statement of financial position | 35,282,882 | 3,961,842 | 164,427 | 5,486,480 | 471,981 | 45,367,612 |
| Item 2018 Assets: | | | | | | |
| Cash and balances at the Central Bank of Jordan | 13,573,046 | 1,094,634 | 350,359 | - | 479,880 | 15,497,919 |
| Balances at banks and financial institutions | 11,155,083 | 14,705,540 | 7,191,033 | 60,399 | 4,201,391 | 37,313,446 |
| Deposits at banks and financial institutions | - | 808,555 | - | - | - | 808,555 |
| Financial assets at fair value through statement of income | 1,865,116 | - | - | - | - | 1,865,116 |
| Direct credit facilities - net | 51,657,601 | - | 47,393 | - | 9,001 | 51,713,995 |
| Financial assets at fair value through other comprehensive income | 3,865,756 | 2,447,693 | - | - | 651,453 | 6,964,902 |
| Financial assets at amortised cost | 43,953,399 | - | - | - | - | 43,953,399 |
| Other assets | 1,902,056 | - | 9,963 | 9,741 | 455,476 | 2,377,236 |
| Total assets | 127,972,057 | 19,056,422 | 7,598,748 | 70,140 | 5,797,201 | 160,494,568 |
| Liabilities: | | | | | | |
| Deposits at banks and financial institutions | 4,637,629 | 642,534 | - | - | 338,411 | 5,618,574 |
| Customers' deposits | 106,017,121 | 20,137,776 | 7,608,304 | 51,549 | 4,001,925 | 137,816,675 |
| Cash margins | 9,612,758 | 1,440,478 | 8,331 | 1 | 9,252 | 11,070,820 |
| Other liabilities | - | 1,762,743 | 12,600 | - | 730 | 1,776,073 |
| Total liabilities | 120,267,508 | 23,983,531 | 7,629,235 | 51,550 | 4,350,318 | 156,282,142 |
| Net concentration in the statement of financial position | 7,704,549 | (4,927,109) | (30,487) | 18,590 | 1,446,883 | 4,212,426 |
| Contingent liabilities off the statement of financial position | 36,123,743 | 8,317,028 | 133,832 | 5,401,152 | 726,193 | 50,701,948 |

39/ d Liquidity risk

Liquidity risk is the Bank's inability to provide the necessary financing to fulfil its liabilities at their maturity dates. In order to prevent these risks, the Bank adopts a conservative policy in managing liquidity risk, which includes managing assets and liabilities, aligning and analysing their maturities, and meeting short or long-term maturities of assets and liabilities with a sufficient balance of cash and cash equivalents and negotiable securities. The cash liquidity is reviewed and managed periodically and at several levels. According to the instructions issued by the Central Bank of Jordan, the Bank maintains cash reserves with the Central Bank of Jordan to reduce liquidity risk.

Noting that the Bank prepares the procedures of stress testing of operational risk.

First: The table below summarises the distribution of liabilities (not discounted) based on the remaining time period for contractual maturity at the date of the consolidated financial statements.

| 31 December 2019 Liabilities: | Less than 1 month | 1 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 years and above | Non-matured elements | Total |
|----------------------------------------------|----------------------|--------------------|--------------------|-----------------------|--------------------|----------------------|-------------------------|----------------------|
| Deposits at banks and financial institutions | 12,952,513 | - | - | - | - | - | - | 12,952,513 |
| Customers' deposits | 197,941,308 | 156,230,698 | 171,767,116 | 206,996,135 | 44,890,846 | - | - | 777,826,103 |
| Cash margins | 3,023,008 | 2,300,256 | 5,864,551 | 4,746,666 | 9,811,814 | 13,446,694 | - | 39,192,989 |
| Borrowed funds | 2,402,230 | 12,007,129 | 9,212,169 | 28,327,361 | 45,765,459 | 45,225,758 | - | 142,940,106 |
| Bonds | - | 4,238,942 | 10,946,238 | - | - | - | - | 15,185,180 |
| Sundry provisions | - | - | - | - | - | - | 1,022,532 | 1,022,532 |
| Provision for income tax | - | - | - | - | - | - | 5,814,560 | 5,814,560 |
| Deferred tax liabilities | - | - | - | - | - | - | 7,337,607 | 7,337,607 |
| Other liabilities | 1,596,425 | 771,189 | 8,996,523 | 136,870 | 1,404,489 | 2,250,461 | - | 15,155,957 |
| Total liabilities | 217,915,484 | 175,548,214 | 206,786,597 | 240,207,032 | 101,872,608 | 60,922,913 | 14,174,699 | 1,017,427,547 |
| Total assets | 246,266,125 | 42,731,567 | 112,645,937 | 100,908,990 | 281,631,875 | 254,377,809 | 140,217,034 | 1,178,779,337 |

| 31 December 2018 Liabilities: | Less than 1 month | 1 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 years and above | Non-matured elements | Total |
|----------------------------------------------|----------------------|--------------------|--------------------|-----------------------|--------------------|----------------------|-------------------------|----------------------|
| Deposits at banks and financial institutions | 11,520,901 | - | - | - | - | - | - | 11,520,901 |
| Customers' deposits | 220,285,339 | 119,391,811 | 175,880,867 | 197,893,493 | 46,065,779 | - | - | 759,517,289 |
| Cash margins | 3,745,688 | 6,722,937 | 5,854,418 | 6,865,932 | 13,454,247 | 18,477,585 | - | 55,120,807 |
| Borrowed funds | 1,572,350 | 6,036,936 | 17,569,612 | 33,734,783 | 36,321,016 | 27,917,207 | - | 123,151,904 |
| Bonds | - | 3,037,500 | 11,412,500 | - | 2,415,000 | - | - | 16,865,000 |
| Sundry provisions | - | - | - | - | - | - | 137,610 | 137,610 |
| Provision for income tax | 2,320,357 | 2,359,358 | - | - | - | - | - | 4,679,715 |
| Deferred tax liabilities | - | - | - | - | - | - | 8,463,508 | 8,463,508 |
| Other liabilities | 3,433,993 | 5,717,336 | 1,416,467 | - | - | - | - | 10,567,796 |
| Total liabilities | 242,878,628 | 143,265,878 | 212,133,864 | 238,494,208 | 98,256,042 | 46,394,792 | 8,601,118 | 990,024,530 |
| Total assets | 240,183,415 | 80,814,369 | 81,698,425 | 106,412,279 | 248,015,298 | 253,368,233 | 141,610,897 | 1,152,102,916 |

Second: Items off the statement of financial position:

| 31 December 2019 | Up to 1 year JD | 1 to 5 years JD | Over 5 years JD | Total JD |
|------------------------------------|--------------------|--------------------|--------------------|-------------|
| Letters of credits and acceptances | 15,315,186 | - | - | 15,315,186 |
| utilized credit limits | 15,563,376 | - | - | 15,563,376 |
| Guarantees | 70,880,564 | 10,248,708 | - | 81,129,272 |
| Capital commitments | 457,074 | - | - | 457,074 |
| | 102,216,200 | 10,248,708 | - | 112,464,908 |
| 31 December 2019 | | | | |
| Letters of credits and acceptances | 15,977,659 | - | - | 15,977,659 |
| utilized credit limits | 35,644,588 | - | - | 35,644,588 |
| Guarantees | 81,110,587 | 9,231,562 | - | 90,342,149 |
| Obligations of operating leases* | 946,343 | 2,215,012 | 1,539,418 | 4,700,773 |
| Capital commitments | 304,676 | - | - | 304,676 |
| | 133,983,853 | 11,446,574 | 1,539,418 | 146,969,845 |

* Treated in accordance with IFRS (16) starting 1 January 2019.

(40) Segment analysis

(A) Information on the Bank's segments and subsidiaries

The Bank is organised for administrative purposes. This is used by the general manager and decision makers of the Bank through three main business sectors shown below. The Bank also owns subsidiaries that are specialised in the following areas: financial brokerage services, financial leasing services, operating services and management of bounded warehouses.

- Retail accounts; Includes handling individual customers' deposits, and providing credit facilities, credit cards and other services.
- Corporates' accounts: Includes handling deposits, credit facilities, and other credit facilities granted to customers services related to corporates' customers.
- Treasury: Includes providing trading and treasury services and the management of the Bank's funds.

| | Total | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------|----------------|------------------------------|--------------------------|--------------------------------|--------------|
| | For the year ended 31 December | | | | | | 2018 JD |
| Total | Individuals JD | Corporates JD | Treasury JD | Financial brokerage JD | Finance leasing JD | Management of bounded JD | Others JD |
| Gross income | 20,732,081 | 20,632,155 | 6,453,968 | 1,345,000 | 1,033,921 | 1,950,426 | 1,311,366 |
| Recoveries from (provision) for expected credit losses in direct credit facilities | 567,808 | (1,671,891) | - | (178,382) | (199,605) | (672,990) | - |
| Recoveries from provision for impairment of financial assets and items off the statement of financial position in accordance with IFRS (9) | - | - | 99,592 | (12,111) | - | - | 191,741 |
| Business sector results | 21,299,889 | 18,960,264 | 6,553,560 | 1,154,507 | 834,316 | 1,277,436 | 1,503,107 |
| Unallocated expenses on segments | - | - | - | (561,219) | (14,767) | (1,989,527) | (26,107,031) |
| Profit before tax | 21,299,889 | 18,960,264 | 6,553,560 | 593,288 | 819,549 | (712,091) | (24,603,924) |
| Income tax | - | - | - | (169,368) | (31,539) | 186,411 | (6,796,023) |
| Net profit for the year | 21,299,889 | 18,960,264 | 6,553,560 | 423,920 | 788,010 | (525,680) | (31,399,947) |

| | Total | | | | | | |
|-------------------------------------|--------------------------------|--------------------|--------------------|------------------------------|--------------------------|--------------------------------|-------------------|
| | For the year ended 31 December | | | | | | 2018 JD |
| Total | Individuals JD | Corporates JD | Treasury JD | Financial brokerage JD | Finance leasing JD | Management of bounded JD | Others JD |
| Segment assets | 247,157,717 | 367,120,821 | 395,164,593 | 16,440,231 | 84,983,458 | 25,995,041 | - |
| Unallocated assets on segments | - | - | - | - | - | - | 41,917,476 |
| Total assets | 247,157,717 | 367,120,821 | 395,164,593 | 16,440,231 | 84,983,458 | 25,995,041 | 41,917,476 |
| Liabilities of segment | 483,583,637 | 326,181,344 | 53,013,564 | 965,954 | 61,189,765 | 19,927,319 | - |
| Unallocated liabilities on segments | - | - | - | - | - | - | 51,906,865 |
| Total liabilities | 483,583,637 | 326,181,344 | 53,013,564 | 965,954 | 61,189,765 | 19,927,319 | 51,906,865 |
| Capital expenses | | | | | | | |
| Depreciation and amortisation | | | | | | | |

(B) Geographical distribution information

The Bank and its subsidiaries practise their activities mainly in the Kingdom. These activities represent the local business. Therefore, most of the income, assets and capital expenditures are within the Kingdom.

(41) Capital management

(A) Description of what is considered to be capital:

Regulatory qualified capital comprises the following elements:

- Tier 1 of capital (capital that guarantees the going concern). This comprises the following:

1-Common equity tier 1 (CET1).

2-Additional tier 1 (AT1).

- Tier 2 (T2) is the capital used in case of failure of going concern (liquidation)
- Each of the three types of capital (CET1, AT1, T2) has a specific set of criteria that a financial instrument must meet before including it in the relevant category.

The bank is also committed, according to Article (62) of the Banking Law, to deduct annually 10% of its net profit to the legal reserve account and continues to deduct it until the reserve reaches the equivalent of the Bank's subscribed capital.

(B) Regulatory requirements for capital, and how to meet these requirements:

Banks must meet the minimum capital requirements in relation to risk-weighted assets, and they should be as follows:

1- The minimum of (CET1) should not be less than (6%) of the risk weighted assets.

2- The minimum of (Tier 1) should not be less than (7.5%) of the risk weighted assets.

3- The minimum (CAR) should not be less than (12%) of the risk weighted assets.

(C) How to achieve the capital objectives:

The management of the Bank aims to achieve the goals of managing the Bank's capital, achieving a surplus in operating profits and revenues, and optimising the operation of available sources of funds in order to achieve the targeted growth in shareholders' equity through growth in the legal reserve, realised profits and retained earnings.

When entering into investments, effects on the capital adequacy ratio are carried and capital and adequacy are monitored periodically as the capital adequacy ratio is calculated by the Risk Management.

The capital adequacy ratio is calculated according to the instructions of the Central Bank of Jordan based on Basel III decisions as at 31 December 2019 and 31 December 2018.

(E) Below is the table of the amount that the bank considers as capital and capital adequacy ratio:

| | 31 December 2019 JD | 31 December 2018 JD |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Basic capital items for common shares | | |
| Subscribed capital (paid in) | 100,000,000 | 100,000,000 |
| Retained earnings (less any restricted amounts) | 33,933,433 | 31,028,725 |
| Financial assets revaluation reserve - net, according to IFRS (9) | 12,255,295 | 13,475,675 |
| Statutory reserve | 29,728,357 | 27,263,225 |
| Total basic capital for common shares | 175,917,085 | 171,767,625 |
| Regulatory amendments (subtraction from capital): | | |
| Goodwill and intangible assets | (2,615,620) | (2,630,850) |
| Deferred tax assets resulting from debt provisions | (11,472,794) | (11,309,801) |
| Proposed dividends | - | (11,000,000) |
| Investments affecting the capital of banks, financial companies and insurance companies in which the Bank owns less than 10%, as shown in the instructions | - | (235,908) |
| Net ordinary shareholders' equity | 161,828,671 | 146,591,066 |
| Tier 2 (T2) Capital | | |
| General banking risk reserve (provided it does not exceed 1.25% of the risk-weighted assets) | - | - |
| The balance of the required provisions against debt instruments included Stage 1, by no more than 1.25% of the total assets weighted by credit risk according to the standard method | 3,838,645 | 3,439,820 |
| Total cushion capital | 3,838,645 | 3,439,820 |
| Regulatory amendments (subtraction from capital): | | |
| Investments affecting the capital of banks, financial companies and insurance companies in which the Bank owns less than 10%, as shown in the instructions | - | (440,222) |
| Net cushion capital (T2) | 3,838,645 | 2,999,598 |
| Total regulatory capital | 165,667,316 | 149,590,664 |
| Total risk-weighted assets | 968,428,449 | 961,862,790 |
| Capital adequacy ratio (%) | 17.11% | 15.55% |
| Percentage of ordinary shareholders' equity (%) | 16.71% | 15.24% |
| Basic capital percentage (%) | 16.71% | 15.24% |

(42) Analysis of maturities of assets and liabilities

| 31 December 2019 | Up to 1 year | Over 1 year | Total |
|-------------------------------------------------------------------|----------------------|--------------------|----------------------|
| Assets: | JD | JD | JD |
| Cash and balances at the Central Bank of Jordan | 120,759,451 | - | 120,759,451 |
| Balances at banks and financial institutions | 57,764,189 | - | 57,764,189 |
| Deposits at banks and financial institutions | - | 6,752,924 | 6,752,924 |
| Financial assets at fair value through statement of income | 9,667 | - | 9,667 |
| Direct credit facilities - net | 290,546,911 | 383,739,958 | 674,286,869 |
| Financial assets at fair value through other comprehensive income | - | 43,941,650 | 43,941,650 |
| Financial assets at amortised cost | 28,627,474 | 140,407,118 | 169,034,592 |
| Property and equipment- net | 1,736,540 | 27,789,289 | 29,525,829 |
| Intangible assets | 476,006 | 2,139,614 | 2,615,620 |
| Deferred tax assets | 755,223 | 10,717,571 | 11,472,794 |
| Other assets | 12,024,496 | 50,591,256 | 62,615,752 |
| Total assets | 512,699,957 | 666,079,380 | 1,178,779,337 |
| Liabilities: | | | |
| Deposits at banks and financial institutions | 12,923,564 | - | 12,923,564 |
| Customers' deposits | 722,524,858 | 42,250,009 | 764,774,867 |
| Cash margins | 15,802,647 | 22,153,027 | 37,955,674 |
| Borrowed funds | 50,348,181 | 79,827,851 | 130,176,032 |
| Bonds | 14,850,000 | - | 14,850,000 |
| Sundry provisions | - | 1,022,532 | 1,022,532 |
| Provision for income tax | 5,814,560 | - | 5,814,560 |
| Deferred tax liabilities | - | 7,337,607 | 7,337,607 |
| Other liabilities | 697,237 | 21,216,375 | 21,913,612 |
| Total liabilities | 822,961,047 | 173,807,401 | 996,768,448 |
| Net | (310,261,090) | 492,271,979 | 182,010,889 |

| 31 December 2018 | Up to 1 year | Over 1 year | Total |
|-------------------------------------------------------------------|----------------------|--------------------|----------------------|
| Assets: | JD | JD | JD |
| Cash and balances at the Central Bank of Jordan | 131,690,084 | - | 131,690,084 |
| Balances at banks and financial institutions | 60,496,498 | - | 60,496,498 |
| Deposits at banks and financial institutions | 808,555 | 4,987,282 | 5,795,837 |
| Financial assets at fair value through statement of income | 1,887,883 | - | 1,887,883 |
| Direct credit facilities - net | 306,512,146 | 382,435,470 | 688,947,616 |
| Financial assets at fair value through other comprehensive income | - | 42,824,335 | 42,824,335 |
| Financial assets at amortised cost | 8,737,553 | 113,960,779 | 122,698,332 |
| Property and equipment- net | 1,868,341 | 27,935,502 | 29,803,843 |
| Intangible assets | 766,752 | 1,864,098 | 2,630,850 |
| Deferred tax assets | 1,028,207 | 10,281,594 | 11,309,801 |
| Other assets | 9,542,420 | 44,475,417 | 54,017,837 |
| Total assets | 523,338,439 | 628,764,477 | 1,152,102,916 |
| Liabilities: | | | |
| Deposits at banks and financial institutions | 11,496,379 | - | 11,496,379 |
| Customers' deposits | 703,999,624 | 43,519,867 | 747,519,491 |
| Cash margins | 23,031,489 | 30,581,145 | 53,612,634 |
| Borrowed funds | 57,235,565 | 57,735,652 | 114,971,217 |
| Bonds | 14,000,000 | 2,100,000 | 16,100,000 |
| Sundry provisions | - | 137,610 | 137,610 |
| Provision for income tax | 4,679,715 | - | 4,679,715 |
| Deferred tax liabilities | - | 8,463,508 | 8,463,508 |
| Other liabilities | 16,285,132 | - | 16,285,132 |
| Total liabilities | 830,727,904 | 142,537,782 | 973,265,686 |
| Net | (307,389,465) | 486,226,695 | 178,837,230 |

(43) Accounts managed for the interest of clients

There are no capital guaranteed investment portfolios managed by the Bank or its subsidiaries for the interest of clients.

(44) Fair value hierarchy

The following table represents financial instruments carried at fair value based on the valuation method, where different levels 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.

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

| As at 31 December 2019 | Level 1 JD | Level 2 JD | Level 3 JD | Total JD |
|-------------------------------------------------------------------|-------------------|---------------|------------------|-------------------|
| Financial assets at fair value through statement of income | 9,667 | - | - | 9,667 |
| Financial assets at fair value through other comprehensive income | 36,855,325 | - | 7,086,325 | 43,941,650 |
| | 36,864,992 | - | 7,086,325 | 43,951,317 |

| As at 31 December 2018 | Level 1 JD | Level 2 JD | Level 3 JD | Total JD |
|-------------------------------------------------------------------|-------------------|---------------|------------------|-------------------|
| Financial assets at fair value through statement of income | 1,887,883 | - | - | 1,887,883 |
| Financial assets at fair value through other comprehensive income | 37,496,625 | - | 5,327,710 | 42,824,335 |
| | 39,384,508 | - | 5,327,710 | 44,712,218 |

(45) Fair value of financial instruments

The fair value of financial instruments that are not measured in the consolidated statement of financial position at fair value is not materially different from the carrying amount included in the consolidated financial statements. Also, the fair value of direct credit facilities, investments at amortised cost, banks' and financial institutions' deposits, clients' deposits, cash insurance, borrowed funds and loan bonds that are included at amortised cost are not fundamentally different from the book value included in the consolidated financial statements because there is no material difference in the market interest rates for similar financial instruments for the contracted rates, as well as due to the short periods in relation to the deposits of banks and financial institutions. The fair value stated at amortised cost is determined through the quoted prices in the market on availability or through assessment forms used with some bonds at a fixed commission.

(46) Contingent commitments and liabilities (off the statement of financial position)

(A) Credit commitments and liabilities

| | 31 December 2019 JD | 31 December 2018 JD |
|---------------------------------------------------|------------------------|------------------------|
| Letters of credit | 13,749,467 | 8,175,702 |
| Acceptances and time-drawings | 1,565,719 | 7,801,957 |
| Guarantees: | | |
| Payment | 28,567,464 | 32,745,295 |
| Performance bonds | 38,401,135 | 41,525,524 |
| Other | 14,160,673 | 16,071,330 |
| unutilized direct credit facilities credit limits | 15,563,376 | 35,644,588 |
| Total | 112,007,834 | 141,964,396 |
| (B) Contractual commitments | | |
| Project construction contracts | 457,074 | 304,676 |
| Operating lease obligations* | - | 4,700,773 |
| | 457,074 | 5,005,449 |

* Treated in accordance with IFRS (16) starting 1 January 2019.

Movement of contingent commitments and liabilities (guarantees, letters of credit and banking acceptances)

| 31 December 2019 Liabilities: | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|------------------------------------------------------|-------------------|------------------|-------------------|------------------|------------------|-------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Total balance as at the beginning of the year | 88,347,075 | 1,796,568 | 14,643,773 | 100,149 | 1,582,878 | 106,470,443 |
| New exposures during the year | 22,054,372 | 636,646 | 3,904,155 | - | 23,620 | 26,618,793 |
| Matured/ derecognised | (33,639,462) | (232,687) | (2,566,845) | (24,669) | (53,043) | (36,516,706) |
| Transferred to stage 1 | 2,227,596 | (189,601) | (2,003,581) | (2,000) | (32,414) | - |
| Transferred to stage 2 | (4,205,291) | (20,000) | 4,225,491 | 100,000 | (100,200) | - |
| Transferred to stage 3 | (24,077) | (2,000) | (1,940) | (71,000) | 99,017 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written-off balances | - | - | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 74,760,213 | 1,988,926 | 18,201,053 | 102,480 | 1,519,858 | 96,572,530 |

| 2018 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|------------------------------------------------------|-------------------|------------------|-------------------|------------------|------------------|--------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Total balance as at the beginning of the year | 75,230,032 | 22,803,912 | 13,693,973 | - | 1,852,231 | 113,580,148 |
| New exposures during the year | 27,528,542 | 564,132 | 2,165,022 | 10,000 | 3,865 | 30,271,561 |
| Repaid/ derecognized exposures | (30,113,788) | (2,591,086) | (4,580,463) | - | (95,929) | (37,381,266) |
| Transferred to stage 1 | 20,692,675 | (18,505,346) | (2,177,329) | - | (10,000) | - |
| Transferred to stage 2 | (4,959,950) | (404,624) | 5,555,925 | 90,149 | (281,500) | - |
| Transferred to stage 3 | (30,436) | (70,420) | (13,355) | - | 114,211 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written-off balances | - | - | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 88,347,075 | 1,796,568 | 14,643,773 | 100,149 | 1,582,878 | 106,470,443 |

Movement on expected credit loss:

| 2019 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|---------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|---------------|----------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Balance at beginning of the year | 46,277 | 6,428 | 46,518 | 49 | 51,364 | 150,636 |
| Impairment loss on new exposures during the year | 15,116 | 599 | 14,797 | 1,956 | 218 | 32,686 |
| Recoveries from impairment loss on repaid exposures (repaid/ derecognised) | (33,027) | (5,374) | (7,328) | (33) | (9,489) | (55,251) |
| Transferred to stage 1 | 1,912 | 667 | (1,615) | - | (964) | - |
| Transferred to stage 2 | (3,150) | (43) | 3,239 | 2,300 | (2,346) | - |
| Transferred to stage 3 | (2) | - | (4) | (16) | 22 | - |
| Effect on the provision -as at the end of the year- from the classification change among the three stages during the year | (3,480) | (1,085) | 3,454 | (4,237) | 5,348 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written-off balances | - | - | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 23,646 | 1,192 | 59,061 | 19 | 44,153 | 128,071 |

| 2018 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|---------------|----------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Balance at beginning of the year | 45,021 | 11,228 | 39,435 | - | 106,542 | 202,226 |
| Impairment loss on new exposures during the year | 30,298 | 22,631 | 12,582 | 7 | - | 65,518 |
| Recoveries from impairment loss on repaid exposures (repaid/ derecognised) | (32,167) | (6,033) | (18,639) | - | (60,269) | (117,108) |
| Transferred to Stage 1 | 3,400 | - | (1,100) | - | (2,300) | - |
| Transferred to stage 2 | (824) | (611) | 63,758 | 42 | (62,365) | - |
| Transferred to stage 3 | (2) | (98) | (6) | - | 106 | - |
| Impact on the provision -as at the end of the year- from the classification change among the three stages during the year | 551 | (20,689) | (49,512) | - | 69,650 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written-off balances | - | - | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 46,277 | 6,428 | 46,518 | 49 | 51,364 | 150,636 |

Movement of contingent commitments and liabilities (non-utilised direct credit limits)

| 2019 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|------------------------------------------------------|-------------------|------------------|------------------|------------------|---------------|-------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Total balance as at the beginning of the year | 34,018,066 | 146,291 | 1,631,439 | - | 162,537 | 35,958,333 |
| New exposures during the year | 4,358,506 | 47,364 | 565,416 | - | - | 4,971,286 |
| Repaid/ derecognized balances | (23,638,048) | (124,716) | (1,293,654) | - | (133,817) | (25,190,235) |
| Transferred to Stage 1 | 165,614 | (16,201) | (120,693) | - | (28,720) | - |
| Transferred to stage 2 | (170,848) | (39,819) | 210,667 | - | - | - |
| Transferred to stage 3 | (29,616) | - | - | - | 29,616 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written-off balances | - | - | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 14,703,674 | 12,919 | 993,175 | - | 29,616 | 15,739,384 |

| 2018 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|------------------------------------------------------|-------------------|------------------|------------------|------------------|----------------|-------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Total balance as at the beginning of the year | 40,708,995 | 550,000 | 1,847,032 | - | - | 43,106,027 |
| New exposures during the year | 4,760,740 | 96,291 | 2,224,173 | - | - | 7,081,204 |
| Repaid/ derecognized balances | (13,551,820) | - | (677,078) | - | - | (14,228,898) |
| Transferred to Stage 1 | 2,491,909 | (500,000) | (1,991,909) | - | - | - |
| Transferred to stage 2 | (229,435) | - | 229,435 | - | - | - |
| Transferred to stage 3 | (162,323) | - | (214) | - | 162,537 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written-off balances | - | - | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 34,018,066 | 146,291 | 1,631,439 | - | 162,537 | 35,958,333 |

Movement on utilized indirect credit facilities:

| 2019 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|---------------|----------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Balance at beginning of the year | 153,361 | 311 | 118,651 | - | 41,422 | 313,745 |
| Impairment loss on new exposures during the year | 72,077 | 542 | 44,215 | - | - | 116,834 |
| Recoveries from impairment loss on repaid exposures (repaid/ derecognised) | (116,079) | (272) | (96,850) | - | (41,368) | (254,569) |
| Transferred to Stage 1 | 35,319 | - | (14,480) | - | (20,839) | - |
| Transferred to stage 2 | (360) | (11) | 371 | - | - | - |
| Transferred to stage 3 | (358) | - | - | - | 358 | - |
| Effect on the provision -as at the end of the year- from the classification change among the three stages during the year | (74,095) | (544) | 15,981 | - | 58,658 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written-off balances | - | - | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 69,865 | 26 | 67,888 | - | 38,231 | 176,010 |

| 2018 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|---------------|----------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Balance at beginning of the year | 153,283 | 1,171 | 223,075 | - | - | 377,529 |
| Impairment loss on new exposures during the year | 188,613 | 311 | 35,016 | - | - | 223,940 |
| Recoveries from impairment loss on repaid exposures (repaid/ derecognised) | (119,925) | (1,128) | (166,671) | - | - | (287,724) |
| Transferred to Stage 1 | 95,168 | - | (95,168) | - | - | - |
| Transferred to stage 2 | (6,022) | - | 6,022 | - | - | - |
| Transferred to stage 3 | (101) | - | (8) | - | 109 | - |
| Effect on the provision -as at the end of the year- from the classification change among the three stages during the year | (157,655) | (43) | 116,385 | - | 41,313 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written-off balances | - | - | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 153,361 | 311 | 118,651 | - | 41,422 | 313,745 |

Movement on expected credit loss:

| 2019 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|----------------------------------------------------------------------------|-------------------|------------------|------------------|------------------|---------------|-------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Balance at beginning of the year | 30,080,236 | 198,499 | 8,555,903 | - | 85,444 | 38,920,082 |
| Impairment loss on new exposures during the year | 8,850,232 | - | 1,363,063 | - | 30,000 | 10,243,295 |
| Recoveries from impairment loss on repaid exposures (repaid/ derecognised) | (14,517,243) | (11,000) | (3,384,801) | - | (85,444) | (17,998,488) |
| Transferred to Stage 1 | 2,796,498 | (177,499) | (2,618,999) | - | - | - |
| Transferred to stage 2 | (932,276) | (10,000) | 942,276 | - | - | - |
| Transferred to stage 3 | (13,700) | - | (13,060) | - | 26,760 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written-off balances | - | - | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 26,263,747 | - | 4,844,382 | - | 56,760 | 31,164,889 |

| 2018 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|----------------------------------------------------------------------------|-------------------|------------------|------------------|------------------|---------------|-------------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Balance at beginning of the year | 29,321,200 | 6,442,756 | 9,243,377 | - | - | 45,007,333 |
| Impairment loss on new exposures during the year | 4,567,748 | 198,499 | 2,152,628 | - | - | 6,918,875 |
| Recoveries from impairment loss on repaid exposures (repaid/ derecognised) | (8,575,868) | (755,395) | (3,674,863) | - | - | (13,006,126) |
| Transferred to Stage 1 | 10,546,429 | (4,780,165) | (5,766,264) | - | - | - |
| Transferred to stage 2 | (5,700,675) | (907,196) | 6,607,871 | - | - | - |
| Transferred to stage 3 | (78,598) | - | (6,846) | - | 85,444 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written-off balances | - | - | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 30,080,236 | 198,499 | 8,555,903 | - | 85,444 | 38,920,082 |

Movement on expected credit loss:

| 2019 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|---------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|---------------|----------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Balance at beginning of the year | 66,723 | 422 | 93,210 | - | 19,652 | 180,007 |
| Impairment loss on new exposures during the year | 31,980 | 183 | 40,775 | - | 6,600 | 79,538 |
| Recoveries from impairment loss on repaid exposures (repaid/ derecognised) | (31,620) | (395) | (59,310) | - | (19,652) | (110,977) |
| Transferred to Stage 1 | 41,518 | - | (41,518) | - | - | - |
| Transferred to stage 2 | (4,474) | (20) | 4,494 | - | - | - |
| Transferred to stage 3 | (23) | - | (530) | - | 553 | - |
| Effect on the provision -as at the end of the year- from the classification change among the three stages during the year | (38,814) | (190) | 33,669 | - | 5,335 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written-off balances | - | - | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 65,290 | - | 70,790 | - | 12,488 | 148,568 |

| 2018 | Stage 1 | | Stage 2 | | Stage 3 JD | Total JD |
|---------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|---------------|----------------|
| | Individual JD | Collective JD | Individual JD | Collective JD | | |
| Balance at beginning of the year | 34,636 | 13,717 | 201,155 | - | - | 249,508 |
| Impairment loss on new exposures during the year | 83,510 | 1,819 | 8,390 | - | - | 93,719 |
| Recoveries from impairment loss on repaid exposures (repaid/ derecognised) | (12,218) | (10,532) | (140,470) | - | - | (163,220) |
| Transferred to Stage 1 | 103,877 | - | (103,877) | - | - | - |
| Transferred to stage 2 | (6,115) | (2,111) | 8,226 | - | - | - |
| Transferred to stage 3 | (15) | - | (88) | - | 103 | - |
| Effect on the provision -as at the end of the year- from the classification change among the three stages during the year | (136,952) | (2,471) | 119,874 | - | 19,549 | - |
| Changes resulting from modifications | - | - | - | - | - | - |
| Written-off balances | - | - | - | - | - | - |
| Amendments due to changes in currency exchange rates | - | - | - | - | - | - |
| Total Balance as of year end | 66,723 | 422 | 93,210 | - | 19,652 | 180,007 |

(47) lawsuits held against the Bank

The lawsuits held against the Bank amounted to JD 4,643,790 as of 31 December 2019 compared to JD 4,603,300 as of 31 December 2018, while the balance of provisions to address these cases was JD 631,956 as of 31 December 2019 compared to JD 52,570 as of 31 December 2018. In the opinion of the Bank's management and the legal advisor, the Bank will not have any additional obligations to meet these cases.

There are no lawsuits held against Al-Mawarid Financial Brokerage Company, Tamkeen Financial Leasing and Al Istithmari for Tamwel Selselt Al Imdad Company, Jordanian Factoring Company as of 31 December 2019 and 31 December 2018.

The lawsuits held against Jordan Trade Facilities Company amounted to JD 201,635 as of 31 December 2019 compared to JD 258,494 as of 31 December 2018, while the balance of provisions to address these cases was JD 220,000 as of 31 December 2019 compared to JD Zero as of 31 December 2018. In the opinion of the Company's management and the legal advisor, the Company will not have any additional obligations to meet these cases.

The lawsuits held against Trade Facilities for Finance Leasing Company (a subsidiary of Trade Facilities Company) amounted to JD 21,796 as of 31 December 2019 compared to JD 22,046 as of 31 December 2018. In the opinion of the Company's management and the legal advisor, the Company will not have any additional obligations to meet these cases.

The lawsuits held against Bindar for Trade and Investment Company amounted to JD 91,725 as of 31 December 2019 compared to JD 114,725 as of 31 December 2018, while the balance of provisions to address these cases was JD 76,725 as of 31 December 2019 compared to JD 28,885 as of 31 December 2018. In the opinion of the Bank's management and the legal for corporates, the Company will not have any additional obligations to meet these cases.

There are no lawsuits held against Bindar for Finance Leasing and Ruboua Al Sharq Real Estate Company (subsidiaries to Bindar for Trade and Investment Company) as of 31 December 2019 and 31 December 2018.

(48) Comparative figures

Some comparative figures of the year ended 31 December 2018 have been reclassified to conform with the presentation of the financial statements for the year ended 31 December 2019.

