ANNUAL REPORT 2019

AJIB

Arab Jordan Investment Bank

Annual Report 2019

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Board of Directors

Mr. Hani Al-Qadi
Chairman of the Board

Mr. Hussein Dabbas
Representative of Rawnaq Al Thiqa Company for Commercial Investments
Vice Chairman

Mr. Abdulkadi Al-Qadi
Founding Chairman
Member - Until 12/3/2019

Mr. Emhamed Mohammed Farag
Representative of Libyan Foreign Bank
Member

Mr. Fahad Al-Huqbani
Representative of the Arab Investment Company
Member

Mr. Mohammed Al-Okar
Member

Mr. Khalil Abu Al-Rubb
Member

His Excellency Mr. "Mohamad Sharif" Al-Zu'bi
Representative of Petra Company for Restaurants Establishment and Management
Member

Mr. Sa'ed Budeiri
Member

Mr. Khaled Zakaria
Member

Dr. Adnan Steitieh
Member

Mr. Kamal Al Fawaeer
Representative of First Bayraq Al Ordon Investments Company
Member – Starting from 12/3/2019

Mission Statement

To be recognized as the leading bank in Jordan and the region; in products, and in the use of technology, by being customer-focused, innovative and having customer-service excellence and highly skilled employees.

Chairman's Message

Dear Arab Jordan Investment Bank Shareholders,

On behalf of the Arab Jordan Investment Bank (AJIB) Board of Directors and myself, I am honored to present you with the bank's 41st annual report, detailing our achievements and consolidated financial statements for 2019, as well as the bank's strategic vision for 2020.

With the start of 2019, AJIB embarked on its fourth decade of excellence in banking and continued success, consistently reaching for new horizons and continuously working to develop, expand, and achieve optimal results for its shareholders as well as the best banking services for its clients.

As we continue on this forward march, we proudly remember Abdulkadir Al-Qadi, the bank's founder and a noted philanthropist. A prominent economist who started AJIB in 1978, he outlined all the bank's fundamental internal processes and remained an integral part of its progress, building the institution's foundations and reinforcing its vision. His keen foresight and enormous efforts over the years are the reason for the bank's leading position, two traits that also led him to constantly seek the betterment of both society as well as the national economy. May he rest in peace.

According to data released by the International Monetary Fund (IMF), in 2019 the world's economic growth slowed down to 2.9% compared to 3.6% in 2018. This is considered the slowest pace of growth since the onset of the global financial crisis, with international economic activity, particularly in the transformative sectors of industry and trade, remaining in a state of uncertainty in view of both the trade war between the United States and China as well as recent political and security tensions. This is in addition to factors coming out of emerging markets, which are leading to further pressure. Increases in trade tariffs and periods of uncertainty surrounding trade policies are also developing as a result of trade conflicts that have damaged investments and demand for capital goods.

Many countries continued to implement policies of financial facilitation, which are expected to bear fruit in 2020. Were it not for such policies, growth estimates would have retreated by 0.5%. The IMF estimates that growth in the world economy will reach 3.3%, while early stability indications have led to the reinforcement of financial markets, which is supported by central banks reducing interest rates after the US Federal Reserve lowered interest rates three times during the first half of 2019.

In the United States, the growth rate is expected to drop from 2.3% in 2019 to 2% in 2020, as a result of the slowdown of support by financial facilitation policies. In the Eurozone, recorded growth rates in 2019 reached 1.2%, with the transformative industries sector in Germany suffering from a recession, as well as a decrease in demand and exports in France and Italy.

The growing economies and emerging economic powers group registered a growth rate of 3.7% in 2019, compared to 4.5% in 2018, reflecting the effects of the trade war between Beijing and Washington. Although a first-stage agreement was signed in January 2020, there are still suspended issues between the two sides that need to be solved at a later stage. Growth in the Chinese economy dropped from 6.6% in 2018 to 6.1% in 2019, with a likely continued drop to 6% in 2020.

At a regional level, IMF reduced growth estimates for the Middle East and central Asia to 0.8% in 2019 compared to 1.9% in 2018, due to a reduction in oil production by oil-producing countries as a result of OPEC's decision to lower production by 1.2 million barrels per day, in parallel with escalating regional tensions and a state of instability and conflicts in a number of countries in the region.

Locally, most national economic indicators show a retreat in their performance in 2019. The government released a number of economic packages at the end of the year aimed at activating the markets, which showed some improvement in the last months.

In general, economic growth in the first three quarters of 2019 reached 1.9% against 2% in 2018. Gross domestic product (GDP) at current prices grew by 3.6% against 3.8% during the same period in 2018.

In return, the increase in the inflation rate in 2019 reached 0.3% compared to 4.5% in 2018. The retreat in the inflation rate was due to the slowdown in government measures taken during the first few months of 2018, foremost of which were the taxes levied on tobacco, the floating of bread prices, as well as the decrease in world oil prices.

In the labor market, the unemployment rate at the end of the fourth quarter of 2019 reached 19%, with an increase of 0.3 percentage points compared to the same period of 2018. Data indicates that the unemployment rate among university degree holders was high, reaching 22.4%.

The real-estate sector continued its retreat with trading decreasing by 12% during 2019, reaching JD4.632 billion compared to JD5.25 billion in 2018. The estimated value of real estate sales to non-Jordanians dropped by 17%, reaching JD236.2 million.

At the Amman Stock Exchange, total trading was JD1.6 billion compared to JD2.3 billion in 2018, a decrease of 31.6%. Shares of stocks traded amounted to 1.2 billion shares, which is the same as 2018. The weighted average index dropped by 4.9%, registering 1815 points at the end of December 2019, compared to 1908.8 points at the end of December 2018. The market value of stocks listed during 2019 dropped by 7.5%, registering JD14.9 billion.

The Jordanian trade balance showed positive performance with national exports increasing by 6.8% in 2019 at JD4.992 billion. Re-exported goods increased by 9.9% at JD910 million. In return, imports decreased by 4.8% at JD13.729 billion after being affected by the decrease in international oil prices. Hence, the deficit in the trade balance dropped by 12.2% at JD7.827 billion.

In 2019, income from tourism increased by 10.2% to reach JD4.11 billion, as the number of overnight tourists increased by 8.9% to 5.39 million tourists. Transfers by expatriate Jordanian labor increased by 0.9% in 2019 to reach $3.7 billion compared with a decrease of 1.1% in the previous year.

Turning to public finance, general revenues in 2019 reached JD7.754 billion, of which JD788.4 million were foreign grants and local revenues amounted to JD6.966 billion.
Tax revenues increased by JD145.2 million to reach JD4.681 billion in 2019, compared to JD4.535 billion in 2018, which was less than expected.

As a result of the above, the financial deficit increased to JD1.058 in 2019 compared to JD728 million in 2018. According to initial data, total debt amounted to JD30.076 billion at the end of 2019, a ratio of 96.6% of GDP compared to 94.4% of GDP in 2018.

In view of these conditions, the Central Bank of Jordan continued its policy that aims to achieve financial and monetary stability, reduce interest rates during the second half of 2019 on monetary policy instruments three times at the rate of 25 base points each time and at a total of 75 base points, thus reducing the Central Bank's interest rate from 4.75% to 4%.

These decisions by the Central Bank of Jordan accompanied interest rate developments in international and regional markets with an aim to reinforce growth in credit offered to various economic sectors and to enhance demand, which reflects positively on economic growth. These decisions were also supported by an improvement in the current account in the balance of payments and a drop in the inflation rate, as well as the availability of comfortable levels of foreign currency reserves, the balance of which, including gold, reached $14.3 billion at the end of 2019. This balance is sufficient to cover the Kingdom's imports of goods and services for about 7.7 months.

The performance indexes of AJIB, in spite of the challenging political and economic conditions in the areas where the bank operates, maintained a similar level when compared with 2018. Profits after tax amounted to JD16.2 million compared to JD16.8 million in 2018. Total profits before tax reached JD23.7 million compared to JD24.4 million in 2018.

Total client deposits and cash guarantees increased to JD1.133 billion compared to JD1.070 billion in 2018, with a growth rate of 5.9% compared to 4.3% in the banking system. Direct credit facilities at net value reached JD815.5 million compared to JD752.7 million in 2018, with a growth rate of 8.3% compared to 3.7% in the banking system.

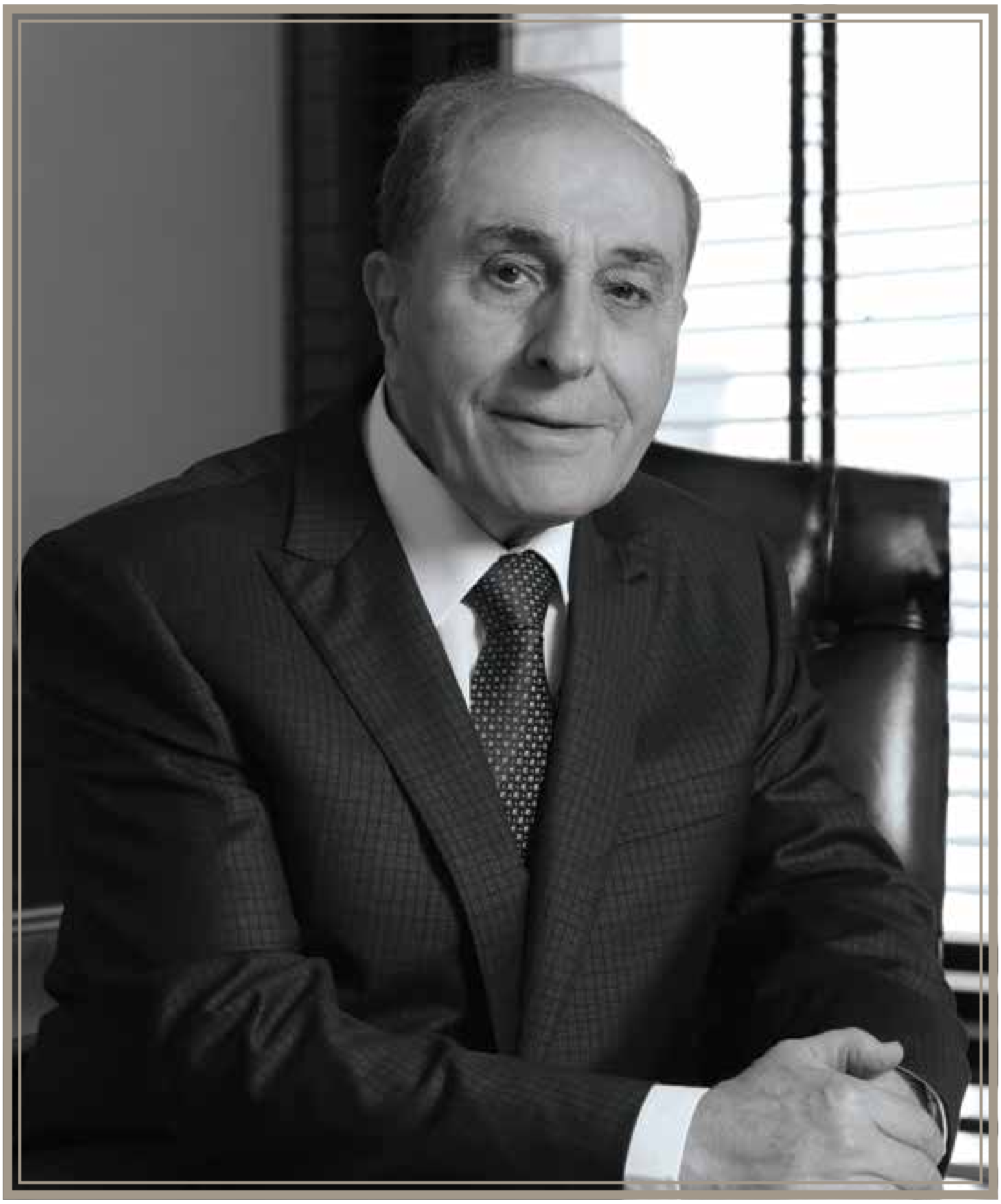
AJIB continued to preserve the integrity of its credit portfolio and the quality of its assets. The ratio of non-operating loans to total facilities in 2019 dropped to 1.49% compared to 2.2% in 2018, considered among the lowest ratios among Jordanian banks. The capital sufficiency rate reached 15.38% in 2019 in compliance with Basel III instructions, by far exceeding the required international and local ratios of 8% and 12%, respectively, which further affirms the solid state of the bank's financial position.

Based on the results achieved, AJIB's Board of Directors recommended to the General Assembly the distribution of cash dividends amounting to JD13.2 million, representing 9% of the bank's capital, which is similar to 2018.

In conclusion, allow me to express my sincere gratitude to the board’s members for their effective role in setting and implementing the bank's strategy, and to the executive management team and all staff members for their dedication, loyalty, and for their efforts.

I would also like to express my gratitude and appreciation to the bank's shareholders and clients for their continued confidence. Once again, I affirm our complete commitment to continuing our provision of the best banking services and the highest levels of excellence.

Hani Al-Qadi
Chairman of the Board of Directors



The Late Founding Chairman
Abdulkadir Al-Qadi
1934 - 2020

Our Achievements in 2019

1- Corporate Banking Department

AJIB continues its pioneering role in the national economy, reinforcing the growth of various economic sectors and fulfilling their needs for high-quality services and banking products. The bank applies a prudent policy that is in line with the overall economic conditions, ultimately achieving balance between growth requirements in various performance indicators and registering high rates of returns while maintaining a low level of risk through its strategy that provides added value banking services that are compatible with client needs.

The Corporate Banking Department posted positive results in 2019, providing corporations with outstanding services targeting the various sectors of their operations and assisting them to achieve their objectives effectively and flexibly. The results benefit the national economy at large, as well as society as a whole, strengthening the bank's pioneering role in the economy and fulfilling the needs of the private sector in order to effect comprehensive economic growth at the Kingdom's level.

The bank's strategy contributed in reinforcing performance indicators in spite of the continued economic challenges and the slowdown in some sectors, leaving its stamp on corporate financing, including poor export levels to neighboring markets in view of regional circumstances. The bank effectively communicated with its clients, offering them alternatives and suitable financial solutions.

In spite of the difficulties that plagued the region in 2019, AJIB focused its efforts on mitigating the sharp negative effects of the continued local economic slowdown of the last few years by following a balanced policy compatible with economic developments through a strategy based on the management of its credit portfolio, expanding the customer base, reinforcing relationships with current clients and accompanying growth in their business, as well as providing them with business support by analyzing their financial and credit conditions and providing them with the necessary financing.

In terms of credit portfolio indicators, the bank worked to fortify them through a strong commitment to credit standards based on studied and acceptable ratios while simultaneously diversifying the economic sectors that are granted credit. The bank also continued to focus on attracting new clients according to credit indicators aligned with positive growth for the credit portfolio at low risk levels while maintaining quality.

Throughout 2019, AJIB continued to finance a number of renewable energy companies through the Central Bank of Jordan's programs. These companies were given access to the bank's innovative financing products as a result of their outstanding growth and their contribution to reducing the energy import and production bill, which benefits a number of other economic sectors. AJIB continued to play a pivotal role in the provision of financing to companies in vital economic sectors such as energy, industry, trade, transport, and services, in addition to the government sector, reinforcing their performance.

AJIB's e-business portal received high customer satisfaction reviews and was pivotal in facilitating business transactions for corporates, allowing them to bank electronically.

AJIB also continued to provide innovative corporate services from the first floor of its headquarters, offering its corporate customers services that include cheque deposits and the issuance of cashier cheques.

In line with AJIB's belief in the vital role that small and medium enterprises (SMEs) play in developing the national economy, a dedicated department was created to better serve the sector. The department is staffed by a highly specialized team that assists SMEs and provides them with a comprehensive and integrated set of banking solutions that suit their needs.

The Commercial Services Department was also created in 2019, working to introduce AJIB's clients to the various commercial products available through regular targeted visits, examining their needs in the fields of imports and exports to find the solutions that are compatible with the nature of each company, allowing them to develop and facilitate their businesses.

2- Retail Banking Department

Throughout 2019, the Retail Banking Department continued its efforts to offer its clients the products and services best suited to their needs. Through its adoption of the most up-to-date banking practices, AJIB reinforced its innovative position in the markets within which it operates. Also as part of its work to provide the best solutions to the retail banking sector, AJIB presented its clients with its entire suite of high-quality and creative banking and investment services and products.

AJIB continued to expand its e-banking platform, based on international best practices, allowing clients to access exclusive services and perform banking transactions, all founded on the most cutting-edge technologies. Queuing systems were introduced at branches to ensure the effective and efficient execution of transactions, a move that has seen very positive customer feedback.

AJIB also implemented an e-statement system that enables all clients to receive their account statements via emails, which facilitates banking for clients, reduces the use of paper in line with the bank's environmental sustainability principles, and promotes environmental awareness.

During 2019, AJIB credit card holders were offered programs that allow them to pay for purchases made on their cards in installments over one year. The program may be accessed either by calling a customer service representative or directly at points of sale (POS). This service allows users to facilitate their purchasing process by selecting a highly flexible settlement method that suits their financial status and requirements.

In order to upgrade AJIB's payment and banking services system and to provide clients with a seamless banking experience, the bank is in the process of upgrading its automatic teller machines (ATMs). The new machines will provide clients and other card holders with the most advanced electronic services, particularly at Queen Alia International Airport where the bank has exclusive presence inside the airport terminals, with a number of the new ATMs installed at the airport to provide advanced services.

As part of AJIB's efforts to facilitate banking transactions in view of the current economic conditions, AJIB launched its housing and personal loans campaign that are compatible with client needs and at competitive interest rates, with the initiative running throughout 2019 to excellent reviews.

AJIB also continued to upgrade its technological and communications platforms, adopting an innovative call-center system created with Cisco in order to serve clients quickly and efficiently and to facilitate the workflow.

ATMs were introduced in a number of vital areas throughout the Kingdom, a move that reinforces the bank's brand identity of offering the best services in a modern and efficient environment.

3- Trade Finance Department

AJIB has been eager to continue the development and enhancement of its banking solutions suite for the commercial sector, presented through its highly efficient and professional banking team.

AJIB attaches great importance to the commercial sector, recognizing the vital role it plays in the national economy. In response to the local and external market requirements, AJIB provides trade financing services, with a focus on export and import operations, letters of guarantee, discounted bills of collection, promissory notes, and commercial loans of all kinds in order to meet the diverse needs of its customers.

In view of the complexity of the international trade environment, the role of the Trade Finance Department is not restricted to providing traditional commercial services only, and now plays the role of taking all the necessary measures to protect client rights and reduce risks that may be involved in trade transactions. This was made possible due to AJIB's highly qualified team, which is supported by cutting-edge e-banking platforms. This enables the bank to protect the commercial requirements of its clients through simultaneously meeting their varied needs and offering them the appropriate solutions in a transparent and efficient manner. All of this, coupled with our highly capable team and our advanced systems, has had a noticeable effect on the ban's competitive position in the markets within which it operates.

4- VIP Banking Department

AJIB continued its intense efforts to provide services to clients according to the best international banking practices. In this regard, the VIP Banking Department continued to build solid relationships with its major corporate and retail clients in order to facilitate their work and provide them with the best and most innovative services and products.
The department offers VIP accounts, which have been developed for those who seek excellence and the experience of incomparable banking services.

5- Transfers Department

In order to maintain its position as an innovator in the field of transfers, AJIB continued to offer its clients a package of outstanding services and effective work systems to ensure that transfers are received by beneficiaries in record time through easy-to-use effective channels. The bank provides online transfer services and the AJIB mobile application, as well as the option of using the wide branch network available throughout the Kingdom, staffed with qualified teams who provide the best services in record time. AJIB also facilitates the receipt of local and international transfers, which are processed within one business day.

As part of its efforts to remain up to date with the latest developments in the banking industry, in 2019 AJIB implemented transfers through Blockchain technology, the most advanced and fastest interbank transfer service, which allows clients to verify that the transfer was deposited in the beneficiary account as soon as the transaction is completed. This service is currently available between the AJIB Jordan and AJIB Cyprus branches only.

6- International Investments Department

AJIB continued its outstanding record in international investments, and due to the importance of the sector, the bank applies clear and accurate policies in the field, offered by a qualified team and supported by the latest technologies.

AJIB has maintained its leading position in providing international investment services based on its previous achievements, long experience and extensive knowledge at the local, regional, and international markets. Today, the bank is considered the ideal partner to help clients manage their investment portfolios in a prudent manner.

In 2019, AJIB participated in the most significant underwriting events at the regional and international levels, making it the first and best choice for its clients and companies.

As part of its efforts to remain abreast of the latest developments, in 2019 AJIB unveiled a group of innovative products and services including investment vehicles that provide solutions to grow and manage personal wealth in an ideal manner. AJIB also helped its clients grow their investments and provided them with the opportunity to benefit from capital growth for the short, medium, and long terms. Amid its continued development, the experienced AJIB's staff accompanied the developments witnessed by the local and international markets, and allowed the team to monitor and observe promising new investment opportunities.

AJIB's team has extensive experience in the field and is supported by cutting-edge solutions that allow clients to make informed investment decisions while remaining up to date on the latest developments in the marketplace. This ensures that personal financial portfolios are perfectly compatible with long-term objectives through a mixture of international stocks, fixed income, joint investment funds, precious metals, and commodities.

The department also analyzes and monitors global economic developments to avoid new risks in the markets.

In 2019, AJIB provided exclusive solutions for managing wealth, each designed to address the latest developments and client needs, which have proven to be effective and positive in spite of the difficult international financial market conditions. A dedicated team analyzed market trends and examined global economic developments to ensure better performance, increased profitability, and focus on diversifying assets as an important factor in order to secure better returns on the financial portfolios of clients.

7- Prestige Service and Wealth Management

Throughout the year, AJIB Prestige provided exclusive products and services at high levels of excellence through its team that boasts extensive expertise in the field, as well as unmatched levels of professionalism. AJIB Prestige clients enjoy a diverse set of exclusive benefits, including preferential and competitive interest rates, offered through a network of seven Prestige service centers located at the headquarters building, as well as branches located at the Interior Ministry Circle, Abdoun, Bayader Wadi Al-Sir, Tla' Al-Ali, Wadi Saqra, and Dabouq.

Services include a package of advanced investment products and services in local, regional, and international markets offered by a specialized team in wealth management tailored to individual needs that work to achieve the highest returns while maintaining financial solvency.

AJIB Prestige also provides insurance services as part of the "Prestige Life" program, offered by AJIB in cooperation with MetLife Jordan, an American insurance company. This program includes a group of sub-programs of specialized insurance schemes such as life insurance, retirement insurance, investment insurance and education insurance, all delivered by a team of professionals.

In 2019, AJIB continued to offer its staff members the opportunity to further their knowledge though seminars and workshops, which the bank believes are vital to delivering the optimal services to clients.

8- Treasury Department

In 2019, and particularly in its last quarter, interest rates and decisions by international central banks played a major role in affecting foreign currency prices and investment decisions in financial markets. The Treasury and Foreign Currency Department managed to react positively to these decisions and their repercussions in favor of clients and the bank's investment portfolio. The department also played an outstanding role in serving clients by taking the necessary decisions, providing investment instruments, and preparing contracts and options in order to confront any fluctuations and risks in the market.

Also in 2019, the department was successful in mitigating the negative effects of the increase in interest rates on the bank's actual and estimated budgets, particularly when studying economic indicators and the timing of decisions by central banks throughout the year. This created opportunities for the bank to redirect previous influences into positive effects on its banking and investment activities. AJIB also played an effective and important role in Jordanian capital and cash markets, with a majority share of these dealings contributing to activating further activity and increasing returns, particularly in lending, government bonds and Jordanian treasury bills.

The Treasury Department achieved an impressive growth rate in dealing volume in 2019 compared with previous years, which had a positive effect on the bank's revenues. The Treasury Department also maintained high levels of liquidity and provided all AJIB's credit and investment portfolio requirements in accordance with policies followed by the bank and the guidelines of the Central Bank of Jordan.

9- ATMs and Cards Department

AJIB continued to offer its clients outstanding services in a comfortable and efficient environment, in line with the latest international developments in a reflection of the bank's institutional identity.

AJIB offers a wide and comprehensive range of credit cards, as well as an extensive range of benefits. Recently, AJIB introduced Mastercard's contactless payment system, which Visa card holder had previously used to great success.

In 2019, AJIB attracted new clients with low credit risk history by providing them with highly competitive rates and by launching a process of buying their credit cards from other banks and settling their balances by offering them a new AJIB credit card, exempting them from the interest on the transferred balance.

AJIB also developed its AJIB Rewards Program, aimed at offering its clients who carry the World Elite Mastercard, the Visa Infinite, and the Prestige World Mastercard credit cards points for each purchase made and at any point of purchase. These points can be exchanged for coupons from Cozmo, Manaseer Oil & Gas, Leaders Center, as well as for discounts on hotel reservations, travel tickets, and a host of valuable prizes.

AJIB also added new services to its ATMs based on guidelines from Visa, which enable card holders from all banks to change the card's pin code and re-activate it in case it was suspended.

The ATM Switch system was also developed and added to AJIB's ATMs as a new service that allows card holders from AJIB and other banks or financial institutions to withdraw foreign currencies - US dollars and Euros - in addition to Jordanian Dinars directly from their accounts.

In order to offer its credit and debit card holders higher protection, AJIB runs the most cutting-edge systems for monitoring suspicious activities on their cards through the bank's call center, which is available 24 hours a day, seven days a week.

10- Retail Branches and Office Network

A large part of AJIB's strategy centers on expansion in order to reach the highest number of people; therefore, the bank focus on being present in the country's most vital and geographically relevant locations. This ensures that its clients have access to the services they require, as well as reinforces its communications at the highest levels of quality and excellence.

AJIB has expanded its network of ATMs, and new machines have been installed at Zarqa Court of First Instance and the departure terminal at the King Hussein International Airport in Aqaba, bringing the total number of ATMs to 66.

During 2019, AJIB opened two new branches, one in Dabouq and one in Madaba, equipping them with the latest banking technology and advanced services. This brought the number of branches and offices operating in Jordan at the end of 2019 to 35.

AJIB has maintained its leading role at Queen Alia International Airport and provides exclusive currency exchange services through its offices spread throughout the airport, offering its facilities to arriving, departing, and transit passengers around the clock, including withdrawals, deposits, major foreign currency exchange, opening accounts, personal and housing loans and the issuance of credit cards to all airport employees.

In line with AJIB's compliance with the Central Bank of Jordan's guidelines, and in order to providing the opportunity for all financially excluded members of society to access banking services and to reinforce financial inclusion, the "Ahlan" primary banking account was launched with the aim of enabling all legally qualified persons to have a bank account with minimal fees.

AJIB partnered to upgrade its technological and communications platforms, adopting an innovative call-center system created by Cisco in order to serve clients quickly and efficiently and to facilitate the workflow.

11- Information Technology Department

During 2019, AJIB continued to upgrade its banking services to its clients in order to facilitate their access to services efficiently. It implemented a new system at its call center, which is one of the best systems in the world and uses a high-availability infrastructure that ensures no downtime for clients. The new system provides the ability to keep up and adapt with accelerating changes in the world of technology, and allows for connections with other systems at the bank and for social media in order to provide an integrated service based on standard data.

In order to strengthen its technological infrastructure, AJIB continued to upgrade its infrastructure and its communication systems following the best criteria to ensure the quality and continuity of the service provided to its clients and the flow of work, in addition to adopting the best banking practices for the purpose of upgrading work and evaluating risk.

Regrading the governance of information technology, AJIB developed the Information and Affiliated Technology Governance Framework (COBIT 2019), which seeks to achieve the optimum benefits from information technology at the lowest possible risk levels and with the use of the least resources. This framework includes a group of operations and practices that cover various departments at the bank by highlighting cybersecurity issues, risk management, the privacy and protection of data, compliance, control, auditing, and strategic harmony.

This is part of the bank's efforts to attain the third level of maturity in the information and technology governance processes affiliated with COBIT 2019 with the participation of the board of directors, the executive management, and all staff members. The methodology followed was based on managing information technology, preserving its operations, and implementing the necessary plans to achieve the bank's strategic plans.

In view of adopting the highest safety standards, AJIB was awarded the PCI certification for the fifth time in a row in recognition of the advanced quality level of its information security as well as the development of the control systems in its information centers in order to provide a safe work environment for clients and to maintain their high levels of confidence, which was reflected positively in the quality of service provided by the bank.

AJIB also added new security levels in various management fields, its disaster recovery center, and the branch network, providing a safe environment for clients and their data, and protecting banking systems in view of the increasing growth in electronic attacks, all implemented according to the highest local and international criteria.

AJIB began implementing a cyber security program to ensure secrecy and credibility requirements are met and providing protection controls for information and systems and cyber threats, as well as providing response controls for cyber incidents. It also created a security awareness program that seeks to increase the security culture among the bank's clients and staff.

The bank's information system infrastructure was upgraded to implement the integration level system (IB), among the best internationally recognized systems to connect internal and external bank systems. This will effectively connect and develop banking systems, will facilitate the implementation and integration of new systems in the field of financial technologies (Fintech) and will contribute to efficiency of services provided.

As part of its efforts to keep up with international banking developments, AJIB implemented the transfers system, which is connected to the Central Bank (ACH VPN) and makes transfers directly to the CBJ and local banks through a closed network securely and without the need of intermediaries, reducing the costs and increasing efficiency.

AJIB has also redesigned its website to make it more modern, faster and more efficient, creating a more aesthetically pleasing look and a more user-friendly experience. AJIB is also upgrading its internet banking platforms, and the latest form of its app will soon be released to its clients.

The bank has also started sending account statements electronically, allowing clients to review their transactions securely and smoothly, a move that also falls in line with the bank's eco-friendly policies.

12- Administrative Affairs, Human Resources and Training Department

In 2019, the Administrative Affairs, Human Resources and Training Department implemented a series of initiatives in line with international best practices in the field of human resources and were inspired by institutional governance and the Central Bank of Jordan's guidelines in the field of COBIT, GDPR, ISO27001, cyber security as well as a business continuity management system.

The main initiatives focused on empowering the bank's human resources in the development of systems, legislations, policies, and labor force plans for all departments and branches, identifying the special qualifications matrix for each level, connecting them with the job descriptions and functional development plans as well as automating human resource management systems in order to maintain dynamic development throughout the evolution of the bank in order to raise productivity levels and create a motivating work environment.

In the area of recruitment, 2019 witnessed an increase in the number of employees, which was necessary in view of the expanding needs of departments and branches. The department continued to hire fresh graduates as well as those with the top qualifications and experience in the labor market at all its levels.

In order to create a more motivating environment, AJIB offers its staff the opportunity for internal functional development and promotion by transferring them between departments, allowing them to diversify, enrich and reinforce their experiences in conditions that accomplish justice, transparency, and equal opportunities. The department also monitored the field of information technology, hiring those with the necessary qualifications to provide support particularly in the field of financial technology (Fintech), digital transformation and Blockchain technology.

The department also created organizational units and restructured certain departments, separating some and merging others in order to adhere to the bank's strategic vision. The SME unit was established as part of the Corporate Banking Department. The new branch that was inaugurated in Madaba fell under the branch management department, the project management unit was opened as part of the Information Technology and Security Department, and the business continuity unit was also created at the Risk Management Department.

In the area of human resources development systems, AJIB continued its automation strategy, adding numerous functions in order to increase the effectiveness of the department's work. Work is underway to test the new system, which will be completed in 2020.

In 2019, AJIB's Training Department initiated a group of activities and training programs aimed at building capacities and developing skills of staff members, allowing them to enhance their expertise in various fields. The total number of participants in these activities and programs was 920, with managers, branch managers and staff in the Kingdom taking part. Some members of staff took part in more than one program and training activity spread across approximately 80 internal and external courses, training seminars, workshops, and conferences, spanning the fields of customer service, selling skills, and upgrading bank systems, as well as specialized courses and periodic awareness programs in anti-money laundering and a specialized program in-office control (CBJOSS), offered by officials at the Central Bank of Jordan.

Also to raise staff capacities to the highest professional and international levels and standards, 11 staff members received specialized professional certifications including CAMS, COBIT2019, and CRISC, and a certified professional's degree in customer service, as well as participating in training programs in cooperation with pioneering international institutions in the fields of business and banking such as CERM / Frankfurt School and the Oxford University Fintech Professional.

AJIB continued to develop and expand its internal training capabilities by designing and implementing a series of internal training programs by section heads and staff in individual departments, with courses held in the fields of letters of credit, electronic cheques and clearing, and practical applications and uses of MS Excel.

In order to facilitate its operations, AJIB equipped a hall for training, outfitted with computers and other training needs for the Excel for Finance course and the practical training on Credit Lens, which were held by Moody's Corporation.

In order to uphold the highest standards of safety and as part of its commitment to implementing a sound evacuation plan, a number of workshops were held for evacuation supervisors at different floors of the headquarters building, and the team also participated in specialized programs in first aid at the Jordanian First Aid Association.

Employment examinations were held for 225 applicants during 2019, and another round of 51 tests were held for internal promotion purposes.

AJIB continued its cooperation with higher education institutions. The Bank's Training Department supervised 20 trainees from various Jordanian and foreign universities, which are part of the students' university requirements. AJIB also cooperated with educational institutions, in addition to training graduates of the comprehensive training program organized by the General Union of Bank Employees.

Based on plans approved by AJIB, the department looks forward to continuing its development activities during 2020, and expanding its scope of work to meet the growing needs of our human capital based on its strategic plans, including initiatives and projects that reinforce its role of advancing the work level and offering advanced systems and services, particularly in technology.

13- Cyprus Branch

The Cypriot economy continued its strong growth, with a revival of the main sectors and an increased flow of foreign investments, achieving a growth rate of 3.5% in 2019. This growth rate amounts to double that in the European Union.

These indicators reflected on unemployment rates, which decreased to a very acceptable level of 7%, compared to 16% in the wake of the financial crisis of 2013. Cyprus aims to achieve a full employment rate by 2020.

Cyprus is an open economy and a free service-based market with a long record of economic flexibility and successful performance. The expansion, growth, and advances in the fields of tourism and rapid-growth investment funds and the discovery of large quantities of natural gas in its regional waters will provide large transformation opportunities for the Cypriot economy in the medium and long terms. The strong business environment, the highly educated labor force, and the stable tax system are considered the foundations of work for investors who look forward to benefiting from emerging investment opportunities in Cyprus.

AJIB has been present in the Cypriot economy over the past 30 years and provides an entire range of banking services professionally, efficiently and with a high level of commitment to reinforce strong and long relations with clients.

14- The United Arab Jordan Company for Investment and Financial Brokerage

The United Arab Jordan Company for Investment and Financial Brokerage continued to offer its services in the field of buying and selling local shares and bonds in an ideal and comfortable climate for its VIP clients.

The Amman Stock Exchange witnessed a decline in trade volumes during 2019 compared to 2018. The total trading volume in 2019 reached approximately JD1.5 billion, compared to JD2.3 billion in 2018. The total number of shares traded during 2019 increased to 1.247 billion shares compared to 1.245 billion shares in 2018. The general price index closed at 1815.2 points, dropping by 93.6 points or a rate of 4.9% from its level recorded in 2018, which was 1908.8 points.

15- Arab Jordan Investment Bank Qatar

The State of Qatar enjoys strong basic economic factors as affirmed by large credit rating agencies and international investors. In 2019, Fitch, Moody's, and Standard and Poors unanimously agreed on a stable outlook for the Qatari economy, affirming the sovereign credit ratings for Qatar of AA-, Aa3, and AA- respectively.

Qatar's flexible and well-diversified economy is supported by large sovereign reserves and the prudent management of the overall economy. The International Monetary Fund expected the country's gross national product to grow by 2.6% in 2019, at a time when the international economy faced a number of challenges and geopolitical risks.

AJIB Qatar was the first bank established at the Qatar Financial Center, and has concessions based on more than 14 years of customer service. It achieved a growth in net profits in 2019 compared to 2018, and maintained high liquidity and capitalization levels that rendered 2019 a successful year for AJIB Qatar while reinforcing client confidence and continued support by shareholders.

In line with the directions of AJIB Qatar's Board of Directors, the bank will continue to work towards achieving its objectives in the coming years and to develop its services and expand its operations.

16- Jordan International Bank (JIB) - London

Jordan International Bank (JIB) - London is an affiliate company of AJIB, which owns 25% JIB's capital.
In spite of the state of uncertainty pervading the British economy as a result of Britain exiting the European Union, JIB continued to develop its various businesses and activities since it joined AJIB as an affiliate in 2010.

The bank provides commercial financing, private banking services, and treasury services to a select group of companies and individuals, in addition to short-term loans for real estate developers and investors in London and in south England.

The bank's balance sheet has witnessed relative stability, reaching 384 million pounds at the end of 2019 compared to 387 million pounds in 2018.

2020 Business Objectives

2020 Business Objectives

• Expand and diversify the retail banking client base by welcoming in new segments and sectors while continuing to upgrade the already outstanding level of banking services provided to them in a manner that ensures the provision of a unique experience based on excellence in services and products that are compatible with their growing needs in order to maintain their confidence.

• Continue to focus on the VIP and Prestige customers through our specialized and highly qualified team, which caters to the needs of the sector with the most up-to-date services, sage advice as well as the guidance necessary to grow their wealth.

• Continue our vital developmental role in the corporate banking services sector, and work to maintain the economic and financial objectives of our clients, in addition to providing financial advice and guidance according to the market requirements and conditions, ultimately reinforcing client experiences by providing an integrated package of banking products and services.

• Increase our corporate client base, particularly in vital sectors such as industry, trade, energy, and transport. We will also work to identify new and promising segments in accordance with the bank's prudent policy that ensures unity between the quality of credit facilities offered and the ratio of weighted risks.

• Continue to be a pioneer in electronic banking systems and the latest financial technologies (Fintech), strengthening client experiences by facilitating their work and ensuring the highest levels of security by implementing a package of projects and programs based on the bank's digital transformation strategy. This will be supported by the bank's previous successes in using Blockchain, the first financial institution in Jordan and the region to use this technology.

• Achieve the highest levels of operational efficiency by focusing on expanding the client base in the field of commercial and demand deposits, which is deemed to be less costly and supports the bank's performance indicators.

• Expand the bank's branch and ATM network in select locations to guarantee convenience and around-the-clock accessibility for clients. Furthermore, the bank will continue to evaluate its expansion outside of Jordan.

• Advance our human resources and reinforce their development by introducing them of the latest services and technologies and equipping them with advanced skills through our specialized training programs. This, in turn, will guarantee that the bank maintains the highest standards and will reflect positively on clients.

SUMMARY OF KEY FINANCIAL INDICATORS FOR ARAB JORDAN INVESTMENT BANK GROUP

Summary of Key Financial Indicators for AJIB Group

(Million JD)

Statement/Year	2019	2018	2017	2016
Total Assets	2132.1	2033.1	1838.0	1809.6
Net Credit Facilities	815.5	752.7	755.2	753.2
Financial Assets at Amortized Cost	711.6	688.0	597.6	594.0
Customer Deposits and Cash Margins	1132.6	1069.6	1110.4	1140.0
Total Equity	215.9	215.4	219.4	220.4
Gross Income	58.2	58.1	59.9	67.6
Net Profit before Tax	23.7	24.4	25.8	33.5
Net Profit after Tax	16.2	16.8	17.2	22.6
Net Shareholder Profit after Tax	14.9	15.5	16.0	21.0
Market Value	196.5	192.0	262.5	255.0
Share Price by End of Year (JD)	1.31	1.28	1.75	1.70
Earnings per Share (JD)	0.099	0.103	0.107	0.140
Proposed Dividend Distribution (JD)	0.09	0.09	0.09	0.12

Strength and Durability of the Financial Position

- Constant growth in volumes of operations as total assets reached JD2.1 billion at the end of 2019, with a growth rate of 4.9% compared to 2018, while maintaining acceptable risk ratios.
- Despite the economic and political challenges and increasing competition in the banking sector, the bank's credit facilities portfolio grew noticeably during 2019 with a growth rate of 8.3%.
- Solid capital base enough to face all ordinary and calculated credit risks associated with the bank.

(Million JD)

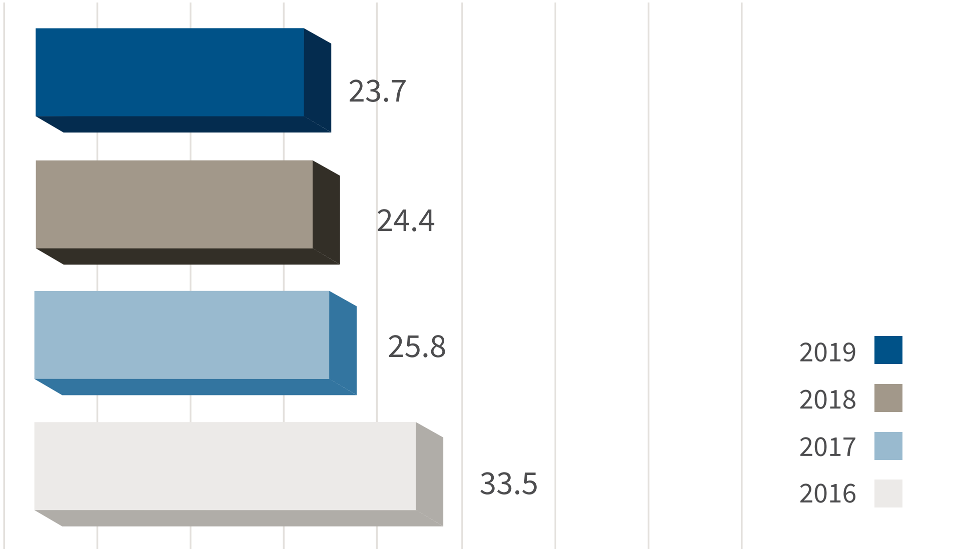
	2019	2018	Change %
Net Credit Portfolio	815.5	752.7	8.3%
Securities Portfolio	732.9	703.8	4.1%
Total Assets	2132.1	2033.1	4.9%
Customer Deposits and Cash Margin	1132.6	1069.6	5.9%
Bank and Financial Institution Deposits	619.6	537.4	15.3%
Total Equity	215.9	215.4	0.2%

	2019 Basel III	2018 Basel III	2017 Basel III	2016 Basel III
Capital Adequacy Ratio	15.38%	15.90%	15.95%	16.25%

Net Profit Before Tax

In 2019, the bank generated net profits before tax of JD23.7 million, which is compatible with the economic conditions of the markets in which the bank operates. One of the most prominent events to affect the markets was the Central Bank of Jordan's decision to decrease interest rates on monetary policy instruments three times during 2019, by a total of 0.75% to match the US Federal Reserve's lowering the interest rates three times as well by 0.75%.

(Million JD)

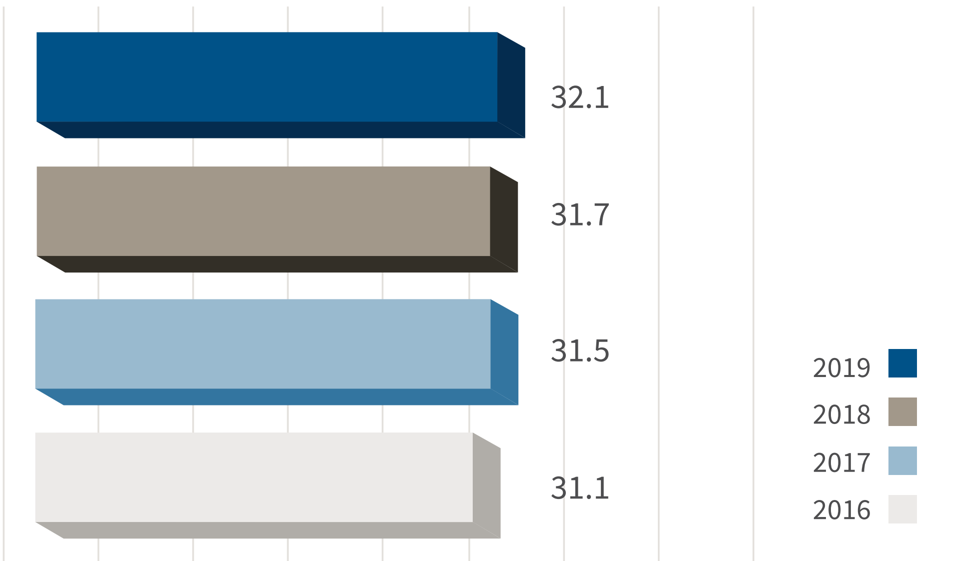


Net Profit Before Tax

Total Operating Costs

Controlling operating expenses, especially those that were easily managed and in alignment with revenue flows, allowed the bank to maintain a balanced level of operating expenses over the past years.

(Million JD)

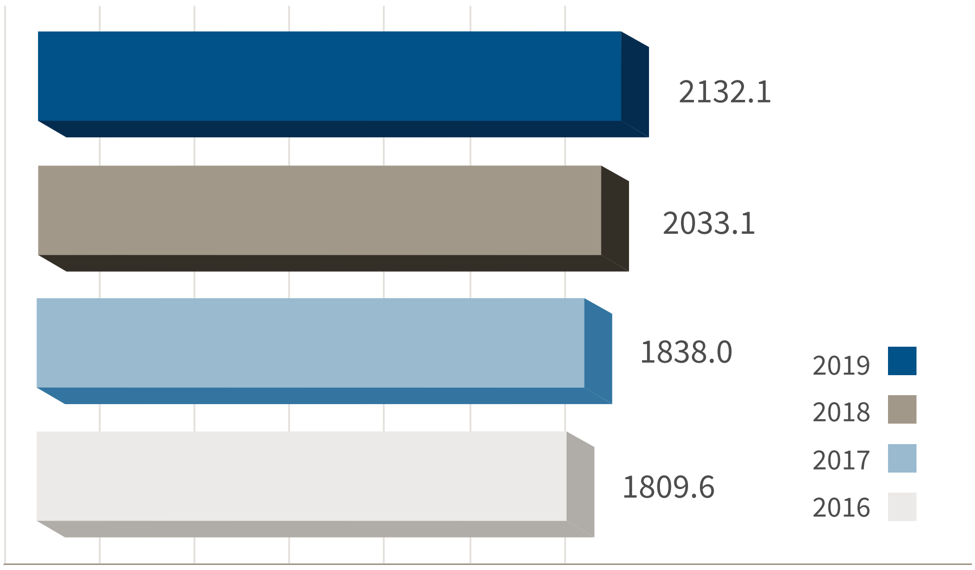


Total Operational Costs

Steady and Balanced Growth in the Financial Position

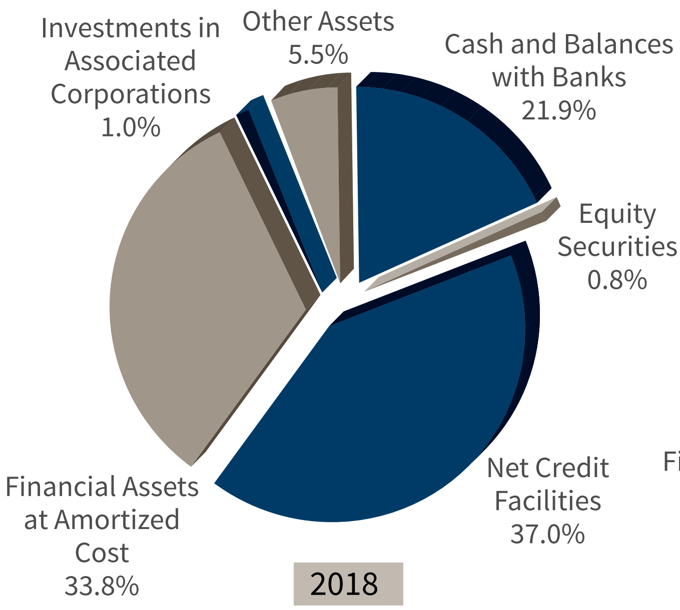
In 2019, the bank's assets grew noticeably by 4.9% to reach JD2.13 billion, compared to JD2.03 billion in 2018. This growth was achieved by diversifying revenue streams and the utilization of funds in a way that generated worthwhile returns for our partners, including shareholders, customers, and employees, and within well-studied and acceptable risk levels considering the economic and political challenges in the region.

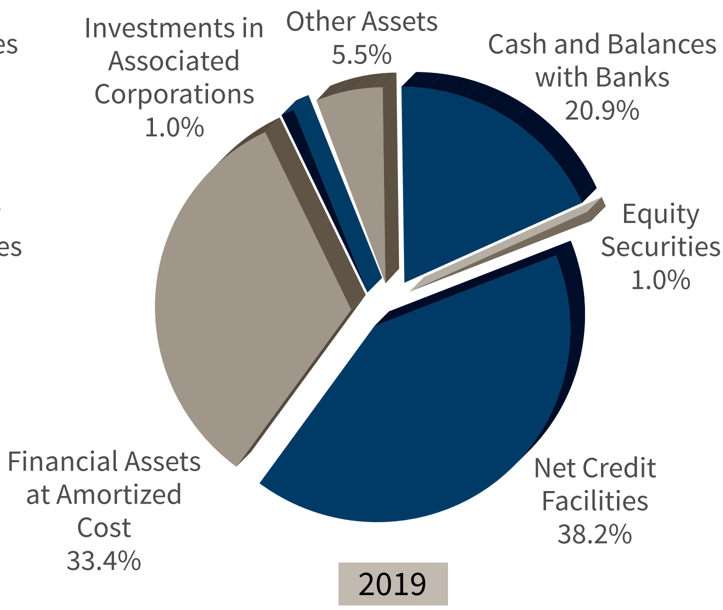
(Million JD)



Total Assets

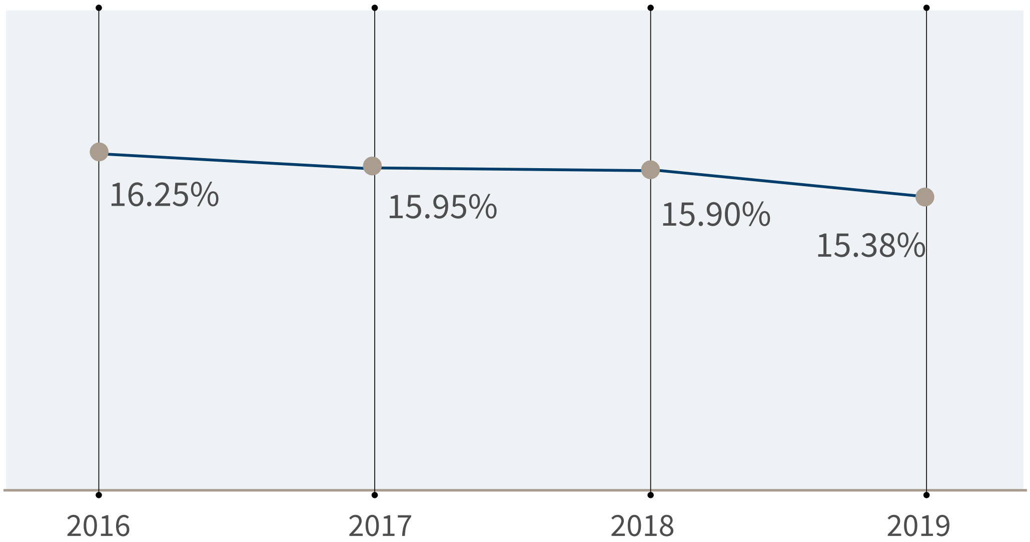
Balanced Composition of Assets Reflects Strong and Solid Financial Position





Capital Adequacy Ratio

The bank's capital adequacy ratio surpassed the minimum 8% required by the Basel Committee, and also surpassed the minimum 12% requirement of the Central Bank of Jordan to reach 15.38% in 2019, as per Basel III requirements.

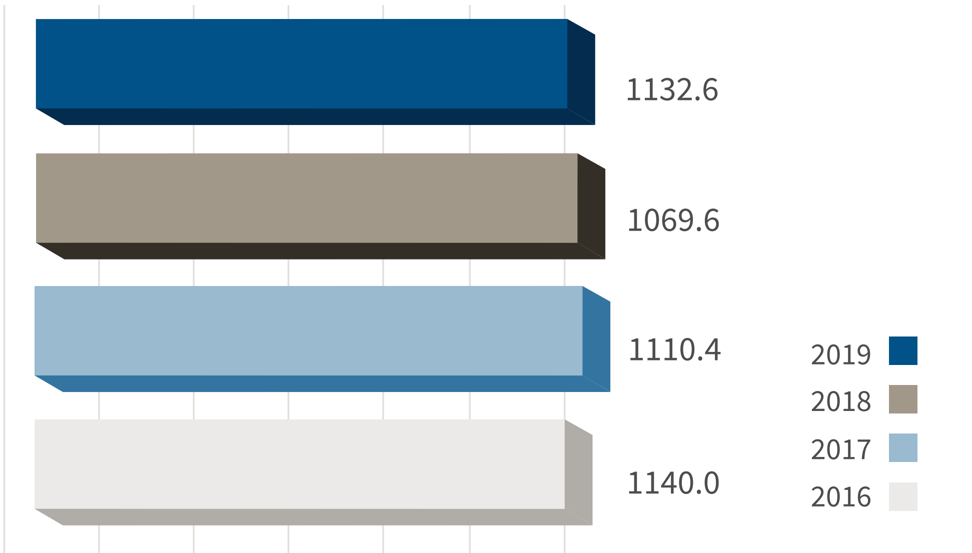


Capital Adequacy Ratio

Growth of Customer Deposits and Cash Margins

Despite the rise in interest rates in 2019 and the competition among the banks in the local market, AJIB maintained its customer base, which reflects the high level of confidence that the bank has earned in the Jordanian banking sector.

(Million JD)

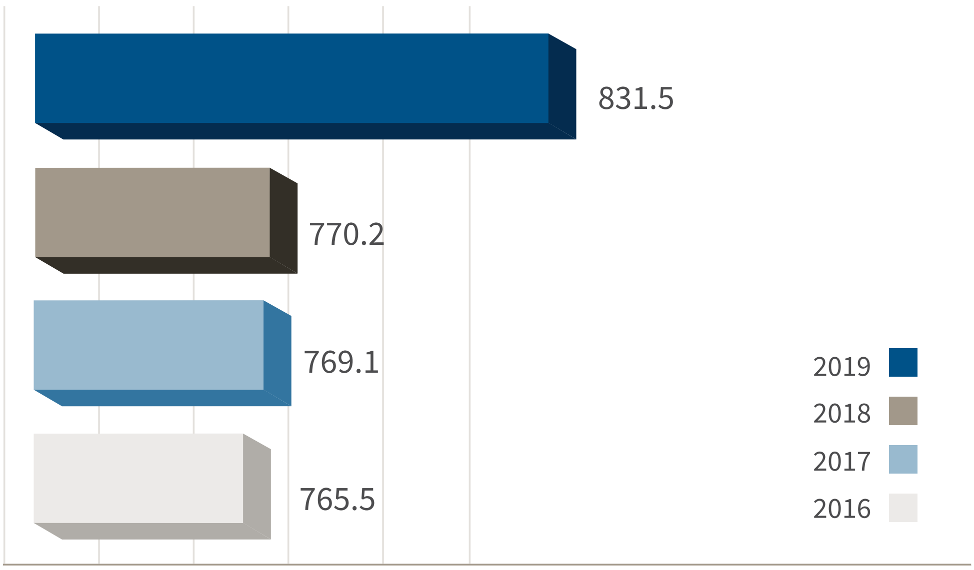


Customer Deposits and Cash Margins

Total Credit Facilities Portfolio

In 2019, the bank continued to focus its efforts on improving the quality of its credit portfolio by following two strategic pillars: the application of a prudent and selective credit policy in granting facilities during difficult economic conditions and continuing efforts to collect and process non-performing loans in a manner that improves their quality. As a result of these efforts, the total balance of the credit facilities portfolio reached JD831.5 million in 2019, compared to JD770.2 million in 2018. The percentage of non-performing debts in 2019 reached 1.49% of the direct credit facilities balance after deducting the suspended interests, compared to 2.18% in 2018, which is the lowest ratio in the banking sector.

(Million JD)

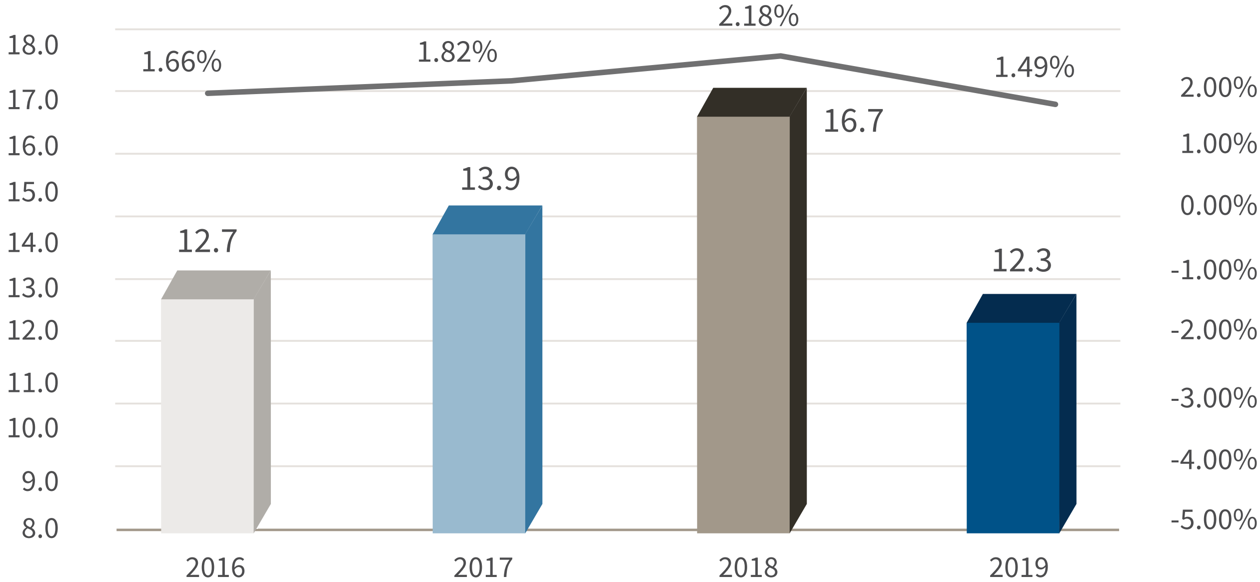


Total Credit Facilities Portfolio

Non-Performing Credit Facilities

Despite the difficult economic circumstances in 2019, the net ratio of non-performing debts to total facilities has improved compared to 2018, and it is considered one of the lowest in the Jordanian banking sector.

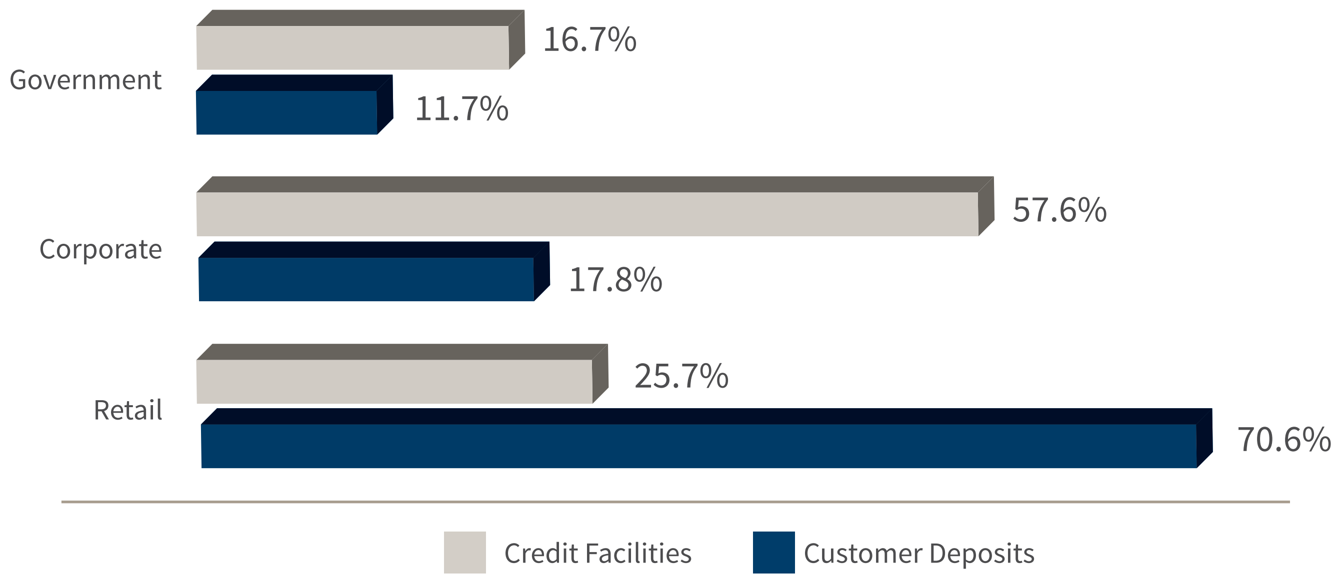
(Million JD)



Net Non-Performing Facilities and their Ratio to Portfolio Facilities

Composition of Customer Deposits and the Credit Facilities Portfolio

In general, retail deposits are considered stable in the banking sector, and formed 70.6% of customer deposits at the end of 2019, compared with 25.7% of loans and facilities for the same sector. Loans extended to individuals are considered of lower risk than corporate loans.

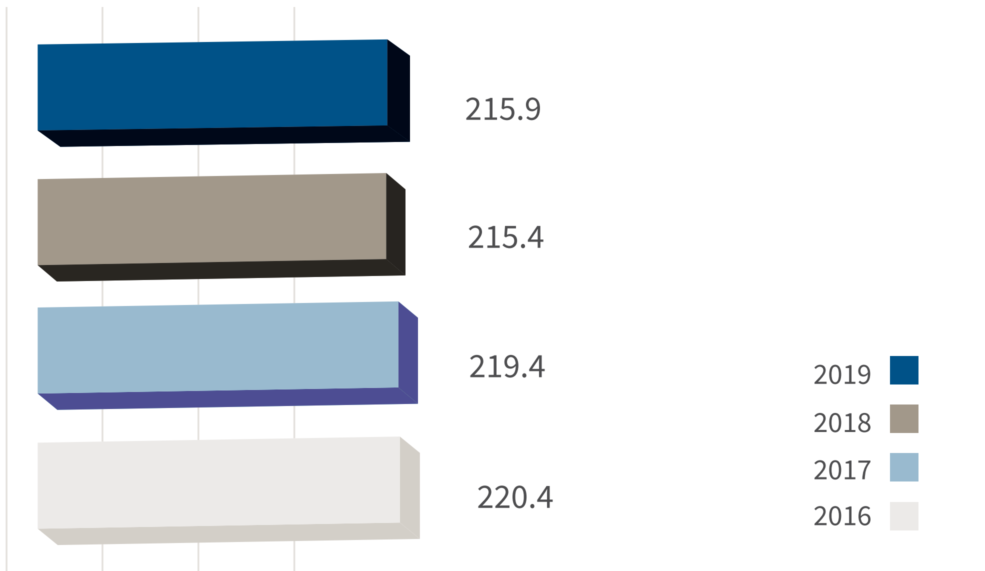


Composition of Customer Deposits and the Credit Facilities Portfolio

Total Equity

The bank maintained its capital base, placing it within the ranks of well-capitalized and stable financial institutions, reaching JD215.9 million in 2019.

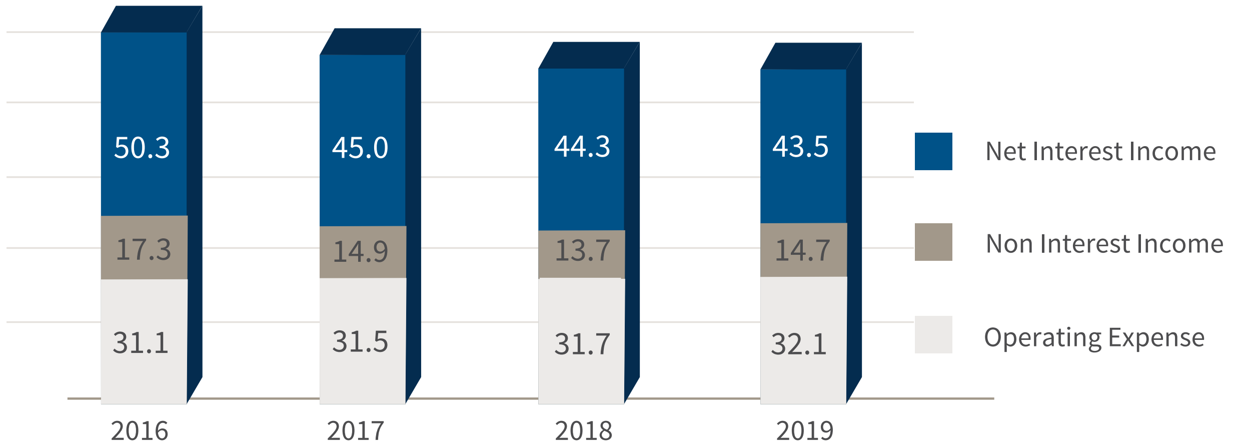
(Million JD)



Total Equity

Net Revenues and Operational Expenses

Although operating expenses were stable over the past several years, the Operational Efficiency Index rose in that period to reach 55.2% by the end of 2019, compared to 54.6% at the end of 2018. The bank maintained an acceptable level compared to the banking sector.



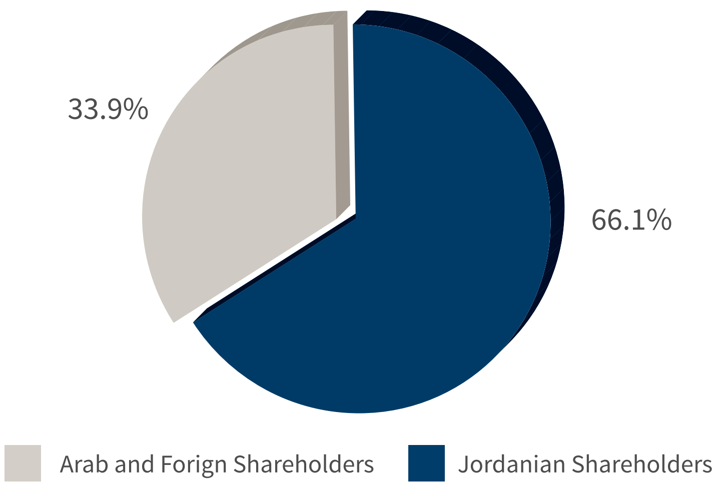
Financial Highlights

Statement/Year	2019	2018	2017	2016
Return on Average Assets (ROaA) Before Tax	1.1%	1.3%	1.4%	1.9%
Return on Average Assets (ROaA) After Tax	0.8%	0.9%	0.9%	1.3%
Return on Average Equity (ROaE) Before Tax	11.0%	11.2%	11.7%	15.1%
Return on Average Equity (ROaE) After Tax	7.5%	7.7%	7.8%	10.2%
Non-Performing Loans / Credit Facilities Portfolio	1.5%	2.2%	1.8%	1.7%
Net Credit Facilities / Customer Deposits	74.7%	73.0%	71.9%	69.9%
Net Credit Facilities / Total Assets	38.2%	37.0%	41.1%	41.6%
Cash and Balances with Banks / Total Assets	20.9%	21.9%	18.6%	18.0%
Total Equity / Total Assets	10.1%	10.6%	11.9%	12.2%

Number of Bank Employees

By the end of 2019, the number of employees at AJIB reached 779, compared to 759 at the end of 2018.

Bank Share Ownership



ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Arab Jordan Investment Bank
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arab Jordan Investment Bank “Bank” and its subsidiaries “the Group”, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

1. Inadequate allowances (ECL) for credit facilities Refer to the note 10 on the consolidated financial statements	
Key Audit matter 1	**How the key audit matter was addressed in the audit**
This is considered as a key audit matter as the group exercises significant judgement to determine when and how much to record as impairment. The provision for credit facilities is recognized based on the Group's provisioning and impairment policy which complies with the requirements of IFRS 9. Credit facilities form a major portion of the Group's assets, there is a risk that inappropriate impairment provisions are booked, whether from the use of inaccurate underlying data, or the use of unreasonable assumptions. Due to the significance of the judgments used in classifying credit facilities into various stages stipulated in IFRS 9 and determining related provision requirements, this audit area is considered a key audit risk. As at 31 December 2019, the Group's gross credit facilities amounted to JD 831,489,505 and the related impairment provisions amounted to JD 13,279,473. The impairment provision policy is presented in the accounting policies in note (2) to the consolidated financial statements.	Our audit procedures included the following: • We gained an understanding of the Group's key credit processes comprising granting and booking and tested the operating effectiveness of key controls over these processes. • We read the Group's impairment provisioning policy and compared it with the requirements of the International Financial Reporting Standards as well as relevant regulatory guidelines and pronouncements. • We assessed the Group's expected credit loss model, in particular focusing on its alignment of the expected credit loss model and its underlying methodology with the requirements of IFRS 9. • We tested a sample of exposures, assessed on an individual basis and performed procedures to evaluate the following: - Appropriateness of the group's staging. - Appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations. - Appropriateness of the PD, EAD and LGD for different exposures at different stages. - Appropriateness of the internal rating and the objectivity, competence and independence of the experts involved in this exercise. - Soundness and mathematical integrity of the ECL Model. - For exposures moved between stages we have checked the appropriateness of the Group's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. We also checked the timely identification of exposures with a significant deterioration in credit quality. - For exposures determined to be individually impaired we re-preformed the ECL calculation we also obtained an understanding of the latest developments in the counterparty's situation of the latest developments in estimate of future cash flows, current financial position any rescheduling or restructuring agreements. • For forward looking assumptions used by the Group in its Expected Credit Loss ("ECL") calculations, we held discussions with management and corroborated the assumptions using publicly available information. • We assessed the financial statements disclosures to ensure compliance with IFRS 9. Refer to the accounting policies, critical accounting estimates and judgments, disclosures of credit facilities and on ECL in notes (2), (4), (10) and (44) to the consolidated financial statements.

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

Other information consists of the information included in The Group’s 2018 Annual Report other than the consolidated financial statements and our auditor’s report thereon. Management is responsible for the other information. The Group’s 2018 Annual Report 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 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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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

Auditor’s Responsibilities for the Audit of the consolidated Financial Statements

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

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

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

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

The Bank maintains proper books of accounts which are in agreement with the financial statements.

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

Amman, Jordan
2 February 2020

Ernst + Young

ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED FINANCIAL STATEMENTS

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

Assets	Notes	2019	2018
		JD	JD
Cash and balances at Central Bank of Jordan	5	129.085.610	121.539.096
Balances at banks and financial institutions- net	6	291.440.677	307.520.994
Deposits at banks and financial institutions- net	7	24.845.110	15.877.685
Financial assets at fair value through profit or loss	8	1.203.192	263.244
Financial assets at fair value through other comprehensive income	9	20.059.841	15.506.988
Direct credit facilities - net	10	815.472.923	752.694.569
Financial assets at amortized cost - net	11	711.618.433	688.023.173
Investment in associate company	12	20.687.223	19.011.340
Property and equipment – net	13	76.478.738	74.301.592
Intangible assets - net	14	1.606.866	694.005
Deferred tax assets	21-D	521.215	540.846
Other assets	15	39.036.563	37.116.887
Total Assets		2.132.056.391	2.033.090.419
Liabilities and Equity			
Liabilities:			
Banks and financial institution's deposits	16	619.641.241	537.381.551
Customer deposits	17	1.092.286.339	1.030.562.047
Borrowed money from the Central Bank of Jordan	18	104.457.503	146.041.810
Cash margins	19	40.295.933	38.991.293
Sundry provisions	20	677.572	606.874
Income tax provision	21-A	7.334.878	6.866.156
Other liabilities	22	51.510.179	57.242.485
Total Liabilities		1.916.203.645	1.817.692.216
Equity:			
Equity attributable to Bank's shareholders			
Paid-up capital	23	150.000.000	150.000.000
Share issuance premium	24	-	1.418.000
Statutory reserve	25	33.212.083	31.447.469
Foreign currency translation adjustments	26	(2.955.229)	(3.596.397)
Fair value reserve – net	27	(2.067.878)	(1.891.990)
Retained earnings	28	18.501.288	17.479.705
Total Equity attributable to the Bank’s shareholders		196.690.264	194.856.787
Non – controlling interest	30	19.162.482	20.541.416
Total Equity		215.852.746	215.398.203
Total Liabilities and shareholders’ Equity		2.132.056.391	2.033.090.419

The accompanying notes from (1) to (52) constitute an integral part of these statements and should be read with them.

ARAB JORDAN INVESTMENT BANK (A PUBLIC SHAREHOLDING LIMITED COMPANY)

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
		JD	JD
Interest income	31	97.344.275	90.353.940
Interest expense	32	(53.885.589)	(46.012.013)
Net interest income		43.458.686	44.341.927
Net commission income	33	8.255.755	8.289.626
Net interest and commissions income		51.714.441	52.631.553
Foreign currencies income	34	3.894.727	3.747.495
Loss from financial assets at fair value through profit or Loss	35	(146.654)	(43.568)
Cash dividends from financial assets at fair value through other comprehensive income	36	206.501	268.424
Other income	38	1.495.849	1.178.117
Gross income		57.164.864	57.782.021
Employees expenses	39	15.963.637	16.232.941
Depreciation and amortization	13 & 14	3.866.219	3.030.943
Other expenses	40	12.272.401	12.426.711
Provision for impairment	37	2.263.954	1.424.673
Sundry provisions	15 & 20	167.398	551.070
Total expenses		34.533.609	33.666.338
Bank's share in the income of associate company	12	1.034.715	280.739
Profit for the year before income tax		23.665.970	24.396.422
Income tax expense	21-B	(7.462.731)	(7.580.095)
Profit for the year		16.203.239	16.816.327
Attributable to:			
Bank's shareholders		14.871.803	15.506.052
Non – controlling interest		1.331.436	1.310.275
		16.203.239	16.816.327
		JD/Fils	JD/Fils
Basic and diluted earnings per share from profit for the year (bank's shareholder)	41	0.099	0.103

The accompanying notes from (1) to (52) constitute an integral part of these statements and should be read with them.

ARAB JORDAN INVESTMENT BANK (A PUBLIC SHAREHOLDING LIMITED COMPANY)

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

	2019	2018
	JD	JD
Profit for the year	16.203.239	16.816.327
Comprehensive income items:		
Other comprehensive income items which will be reclassified to profit or loss in future periods:		
Foreign Currency translation adjustments - Associate Company	641.168	(1.217.177)
Other comprehensive income items which will not be reclassified to profit or loss in future periods:		
Cumulative change in fair value of financial assets through comprehensive income - net after tax	(138.883)	(336.594)
Loss from the sale of financial assets through comprehensive income	(3.606)	(4.799)
Total other comprehensive income items for the year after tax	498.679	(1.558.570)
Total comprehensive income for the year	16.701.918	15.257.757
Total comprehensive income attributable to:		
Bank's shareholders	15.333.477	14.065.898
Non - controlling interest	1.368.441	1.191.859
	16.701.918	15.257.757

The accompanying notes from (1) to (52) constitute an integral part of these statements and should be read with them.

CONSOLIDATED STATEMNET OF CHANGES IN SHAREHOLDER's EQUITY For The Year Ended 31 DECEMBER 2019

For the year ended 31 December 2019	Paid-up Capital	Share Issuance Premium	Statutory Reserve	Foreign Currency Translation Adjustments	Fair Value Reserve - Net **	Retained Earnings***	Total Equity attributable to the Bank's shareholders	Non - Controlling Interest	Total Equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	150.000.000	1.418.000	31.447.469	(3.596.397)	(1.891.990)	17.479.705	194.856.787	20.541.416	215.398.203
Total comprehensive income for the year	-	-	-	641.168	(175.888)	14.868.197	15.333.477	1.368.441	16.701.918
Distributed dividend to shareholders *	-	-	-	-	-	(13.500.000)	(13.500.000)	-	(13.500.000)
Transfer to statutory reserves	-	-	1.991.773	-	-	(1.991.773)	-	-	-
Amortized subsidiary losses	-	-	(227.159)	-	-	227.159	-	-	-
Transfered from issuance premium	-	(1.418.000)	-	-	-	1.418.000	-	(1.418.000)	(1.418.000)
Change in non-controlling interest	-	-	-	-	-	-	-	(1.329.375)	(1.329.375)
Balance at the end of the year	150.000.000	-	33.212.083	(2.955.229)	(2.067.878)	18.501.288	196.690.264	19.162.482	215.852.746
For the year ended 31 December 2018									
Restated Balance at the beginning of the year	150.000.000	1.418.000	29.279.131	(2.379.220)	(1.673.812)	17.646.790	194.290.889	20.590.307	214.881.196
Total comprehensive income for the year	-	-	-	1.217.177	(218.178)	15.501.253	14.065.898	1.191.859	15.257.757
Distributed dividend to shareholders	-	-	-	-	-	(13.500.000)	(13.500.000)	-	(13.500.000)
Transfer to statutory reserves	-	-	2.168.338	-	-	(2.168.338)	-	-	-
Change in non-controlling interest	-	-	-	-	-	-	-	(1.240.750)	(1.240.750)
Balance at the end of the year	150.000.000	1.418.000	31.447.469	(3.596.397)	(1.891.990)	17.479.705	194.856.787	20.541.416	215.398.203

* According to the resolution of the Bank's General Assembly meeting held on 25 April 2019 it was approved to distribute 9 % of the Bank's capital as cash dividends to the shareholders which is equivalent to JD 13.5 million.

In accordance to the instructions of the regulatory authorities

** The negative fair value reserve which amounts to JD 2,067,878 as of 31 December 2019 cannot be utilized through capitalization, distribution or any other way unless realized from the actual sales transactions in accordance to the Central Bank of Jordan regulations.

*** Retained earnings include a restricted amount of JD 521,215 against deferred tax benefits as of 31 December 2019. This restricted amount cannot be utilized through capitalization or distribution unless actually realized in accordance to the Central Bank of Jordan regulations.

The Central Bank of Jordan issued memo No. 10/1/7702 at 6 June 2018 requesting to transfer general banking risks reserve balance to retained earnings to be offset with the effect of IFRS 9, which represents the beginning balance for retained earnings as of 1 January 2018. The memo also stated to keep general banking risks reserve balance restricted after the offset, and it should not be distributed as dividends or used for any other purposes unless an approval from the Central Bank of Jordan is obtained. The restricted balance amounted to JD 1,072,609

The accompanying notes from (1) to (52) constitute an integral part of these statements and should be read with them.

CONSOLIDATED STATEMENT OF CASH FLOWS For The Year Ended 31 DECEMBER 2019

	Notes	2019	2018
		JD	JD
Operating activities			
Profit before income tax		23.665.970	24.396.422
Adjustments for:			
Depreciation and amortization	13 & 14	3.866.219	3.030.943
Provision for impairment	37	2.263.954	1.424.673
Unrealized loss on financial assets at fair value through profit or loss	35	231.039	47.995
Provision for End of service indemnity	20	59.398	38.070
Provision for seized assets	15	-	513.000
Other sundry provisions	20	108.000	-
Gain from sale of property and equipment	38	(4.551)	(5.530)
(Gain) loss from the sale of seized assets	38	(74.045)	49.367
Effect of exchange rate fluctuations on cash and cash equivalents	34	(80.558)	(196.432)
Bank's share in the income of associate company	12	(1.034.715)	(280.739)
Profit before changes in assets and liabilities		29.000.711	29.017.769
Changes in assets and liabilities:			
Deposits with banks and other financial institutions (maturing over 3 months)		(8.967.425)	602.257
Financial assets at fair value through profit or loss		(1.170.987)	(141.849)
Direct credit facilities		(64.949.808)	(2.790.696)
Other assets		(2.381.546)	(4.174.213)
Banks and financial institutions deposits (maturing over 3 months)		(27.164.000)	40.000.000
Customer deposits		61.724.292	(20.153.614)
Cash margins		1.304.640	(20.701.751)
Other liabilities		(8.351.335)	45.693.968
Net change in assets and liabilities		(49.956.169)	38.334.102
Net cash flows (used in) from operating activities before taxes and sundry provisions paid		(20.955.458)	67.351.871
Sundry provisions paid	20	(96.700)	(1.355.146)
Income tax paid	21-A	(6.974.378)	(8.107.925)
Net cash flows (used in) from operating activities		(28.026.536)	57.888.800
Investing activities:			
Financial assets at amortized cost - net		(23.681.760)	(90.574.098)
Sale of financial assets at fair value through other comprehensive income		(4.701.342)	(1.031.241)
Purchase of property and equipment	13	(2.983.411)	(3.449.558)
Proceeds from sale of property and equipment and intangible assets		21.478	12.299
Purchase of intangible assets	14	(842.665)	(273.220)
Net cash flows (used in) investing activities		(32.187.700)	(95.315.818)
Financing activities:			
Borrowed money from the Central Bank of Jordan		(41.584.307)	145.880.388
Change in non–controlling interest		(2.747.375)	(1.240.750)
Dividends distributed to shareholders		(13.492.133)	(13.427.397)
Net cash flows (used in) from financing activities		(57.823.815)	131.212.241
Net (decrease) increase in cash and cash equivalents		(118.038.051)	93.785.223
Effect of exchange rate fluctuations on cash and cash equivalents		80.558	196.432
Cash and cash equivalent - beginning of the year		11.716.854	(82.264.801)
Cash and cash equivalent - end of the year	42	(106.240.639)	11.716.854

The accompanying notes from (1) to (52) constitute an integral part of these statements and should be read with them.

ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General

The Arab Jordan Investment Bank is a public shareholding limited company with headquarters in Amman – Jordan. On January 1. 1978 it was registered according to the Companies Law and related subsequent amendments the last of which was amendment No. (22) for the year 1997. -Moreover the Bank's authorized and paid-up capital was increased gradually the last of which was during the year 2014 to become JD 150 million at face value of JD 1 each.

The Bank is engaged in commercial banking activities through its (34) branches and offices in Jordan and (1) branch in Cyprus and its subsidiaries in Qatar and Jordan (Arab Jordan Investment Bank - (Qatar) LLC and the United Arab Jordan Company for Investment and Financial Brokerage).

The Bank's shares are listed and traded in the Amman Stock Exchange.

The consolidated financial statements have been approved by the Board of Directors in its meeting held on 30 January 2020 and are subject to the approval of the Central Bank of Jordan and the General Assembly of Shareholders.

2. Significant Accounting Policies

Basis of Preparation of the Consolidated Financial Statements

The accompanying consolidated financial statements for the Bank and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board. The Bank has adhered to applicable local laws and Central Bank of Jordan instruction

The consolidated financial statements are prepared on the historical cost basis except for financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income and financial derivatives which have been measured at fair value at the date of the consolidated financial statements. Moreover fair value hedged assets and liabilities are stated at fair value.

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries were the Bank holds control over the subsidiaries. The control exists when the Bank controls the subsidiaries significant and relevant activities and is exposed. or has rights. to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. All transactions balances. income and expenses between the Bank and subsidiaries are eliminated. The following subsidiaries were consolidated in the Group's financial statements:

Company's Name	Ownership Percentage	Paid-up capital JD	Head Quarter	Date of ownership	Company's Objectives
United Arab Jordan Company for Investment and Financial Brokerage	100%	2.500.000	Amman-Jordan	February 5 2002	Financial Brokerage
Arab Jordan Invest Bank / Qatar	50% + two shares	35.450.000	Doha - Qatar	December 5 2005	Bank Activity

The following are the most significant financial information for the subsidiary companies:

	United Arab Jordan Company for Investment and Financial Brokerage		Arab Jordan Investment Bank / Qatar	
	2019	2018	2019	2018
	JD	JD	JD	JD
Total assets	2.547.229	2.728.334	257.801.940	241.205.414
Total liabilities	166.918	62.796	219.476.977	200.122.583
Equity	2.380.311	2.665.538	38.324.963	41.082.831
	For the year ending 31 December		For the year ending 31 December	
	2019	2018	2019	2018
	JD	JD	JD	JD
Total revenue	86.220	63.852	8.413.139	7.759.831
Total expenses	371.446	291.010	5.750.266	5.139.282

The financial statements of the subsidiaries are prepared for the same financial year of the Bank and by using the same accounting policies adopted by the Bank. If the accounting policies adopted by the subsidiaries are different from those used by the Bank the necessary adjustments to the financial statements of the subsidiaries are made to comply with the accounting policies used by the Bank.

The Results of operations of subsidiaries are included in the consolidated statement of income effective from the acquisition date. which is the date of transfer of control over the subsidiary to the Group. The results of operations of subsidiaries disposed are included in the consolidated statement of income up to the effective date of disposal. which is the date of loss of control over the subsidiary.

Non-controlling interest represents the portion that is not owned by the Bank in the owner’s equity in the subsidiary companies.

SIGNIFICANT ACCOUNTING POLICIES

Segmental Information

Business sector represents a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business segments. which were measured according to the reports used by the General Manager and the Bank’s decision maker.

Geographical sector relates to providing products or services in an economic environment subject to specific risks and returns different from those operating in other sectors of other economic environments.

Direct Credit Facilities

Direct credit facilities are financial assets with fixed or determinable payments which are provided basically by the Bank or have been acquired and has no market price in the active markets. which are measured at amortized cost.

A provision for the impairment in direct credit facilities is recognized through the calculation of the expected credit loss in accordance with International Financial Reporting Standard number 9.

Interest and commission earned on non-performing granted credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the regulatory authorities whichever is more conservative in countries where the bank has its branches or subsidiaries.

When direct credit facilities are uncollectible they are written off against the provision account. any surplus in the provision is reversed through the consolidated statement of income. and subsequent recoveries of amounts previously written off are credited to revenue.

Fair Value

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements in active markets. In case declared market prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium / discount using the effective interest rate method within interest revenue / expense in the consolidated statement of income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets. When the financial assets fair value can't be reliably measured. they are stated at cost less any impairment.

Investment in Associate

An associate company is the company whereby the bank exercises effective influence over their decisions related to financial and operational policies without control. with the bank owning from (20%) to (50%) of the voting rights. and is stated in accordance to the equity method.

Revenues and expenses resulting from transactions between the Bank and the associate company are eliminated according to the bank's ownership percentage in these company.

Financial Assets at Amortized Cost

Are the assets that the bank's management intends to hold for the purpose of collecting the contractual cash flows which represents the cash flows that are solely payments of principal and interest on the outstanding principal.

Financial assets are recorded at cost upon purchase plus acquisition expenses. Moreover the issue premium \ discount is amortized using the effective interest associated with the decline in value of these investments leading to the in ability to recover the investment or parts thereof are deducted. any impairment is registered in the consolidated statement of income and should be presented subsequently at amortized cost less any impairment losses.

The amount of impairment loss recognised at amortized cost is the expected credit loss of the financial assets at amortized cost.

It is not allowed to reclassify any financial assets from/to this category except for certain cases that are specified by the International Financial Reporting Standards (And if in any cases these assets are sold before the maturity date the result of sale will be recorded in the consolidated statement of income in a separated disclosure and caption in according to the International Financial Reporting Standards in specific).

Financial Assets at Fair Value through Profit or Loss

It is the financial assets purchased by the bank for the purpose of trading in the near future and achieving gains from the fluctuations in the short-term market prices or trading margins.

Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded in the consolidated statement of income upon acquisition) and subsequently measured in fair value. Moreover changes in fair value are recorded in the consolidated statement of income including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets or part of them are taken to the consolidated statement of income.

Dividends and interests from these financial assets are recorded in the consolidated statement of income.

It is not allowed to reclassify any financial assets to / from this category except for the cases specified in International Financial Reporting Standard.

Financial Assets at Fair Value through other Comprehensive Income

These financial assets represents the investments in equity instruments held for the long term.

These financial assets are recognized at fair value plus transaction costs at purchase date and are subsequently measured at fair value in the consolidated statement of comprehensive income and within owner’s equity including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments or part of them should be recognized in the consolidated statement of comprehensive income and within owner’s equity and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not to the consolidated statement of income.

No impairment testing is required for these assets. Unless classified debt instrument as financial assets at fair value through other comprehensive income. in that case. the impairment is calculated through the expected credit loss model.

Dividends are recorded in the consolidated statement of income.

Impairment in Financial Assets

Overview of the ECL principles

The adoption of IFRS 9 has fundamentally changed the Group’s loan loss impairment method by replacing IAS 39’s incurred loss approach with a forward-looking ECL approach as of 1 January 2018.

The Group records the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL. together with loan commitments and financial guarantee contracts. in this section all referred to as ‘financial instruments’. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL). unless there has been no significant increase in credit risk since origination. in which case. the allowance is based on the 12 months’ expected credit loss.

The 12months is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

ECL is calculated for the full period of credit exposure and for the probability of default during the 12 months period on an individual basis or collective based on the financial instrument portfolio and the nature of these financial instruments.

The Group has established a policy to perform an assessment. at the end of each reporting period. of whether a financial instrument's credit risk has increased significantly since initial recognition. by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process. the Group groups its loans into Stage 1. Stage 2 and Stage 3. as described below:

- Stage 1: When loans are first recognized. the Group recognizes an ECL allowance based on the probability of default during 12 months period. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

- Stage 2: When a loan has shown a significant increase in credit risk since origination. the Group records an allowance for the LTECLs. Stage 2 loans also include facilities. where the credit risk has improved and the loan has been reclassified from Stage 3.

- Stage 3: Loans that are considered credit-impaired. The Group records an allowance for the LTECLs.

The Calculation of ECLs

The Group calculates the expected credit losses in accordance with the International Financial Reporting Standard Number 9 which is illustrated in Note 4.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment loss in its value. Moreover Property and Equipment (except for land) are depreciated according to the straight-line method over the estimated useful lives when ready for use of these assets using the following annual rates.

	%
Buildings	2
Equipment furniture and fixtures	9-15
Vehicles	20
Computer	12-15
Others	2-12

When the carrying amount of property and equipment exceeds their recoverable value. assets are written down and impairment loss is recorded in the consolidated statement of income.

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

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

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists. or when annual impairment testing for an asset is required. the Bank makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset. unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount. the asset is considered impaired and is written down to its recoverable amount. In assessing value in use. the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell. an appropriate valuation model is used. These calculations are corroborated by valuation multiples. quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Intangible Assets

A. Goodwill

Goodwill is recognized at cost and represents the excess of the acquisition costs or investment costs in an affiliate or a subsidiary over the net assets fair value of the affiliate or subsidiary as of the acquisition date. Goodwill arises from the investment in the subsidiary recognized as a separate item in intangible assets. Later on. goodwill will be reviewed and reduced by any impairment amount.

Goodwill is allocated to cash generating unit(s) to test impairments in its value.

Impairment testing is done on the date of the consolidated financial statements. Goodwill is reduced if the test indicates that there is impairment in its value. and that the estimated recoverable value of the cash generating unit(s) relating to goodwill is less than the book value of the cash generating unit(s). Impairment is recognized in the consolidated statement of income.

B. Other Intangible assets

Intangible assets purchased in an acquisition are stated at fair value at the date of acquisition. Other intangible assets purchased other than through acquisition are recorded at cost.

Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives and recorded as an expense in the consolidated statement of income. Intangible assets with indefinite lives are reviewed for impairment as of the consolidated financial statements date. and impairment loss is recorded in the consolidated statement of income.

No capitalization of intangible assets resulting from the banks' operations is made. They are rather recorded as an expense in the consolidated statement of income in the same year.

Any indications of impairment in the value of intangible assets as of the consolidated financial statements date are reviewed. Furthermore. the estimated useful lives of the impaired intangible assets are reassessed. and any adjustment is made in the subsequent periods.

The intangible assets with a specified useful life appears of cost after deducting the annual amortization. These assets were amortized by using the straight-line method on the useful life using a percentage of 25% annually.

Provisions

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

Provision for Employees' End-of-Service Indemnity

Provision for end of service indemnity is established by the Bank to fare any legal or contractual obligations at the end of employees' services and is calculated based on the service terms as of the financial statements date.

Income Tax

Income tax expenses represent accrued taxes and deferred taxes.

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

Taxes are calculated on the basis of the tax rates according to the prevailing laws regulations and instructions of the countries where the bank operates.

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

Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements and reduced in case it is expected that no benefit will arise from payment or the elimination of the need for deferred tax liabilities partially or totally.

Capital Cost of Issuing or Buying the Bank's Shares

Cost arising from the issuance or purchase of the bank's shares are charged to retained earnings (net of the tax effect of these costs if any). If the shares issuance or purchase process is incomplete these costs are recorded as expenses in the consolidated statement of income.

Accounts Managed on Behalf of Customers

These represent the accounts managed by the bank on behalf of its customers but do not represent part of the bank's assets. The fees and commissions on such accounts are shown in the consolidated statement of Income. A provision against the impairment in the capital-guaranteed portfolios managed on behalf of customers is taken.

Offsetting

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

Realization of Income and Recognition of Expenses

Interest income is realized by using the effective interest method except for interest and commissions from non-performing credit facilities which are not recognized as income and are recorded in the interest and commissions in suspense account.

Expenses are recognised according to the accrual basis.

Commission is recorded as revenue when the related services are provided. moreover dividends are recorded when realized (decided upon by the General Assembly of Shareholders).

Date of Recognizing Financial Assets

Purchases and sales of financial assets are recognized on the trading date (which is the date on which the bank commits itself to purchase or sell the asset).

Hedge Accounting and Financial Derivatives

Financial Derivatives for Hedging:

Fair Value Hedges:

For the purpose of hedge accounting the financial derivatives appear at fair value.

A fair value hedge is a hedge against the exposure to changes in the fair value of the bank's recognised assets or liabilities.

When the conditions of an effective fair value hedge are met the resulting gains and losses from the valuation of the fair value hedge and the change in the fair value of the hedged assets or liabilities is recognised in the consolidated statement of income.

When the conditions of an effective portfolio hedge are met the gain or loss resulting from the revaluation of the hedging instrument at fair value as well as the change in the fair value of the assets or liabilities portfolio are recorded in the consolidated income statement for the same year.

Cash flow Hedges:

Hedge for the change in the current and expected cash flows exposures of the Bank’s assets and liabilities.

When the conditions of an effective cash flow hedge are met the gain or loss of the hedging instruments is recognized in the statement of comprehensive income and owner’s equity. such gain or loss is transferred to the consolidated statement of income in the period in which the hedge transaction impacts the consolidated statement of income.

When the condition of the effective hedge do not apply the gain or loss resulting from the change in the fair value of the hedging instrument is recorded in the consolidated statement of income the same year.

Assets Seized by the Bank against Due Debts

Assets that have been the subject of foreclosure by the bank are shown under "other assets" at the acquisition value or fair value whichever is lower. As of the consolidated statement of financial position date these assets are revalued individually at fair value. any decline in their market value is taken to the consolidated statement of income as a loss whereas any such increase is not recognized. Subsequent increase is taken to the income statement to the extent it does not exceed the previously recorded impairment.

Repurchase and Resale Agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognised in the bank's consolidated financial statements due to the bank's continuing exposure to the risks and rewards of these assets using the same accounting policies. (The buyer has the right to control such assets (by sale or pledge as collateral) which are reclassified as financial assets pledged as collateral). The proceeds of the sale are recorded under loans and borrowings. The difference between the sale and repurchase price is recognised as an interest expense over the agreement term using the effective interest method.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the bank's consolidated financial statements since the bank is not able to control these assets and since any risks and benefits do not accrue to the bank when they occur. The related payments are recognised as part of deposits at banks and financial institutions or direct credit facilities as applicable.

Moreover the difference between the purchase and resale price is recognised in the consolidated statement of income over the agreement term using the effective interest method.

Foreign Currencies

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transactions. Moreover. financial assets and financial liabilities are translated to Jordanian Dinar based on the average exchange rates declared by the Central Bank of Jordan on the date of the consolidated financial statements.

Non-monetary assets and liabilities denominated in foreign currencies and recorded at fair value are translated on the date when their fair value is determined.

Gains or losses resulting from foreign currency translation are recorded in the consolidated statement of income.

Translation differences for non-monetary assets and liabilities denominated in foreign currencies (such as equity securities) are recorded as part of the change in fair value.

When consolidating the financial statements assets and liabilities of the branches and subsidiaries abroad are translated from the primary currency to the currency used in the financial statements using the average exchange rates prevailing on the consolidated statement of financial position date and declared by the Central Bank of Jordan. Revenue and expense items are translated using the average exchange rates during the year and exchange differences are shown in a separate item within the consolidated statement of other comprehensive income equity. In case of selling one of the subsidiaries or branches the related amount of exchange difference is booked in revenues/expenses in the consolidated statement of income. Profit or loss resulting from the foreign exchange of interest-bearing debt instruments and within financial assets at fair value through other comprehensive income is included in the consolidated statement of income. Differences in the foreign currency translation of equity instruments are included in the cumulative change in fair value reserve within owner’s equity in the consolidated statement of financial position.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances with central banks and balances with banks and financial institutions maturing within three months less balances due to banks and financial institutions maturing within three months and restricted funds.

3. Changes In Accounting Policies

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2018. except for the adoption of new standards and amendments effective as of 1 January 2019:

IFRS 16 Leases

During January 2016. the IASB issued IFRS 16 “Leases” which sets out the principles for the recognition. measurement. presentation and disclosure of leases.

IFRS 16 requirements substantially carries forward the lessor accounting requirements in IAS 17. Accordingly. the lessor continues to classify its leases as operating leases or finance leases. and to account for those two types of leases differently.

IFRS 16 requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months. unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Group has implemented IFRS 16 at 1 January 2019 on contracts that have been reclassified as lease contracts in accordance with IAS 17 and IFRI 4 interpretation. The Group has adopted IFRS 16 using the modified retrospective approach by applying the impact as an adjustment.

Resulting. in an increase of JD 3.147.078 on fixed assets. an increase of JD 2.611.164 on other liabilities and a decrease of JD 535.914 on other assets was resulted by the implementation of IFRS 16.

The table below illustrates the book value of write of use of lease assets and liabilities and its movement during the period ended 31 December 2019:

As of 1 January 2019	Buildings	Total	Lease liabilities
	JD	JD	JD
As of 1 January 2019	3.147.078	3.147.078	2.611.164
Addition	744.833	744.833	744.833
Depreciation	(670.713)	(670.713)	-
Finance cost	-	-	21.937
Payments	-	-	(451.673)
As of 31 December 2019	3.221.198	3.221.198	2.926.261

- **Financial Department**

The amount of rent expense for short term leases and low value assets leases which were realized in the consolidated income statement for the year ended 31 December 2019 and 2018 amounted to JD 1,640,013 and JD 1,558,028, respectively.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments, An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other tax treatments.

The interpretation is effective for reporting periods beginning on or after 1January 2019, but certain transition reliefs are available.

No significant impact was resulted on the condensed consolidated financial information for the group.

Amendments to IFRS 10 and IAS 28: Sale or Transfer of Assets between an Investor and Its Associate Companies or Joint Ventures

control of a subsidiary that is sold or transferred to an investment in an associate or joint venture, The amendments clarify that the gain or loss resulting from the sale or transfer of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full, any gain or loss resulting from the sale or transfer of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively, The Group will apply these amendments when they become effective.

No significant impact was resulted on the condensed consolidated financial information for the group.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 clarify the accounting when a plan amendment, curtailment or settlement occurs during a fiscal year, the amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling, this amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement, any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

These amendments are implemented on the plan, modifying or reducing or adjusting 1 January 2019. Any change is documented, except for amounts included in net interest in the statement of other comprehensive income.

No significant impact was resulted on the condensed consolidated financial information for the group.

Amendments to IAS 28: Long-term investments in associate companies and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term investments in an associate companies or joint ventures to which the equity method is not applied but that, in substance, form part of the net investment in the associate companies or joint ventures (long-term). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term investments.

The amendments also clarifies that, in applying IFRS 9, an entity does not take account of any losses of the associate companies or joint ventures, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate companies or joint ventures that arise from applying IAS 28 Investments in Associate companies and Joint Ventures.

No significant impact was resulted on the condensed consolidated financial information for the group.

4. Significant Judgments And Estimates Used

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

The management believes that their estimates are reasonable' and are as follows:

A. EXPECTED CREDIT LOSS FOR FINANCIAL INSTRUMENTS AT AMORTIZED COST
In determining provision for expected credit loss for direct credit facilities, important judgement is required from the bank's management in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. The following are the most important judgments used:

Inputs, assumptions and techniques used for ECL calculation – IFRS 9 Methodology
Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Bank while determining the impact assessment, are:

- **Detailed explanation of the bank's internal credit rating system and its working mechanism.**

The Bank relies on Moody's RA to classify corporate credit risk ratings, which reviews and analyses financial and objective information about the borrower. The program generates a comprehensive assessment of the creditworthiness of the borrower, that results in the probability of default (PD). The system classifies the corporate customers within 7 levels of active accounts and 3 levels of non- performing accounts. The probability of default (PD) increase with the level of risk, wherein, 3 segments are adopted at each level (grade) except for grade 1 as shown in the table below:

Risk Grade of the Customer	Credit Rating	Credit Quality
1	Aaa	Exceptional business credit, judged to be of highest quality, with minimal credit risk.
2+	Aa1	Very good business credit with very low credit risk.
2	Aa2	
2-	Aa3	
3+	A1	Low credit risk facilities.
3	A2	
3-	A3	
4+	Baa1	Moderate credit risk facilities.
4	Baa2	
4-	Baa3	
5+	Ba1	High credit risk facilities.
5	Ba2	
5-	Ba3	
6+	B1	Very high credit risk facilities.
6	B2	
6-	B3	
7+	Caa1	Weak Business credit: judged to be of poor standing and subject to very high credit risk.
7	Caa2	
7-	Caa3	
8	Default	Substandard facilities.
9	Default	Doubtful facilities.
10	Default	Loss facilities.

- Risk of individuals is measured based on portfolio valuation through customer behaviour records and their commitment for timely payments.
- Global ratings are used to measure the risk of other financial assets (fixed-rate financial instruments and credit claims on banks and financial institutions).

- **The mechanism for calculating expected credit losses (ECL) on financial instruments and for each item separately.**

The Bank has adopted a special mechanism for calculating expected credit losses based on the type of financial instrument:

- **Financial instruments for the portfolio of companies and instruments with fixed income and credit claims on banks and financial institutions:**

In calculating the expected credit losses for this portfolio, the Bank relies on a specialized and developed system from Moody's. Each customer / instrument is calculated individually at the level of each account / instrument.

- **Portfolio financial instruments:**

In collaboration with Moody's. the Bank has developed a retail portfolio model to calculate expected credit loss based on the requirements of the Standard. The provision for the Retail Portfolio is calculated on an aggregate basis.

Governs the application of the requirements of IFRS 9 and includes the responsibilities of the board of directors and executive management to ensure compliance with the requirements of the IFRS.
The Board of Directors has several specialized committees. each with its own objectives and () to implement the Standard.

- **Risk Management Committee**

- Participate with the departments in the development and construction of the business model. including the classification of the Bank's financial assets in accordance with the principles of IFRS 9.
- Calculate the ECL then classify the customers based on the three stages quarterly in accordance with the accounting standards requirements and the Central Bank of Jordan requirements and the acquaintance of the executive management on the results of calculation.
- Review and approve risk factors in accordance with the bank methodology and policy.

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

- **Audit Committee**

- Review the financial statements after application of the Standard to verify the orders of the Central Bank of Jordan regarding the adequacy of the provisions and to give an opinion on the non-performing bank debts before submitting them to the Board of Directors.
- Review the observations contained in the reports of the Central Bank and the reports of the external auditor and follow up the actions taken thereon.
- Review the accounting issues that have a significant impact on the financial statements of the Bank and ensure the accuracy of the accounting and control procedures and their compliance.

- **Financial Department**

- Calculate ECL and customer classification based on the three stages quarterly in accordance with the accounting standards requirements and the Central Bank of Jordan requirements and the acquaintance of the executive management on the results of calculation.
- Make necessary accounting adjustments and restrictions after the results are approved and verify that all products have been calculated.
- Prepare the necessary disclosures in cooperation with the concerned departments in the bank in accordance with the requirements of the standard and the instructions of the Central Bank.

- **Risk Management Department**

- Participate with the departments in the development and construction of the business model. including the classification of the Bank's financial assets in accordance with the principles of IFRS 9.
- Calculate the ECL then classify the customers based on the three stages quarterly in accordance with the accounting standards requirements and the Central Bank of Jordan requirements and the acquaintance of the executive management on the results of calculation.
- Review and approve risk factors in accordance with the bank methodology and policy.

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

• Corporate and fixed-income financial instruments and credit claims on banks and financial institutions:
- Probability of default (PD): The percentage of the probability of the borrower defaulting or failing to meet the payment of the installments or obligations towards the bank on its due dates.

The probability of default is calculated for each customer using Moody's Risk Analyst MRA. which is based on the customer's financial data and / or based on the objective evaluation of the customer.

The system has three calculation models to reach the default rate:
A. Large and medium-sized companies (with financial statements).
B. Small businesses (without financial statements).
C. Individuals with high solvency.

- **Loss given Default (LGD)**

TThe percentage that represents the portion of the exposure that will be lost in case of default

The Loss Given Default (LGD) is calculated through a specialized system from Moody's. The system has a model calculation that is used to reach the (LGD):

A. Clean Basis Exposure: The loss ratio is calculated based on the economic sector. the probability of default and the geographical area of the customer.

B. Exposure to acceptable collateral Credits: which include the covered and unsecured portion. are considered when calculating losses at default. Haircut ratios are defined in accordance with the requirements of the Central Bank of Jordan

Exposure at Default (EAD): This is the present value of used and unused facilities at defaults. in addition to any outstanding receivables. plus any accrued interest not received.

All the above ratios shall be entered at the level of each account / instrument together with details of facilities / financial instruments on the expected credit loss calculation system which also calculates exposure at default (EAD).

- **Retail Portfolio:**

- Probability of Default (PD): calculated based on the relationship between the historical regression ratios of each product and the economic variables.
- Loss Given Default (LGD): is calculated based on historical bad debts compared with its time of default.
Exposure at Default (EAD): for both personal loans and housing loans is calculated based on future cash flows (cash flows according to repayment schedules) For credit cards. credit exposure is assumed to be equal to the current outstanding balance plus a certain percentage of the unutilized balance Based on a study by Moody’s.

Determines the significant change in credit risk that the Bank has relied on in calculating the expected credit losses.

Stage	Nature of the accounts within the stage.
First Stage Stage 1 (First recognition)	Regular financial instruments - Financial instruments with less than 50 days' receivables. Note that this period will be reduced by 10 days per year to become 30 days by the year 2021. - Customers with a risk rating of -6 and below. - Bonds and financial investments with a credit rating of B1 and above according to Moody's.
Second Stage Stage 2 (Credit quality decline)	Regular financial instruments that have shown a significant increase in credit risk since the date of initial recognition. - Financial instruments that have dues from 50-90 days. noting that the minimum period will be reduced by 10 days per year to become 30-90 days by the year 2021. - Current and under-exposed accounts if the period of non-payment is more than 30 days and less than 90 days. - Customers with a risk score of +7. 7. and 7. - Bonds and financial investments that carry a credit rating between B1 and Caa3 - A decline in the possibility of stumbling to the customer by 2% and above. - A decline in the credit rating since the initial recognition of bonds and financial investments by four degrees or more. - All accounts classified under observation. - The ceilings that have expired and have not been renewed or have not been postponed.
Third Stage Stage 3 (Decrease in credit value)	Unregulated financial instruments that have objective evidence / evidence to default with a negative impact on the future cash flow of the financial instrument.

1. The Bank's policy in identifying the common elements on which the credit risk and expected credit loss were measured on a collective basis.
The Retail Portfolio is calculated on a lump sum basis. The portfolio was divided into three categories:
1) Personal loans
2) Housing loans.
3) Credit cards.
These categories share the same credit characteristics:
4) Credit Product Type
5) Quality of guarantees

- **Macroeconomic Factors. Forward Looking Information (FLI) and Multiple Scenarios**

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

PD. Loss Given Default (LGD) and Exposure At Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

Each macroeconomic scenario used in our expected credit loss calculation will have forecasts of the relevant macroeconomic variables.

Our estimation of expected credit losses in Stage 1 and Stage 2 will be a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios.
Our base case scenario will be based on macroeconomic forecasts (e.g.: GDP. inflation. interest rate). Upside and downside scenarios will be set relative to our base case scenario based on reasonably possible

alternative macroeconomic conditions. Scenario design. including the identification of additional downside scenarios will occur on at least an annual basis and more frequently if conditions warrant.

Scenarios will be probability-weighted according to our best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights will be updated on a quarterly basis. All scenarios considered will be applied to all portfolios subject to expected credit losses with the same probabilities.

- **Definition of Default**

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default. but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

B. INCOME TAX

Income tax expenses represent accrued taxes and deferred taxes.

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

Taxes are calculated on the basis of the tax rates according to the prevailing laws regulations and instructions of the countries where the bank operates.

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

Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements and reduced in case it is expected that no benefit will arise from payment or the elimination of the need for deferred tax liabilities partially or totally.

C. FAIR VALUE

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements in active markets. In case declared market prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.

- Analysis of the present value of expected future cash flows for similar instruments.

- Adoption of the option pricing models.

- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium / discount using the effective interest rate method within interest revenue / expense in the consolidated statement of income.

The valuation methods aim to provide a fair value reflecting the market’s expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets. When the financial assets fair value can’t be reliably measured. they are stated at cost less any impairment.

5. Cash And Balances At The Central Bank Of Jordan

This item consists of the following:

	2019	2018
	JD	JD
Cash in vaults	18.794.330	20.443.867
Balances at Central Bank of Jordan:		
Statutory Cash reserve	68.252.880	64.490.248
Current accounts	42.038.400	36.604.981
Total	129.085.610	121.539.096

Except for the statutory cash reserve there are no restricted balances at the Central Bank of Jordan as of 31 December 2019 and 2018.

Cash and balances at the Central Bank of Jordan classification based on the Bank's internal credit rating is as follows:

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Low risk (2 - 6)	110.291.280	-	-	110.291.280	101.095.229
Acceptable risk (7)	-	-	-	-	-
High risk (8 - 10)	-	-	-	-	-
Total balances as of 31 December 2019	110.291.280	-	-	110.291.280	101.095.229

The movement on balances at Central Bank of Jordan as of 31 December 2019 is as follows:

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Total balances as of 1 January 2019	101.095.229	-	-	101.095.229	51.725.082
New balances	10.213.161	-	-	10.213.161	51.121.556
Paid balances	(1.017.110)	-	-	(1.017.110)	(1.751.409)
Total Balances as of 31 December 2019	110.291.280	-	-	110.291.280	101.095.229

The movement on expected credit losses for balances at Central Bank of Jordan as of 31 December 2019 is as follows:

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balances as of 1 January 2019	-	-	-	-	-
New balances	-	-	-	-	-
Paid balances	-	-	-	-	-
Total balances as of 31 December 2019		-	-	-	-

6. Balances At Banks And Financial Institutions - Net

This item consists of the following:

Description	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Current and call accounts	275.973	442.526	91.946.751	102.081.211	92.222.724	102.523.737
Deposits maturing within 3 months or less	-	-	199.256.268	205.035.572	199.256.268	205.035.572
Total	275.973	442.526	291.203.019	307.116.783	291.478.992	307.559.309
Less: ECL provision	-	-	(38.315)	(38.315)	(38.315)	(38.315)
	275.973	442.526	291.164.704	307.078.468	291.440.677	307.520.994

The balances at banks and financial institutions that bears no interest amounted to JD 92.220.593 as of 31 December 2019 (JD 117.109.425 as of 31 December 2018).

There are no restricted balances at banks and financial institutions as of 31 December 2019 and 2018.

Balances at banks and financial institution's classification based on the Bank's internal credit rating.

Credit rating categories based on banks internal system	2019				2018
	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3 "Individual"	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	286.055.028	-	-	286.055.028	302.275.510
Acceptable risk (7)	-	5.423.964	-	5.423.964	5.283.799
High risk (8 - 10)	-	-	-	-	-
Total	286.055.028	5.423.964	-	291.478.992	307.559.309

The movement on balances at banks and financial institutions as of 31 December 2019 is as follows:

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2019	302.275.510	5.283.799	-	307.559.309	254.895.109
New balances	162.756.220	140.165	-	162.896.385	215.069.926
Paid balances	(178.976.702)	-	-	(178.976.702)	(162.405.726)
Total Balances as of 31 December 2019	286.055.028	5.423.964	-	291.478.992	307.559.309

The movement on the expected credit losses for balances at banks and financial institutions as of 31 December 2019 is as follows:

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2019	31.041	7.274	-	38.315	25.427
New balances	-	-	-	-	12.888
Paid balances	-	-	-	-	-
Total Balances as of 31 December 2019	31.041	7.274	-	38.315	38.315

7. Deposits At Banks And Financial Institutions - Net

This Item consists of the following:

Description	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Deposits maturing within 3 - 6 months	-	-	13.952.700	5.294.846	13.952.700	5.294.846
Deposits maturing within 6 - 9 months	-	-	5.459.892	5.308.473	5.459.892	5.308.473
Deposits maturing from 9 months to one year	-	-	5.488.036	5.329.884	5.488.036	5.329.884
Total	-	-	24.900.628	15.933.203	24.900.628	15.933.203
Less: ECL	-	-	(55.518)	(55.518)	(55.518)	(55.518)
Total	-	-	24.845.110	15.877.685	24.845.110	15.877.685

- There are no restricted balances at banks and financial institutions of 31 December 2019 and 2018.

Distribution of deposits at banks and financial institutions according to the Bank's internal credit rating:

	2019				2018
	Stage 1 “individual”	Stage 2 “individual”	Stage 3 "Individual"	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	-	-	-	-	-
Acceptable risk (7)	8.508.000	16.392.628	-	24.900.628	15.933.203
High risk (8 - 10)	-	-	-	-	-
Total	8.508.000	16.392.628	-	24.900.628	15.933.203

The movement on deposits at banks and financial institutions as of 31 December 2019 is as follows:

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2019	-	15.933.203	-	15.933.203	16.535.460
New balances	8.508.000	2.945.086	-	11.453.086	2.975.507
Paid balances	-	(2.485.661)	-	(2.485.661)	(3.577.764)
Total Balances as of 31 December 2019	8.508.000	16.392.628	-	24.900.628	15.933.203

The movement on the expected credit losses for deposits at banks and financial institutions as of 31 December 2019 is as follows:

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2019	-	55.518	-	55.518	55.518
New balances	-	-	-	-	-
Paid balances	-	-	-	-	-
Total Balances as of 31 December 2019	-	55.518	-	55.518	55.518

8. Financial Assets At Fair Value Through Profit Or Loss

This item consists of the following:

	2019	2018
	JD	JD
Quoted equity shares	1.203.192	263.244

9. Financial Assets At Fair Value Through Other Comprehensive Income

Financial assets at fair value through comprehensive income classified based on IFRS 9:

	2019	2018
	JD	JD
Quoted financial assets:		
Corporate shares	13.054.223	13.104.260
Corporate bonds	1.169.185	-
Total quoted financial assets	14.223.408	13.104.260
Unquoted financial assets:		
Corporate shares	5.842.433	2.402.728
Total unquoted financial assets	5.842.433	2.402.728
Expected credit loss	(6.000)	-
Total	20.059.841	15.506.988

Cash dividends on the investments above amounted to JD 206.501 for the year ended 31 December 2019 (JD 268.424 for the year ended 31 December 2018).

Loss from the sale of financial assets through other comprehensive income amounted to JD 3.606. which was debited to the retained earnings account (JD 4.799 for the year ended 31 December 2018).

Distribution of bonds based on the bank's internal credit rating:

	2019				2018
	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3 "Individual"	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	1.169.185	-	-	1.169.185	-
Acceptable risk (7)	-	-	-	-	-
High risk (8 - 10)	-	-	-	-	-
Total	1.169.185	-	-	1.169.185	-

- Non-performing credit facilities amounted to 13.512.644 representing 1.63% of direct credit facilities balance as of 31 December 2019 (JD 18.974.146 representing 2.46% of the granting balance for the previous year).

- Non-performing credit facilities net of interest in suspense amounted to JD 12.343.562 representing 1.49% of direct credit facilities balance net of interest in suspense (JD 16.747.105 representing 2.18% for the previous year).

- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 174.846.009 representing 21.03% of total direct credit facilities as of 31 December 2019 (JD 145.901.821 representing 18.94% for the previous year).

Distribution of bonds based on the bank's internal credit rating:

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2019	-	-	-	-	-
New Balances	1.169.185	-	-	1.169.185	-
Paid Balances	-	-	-	-	-
Balance as of 31 December 2019	1.169.185	-	-	1.169.185	-

The movement on provision for impairment against bonds is as follows:

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2019	-	-	-	-	-
New Balances	6.000	-	-	6.000	-
Paid Balances	-	-	-	-	-
Balance as of 31 December 2019	6.000	-	-	6.000	-

10. Direct Credit Facilities - Net

This item consists of the following:

	2019	2018
	JD	JD
Individuals (Retail)		
Loans *	118.659.263	95.128.314
Credit cards	9.178.208	9.388.751
Housing loans	103.490.576	100.855.698
Large companies		
Loans *	344.070.349	247.721.903
Overdraft	86.903.535	119.331.110
Small and medium companies		
Loans *	24.661.859	23.480.732
Overdraft	5.512.579	5.571.496
Government & public sector	139.013.136	168.768.693
Total	831.489.505	770.246.697
Less: provision for impairment of direct credit facilities	(13.279.473)	(14.468.779)
Less: suspended interest	(2.737.109)	(3.083.349)
Net credit facilities	815.472.923	752.694.569

* Net after deducting interests and commission received in advance.

Total Transactions On The Direct Facilities:

	2019				2018
item	Stage 1	Stage 2	Stage 3	Total	Total
Balance as of 1 January 2019	734.329.453	16.943.098	18.974.146	770.246.697	769.112.948
New balances during the year	166.871.099	12.360.609	758.953	179.990.661	46.400.745
Paid balances	(97.876.509)	(10.636.445)	(1.788.095)	(110.301.049)	(41.395.194)
Transferred to stage 1	5.079.434	(5.403.799)	324.365	-	-
Transferred to stage 2	(5.351.351)	6.987.724	(1.636.373)	-	-
Transferred to stage 3	(790.473)	(1.557.626)	2.348.099	-	-
Changes from adjustments	1.525.262	(1.935.474)	(36.360)	(446.572)	96.290
Written-off balances	(2.000.000)	(568.141)	(5.432.091)	(8.000.232)	(3.968.092)
Balance as of 31 December 2019	801.786.915	16.189.946	13.512.644	831.489.505	770.246.697

Financial assets at amortized cost classifications based on the Bank's internal credit rating:

Credit rating categories based on Bank's internal system:	2019				2018
	Stage 1 "individual"	Stage 2 "individual"	Stage 3 "individual"	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	711.316.225	-	-	711.316.225	688.034.465
Acceptable risk (7)	-	-	-	-	-
High risk (8- 10)	-	-	582.500	582.500	182.500
Total	711.316.225	-	582.500	711.898.725	688.216.965

The movement on the financial assets at amortized cost during 2019 is as follows:

	2019				2018
	Stage 1 "individual"	Stage 2 "individual"	Stage 3 "individual"	Total	Total
	JD	JD	JD	JD	JD
Total balance as of 1 January 2019	688.034.465	-	182.500	688.216.965	597.642.867
New balances during the year	195.636.980	-	-	195.636.980	146.704.617
Paid balances	(171.855.220)	-	(100.000)	(171.955.220)	(56.130.519)
Net transferred in stage 1	(500.000)	-	500.000	-	-
Net transferred in Stage 2	-	-	-	-	-
Net transferred in Stage 3	-	-	-	-	-
Total balance as of 31 December 2019	711.316.225	-	582.500	711.898.725	688.216.965

The movement of the ECL of the financial assets at amortized cost is as follows:

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2019	84.292	-	109.500	193.792	157.292
New balances	-	-	86.500	86.500	36.500
Paid balances	-	-	-	-	-
Total Balances as of 31 December 2019	84.292	-	196.000	280.292	193.792

The Bank's internal credit rating:

	31 December 2019											
	Individual				Small and medium entities				Corporate			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Low risk (2 - 6)	122.505.682	-	-	122.505.682	25.375.994	-	-	25.375.994	419.007.520	-	-	419.007.520
Acceptable risk (7)	-	3.466.976	-	3.466.976	-	2.731.861	-	2.731.861	-	6.485.535	-	6.485.535
High risk (8 - 10)	-	-	1.864.813	1.864.813	-	-	2.066.583	2.066.583	-	-	5.480.829	5.480.829
Balance as of 31 December 2019	122.505.682	3.466.976	1.864.813	127.837.471	25.375.994	2.731.861	2.066.583	30.174.438	419.007.520	6.485.535	5.480.829	430.973.884

The movement on the direct credit facilities:

	31 December 2019											
	Individual				Small and medium entities				Corporate			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance as of 31 December 2018	98.990.857	2.584.514	2.941.694	104.517.065	18.312.108	4.344.430	6.395.690	29.052.228	355.521.671	6.059.928	5.471.414	367.053.013
Credit facilities for new balances through the year	25.829.126	1.618.796	524.634	27.972.556	4.627.958	2.031.150	34.921	6.694.029	129.353.740	8.627.149	8.118	137.989.007
Recovered from credit losses on repaid balances	(1.751.914)	(481.328)	(676.813)	(2.910.055)	(3.498.446)	(3.405.756)	(525.568)	(7.429.770)	(59.946.876)	(6.078.108)	-	(66.024.984)
Net transferred in stage 1	333.410	(316.781)	(16.629)	-	1.011.607	(1.011.607)	-	-	3.912.961	(3.912.961)	-	-
Net transferred in stage 2	(125.085)	542.590	(417.505)	-	(894.112)	1.317.842	(423.730)	-	(3.545.000)	3.545.000	-	-
Net transferred in stage 3	(790.473)	(163.065)	953.538	-	-	(133.591)	133.591	-	-	-	-	-
Changes from adjustments	19.761	3.933	32.027	55.721	7.816.879	(206.138)	(16.309)	7.594.432	(6.288.976)	(1.713.484)	1.297	(8.001.163)
Written off balances	-	(321.683)	(1.476.133)	(1.797.816)	(2.000.000)	(204.469)	(3.532.012)	(5.736.481)	-	(41.989)	-	(41.989)
Adjustments result from foreign exchange	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of 31December 2019	122.505.682	3.466.976	1.864.813	127.837.471	25.375.994	2.731.861	2.066.583	30.174.438	419.007.520	6.485.535	5.480.829	430.973.884

31 December 2019												31 December 2018
Real-estate loans				Government and public sector				31 December 2019				
Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
95.884.583	-	-	95.884.583	139.013.136	-	-	139.013.136	801.786.915	-	-	801.786.915	734.329.453
-	3.505.574	-	3.505.574	-	-	-	-	-	16.189.946	-	16.189.946	16.943.098
-	-	4.100.419	4.100.419	-	-	-	-	-	-	13.512.644	13.512.644	18.974.146
95.884.583	3.505.574	4.100.419	103.490.576	139.013.136	-	-	139.013.136	801.786.915	16.189.946	13.512.644	831.489.505	770.246.697

31 December 2019												31 December 2018
Real - estate loans				Government and public sector				31 December 2019				
Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
92.736.124	3.954.226	4.165.348	100.855.698	168.768.693	-	-	168.768.693	734.329.453	16.943.098	18.974.146	770.246.697	769.112.948
7.060.275	83.514	191.280	7.335.069	-	-	-	-	166.871.099	12.360.609	758.953	179.990.661	46.400.745
(2.923.716)	(671.253)	(585.714)	(4.180.683)	(29.755.557)	-	-	(29.755.557)	(97.876.509)	(10.636.445)	(1.788.095)	(110.301.049)	(41.395.194)
(178.544)	(162.450)	340.994	-	-	-	-	-	5.079.434	(5.403.799)	324.365	-	-
(787.154)	1.582.292	(795.138)	-	-	-	-	-	(5.351.351)	6.987.724	(1.636.373)	-	-
-	(1.260.970)	1.260.970	-	-	-	-	-	(790.473)	(1.557.626)	2.348.099	-	-
(22.402)	(19.785)	(53.375)	(95.562)	-	-	-	-	1.525.262	(1.935.474)	(36.360)	(446.572)	96.290
-	-	(423.946)	(423.946)	-	-	-	-	(2.000.000)	(568.141)	(5.432.091)	(8.000.232)	(3.968.092)
-	-	-	-	-	-	-	-	-	-	-	-	-
95.884.583	3.505.574	4.100.419	103.490.576	139.013.136	-	-	139.013.136	801.786.915	16.189.946	13.512.644	831.489.505	770.246.697

Total Transactions On The Direct Facilities:

	2019				2018
item	Stage 1	Stage 2	Stage 3	Total	Total
Balance as of 1 January 2019	734.329.453	16.943.098	18.974.146	770.246.697	769.112.948
New balances during the year	166.871.099	12.360.609	758.953	179.990.661	46.400.745
Paid balances	(97.876.509)	(10.636.445)	(1.788.095)	(110.301.049)	(41.395.194)
Transferred to stage 1	5.079.434	(5.403.799)	324.365	-	-
Transferred to stage 2	(5.351.351)	6.987.724	(1.636.373)	-	-
Transferred to stage 3	(790.473)	(1.557.626)	2.348.099	-	-
Changes from adjustments	1.525.262	(1.935.474)	(36.360)	(446.572)	96.290
Written-off balances	(2.000.000)	(568.141)	(5.432.091)	(8.000.232)	(3.968.092)
Balance as of 31 December 2019	801.786.915	16.189.946	13.512.644	831.489.505	770.246.697

Provision For Impairment Of Direct Credit Facilities:

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

	31 December 2019																								
	Individual				Small and medium entities				Corporate				Real- estate loans				Government and public sector							2019	2018
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance as of 31 December 2018	1.924.656	387.677	2.127.898	4.440.231	207.209	275.212	2.769.878	3.252.299	2.349.829	1.982.908	722.830	5.055.567	371.501	59.313	1.289.868	1.720.682	-	-	-	-	4.853.195	2.705.110	6.910.474	14.468.779	14.977.601
New balances through the year	120.655	508.498	124.632	753.785	125.327	8.063	720.387	853.777	462.499	241.454	1.173.327	1.877.280	45.625	46.468	640.021	732.114	-	-	-	-	754.106	804.483	2.658.367	4.216.956	2.118.977
Paid balances	(7.219)	(371.189)	(2.692)	(381.100)	(8.717)	(25.996)	(42.327)	(77.040)	(288.659)	(582.998)	(161.947)	(1.033.604)	(95.760)	(10.158)	(447.840)	(553.758)	-	-	-	-	(400.355)	(990.341)	(654.806)	(2.045.502)	(743.692)
Net transferred in stage 1	7.701	(3.406)	(4.295)	-	23.089	(23.089)	-	-	101.689	(101.689)	-	-	-	-	-	-	-	-	-	-	132.479	(128.184)	(4.295)	-	-
Net transferred in stage 2	(655)	117.644	(116.989)	-	(3.566)	27.265	(23.699)	-	(10.569)	10.569	-	-	(39)	289.582	(289.543)	-	-	-	-	-	(14.829)	445.060	(430.231)	-	-
Net transferred in stage 3	(5.034)	(1.751)	6.785	-	-	(3.121)	3.121	-	-	-	-	-	-	(24.102)	24.102	-	-	-	-	-	(5.034)	(28.974)	34.008	-	-
Changes from adjustments	(222.128)	(113.963)	(139.410)	(475.501)	630.881	19.044	16.419	666.344	(1.240.757)	676.905	216.639	(347.213)	407.737	(210.283)	(29.305)	168.149	-	-	-	-	(424.267)	371.703	64.343	11.779	(12.889)
Written off balances	-	(3.464)	(719.884)	(723.348)	-	(12.795)	(2.380.996)	(2.393.791)	-	(2.787)	-	(2.787)	-	(98.236)	(154.377)	(252.613)	-	-	-	-	-	(117.282)	(3.255.257)	(3.372.539)	(1.871.218)
Adjustments result from foreign exchange	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2019	1.817.976	520.046	1.276.045	3.614.067	974.223	264.583	1.062.783	2.301.589	1.374.032	2.224.362	1.950.849	5.549.243	729.064	52.584	1.032.926	1.814.574	-	-	-	-	4.895.295	3.061.575	5.322.603	13.279.473	14.468.779

Provision For Impairment Of Direct Credit Facilities:

The following represent the movement on provision for impairment of direct credit facilities:

	31 December 2019				31 December 2018
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2019	4.853.195	2.705.110	6.910.474	14.468.779	14.977.601
New balance during the year	754.106	804.483	2.658.367	4.216.956	2.118.977
Paid balances	(400.355)	(990.341)	(654.806)	(2.045.502)	(743.692)
Transferred to stage 1	132.479	(128.184)	(4.295)	-	-
Transferred to stage 2	(14.829)	445.060	(430.231)	-	-
Transferred to stage 3	(5.034)	(28.974)	34.008	-	-
Changes resulted by adjustments	(424.267)	371.703	64.343	11.779	(12.889)
Written-off balances	-	(117.282)	(3.255.257)	(3.372.539)	(1.871.218)
Balance as of 31 December 2019	4.895.295	3.061.575	5.322.603	13.279.473	14.468.779

Provision no longer needed due to settlements and transferred against other debts amounted to JD 2.495.160 as of 31 December 2019 (2018: JD 3.065.216).

Interest In Suspense:

The following is the movement on the interest in suspense:

For the year ended 31 December 2019	Individual	Housing loans	Large companies	Small and medium companies	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	436.606	1.004.742	9.305	1.632.696	3.083.349
Add: Interest suspended during the year	475.637	312.241	8.119	625.655	1.421.652
Less: Interest in suspense reversed to revenues	(70.157)	(102.823)	-	(84.150)	(257.130)
Less: Interest in suspense transferred to off - statement of financial position accounts	(189.026)	(105.210)	-	(1.192.464)	(1.486.700)
Less: Interest in suspense written off	(24.062)	-	-	-	(24.062)
Balance at the end of the year	628.998	1.108.950	17.424	981.737	2.737.109

For the year ended 31 December 2018	Individual	Housing loans	Large companies	Small and medium companies	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	336.486	910.490	-	1.609.214	2.856.190
Add: Interest suspended during the year	590.101	312.939	9.305	763.649	1.675.994
Less: Interest in suspense reversed to revenues	(117.319)	(116.340)	-	(343.715)	(577.374)
Less: Interest in suspense transferred to off - statement of financial position accounts	(368.050)	(91.324)	-	(396.452)	(855.826)
Less: Interest in suspense written off	(4.612)	(11.023)	-	-	(15.635)
Balance at the end of the year	436.606	1.004.742	9.305	1.632.696	3.083.349

Following is the economic sector of credit facilities - net:

	2019			31 December 2018
	Inside Jordan	Outside Jordan	Total	
	JD	JD	JD	JD
Financial	2.032.776	-	2.032.776	7.422.402
Industrial	212.319.284	-	212.319.284	173.435.947
Trading	200.713.981	36.726.801	237.440.782	204.383.500
Real Estate	96.363.012	4.204.040	100.567.052	98.130.274
Equities	505.487	-	505.487	913.526
Retail	115.577.333	8.017.073	123.594.406	99.640.227
Governmental and public sector	139.013.136	-	139.013.136	168.768.693
Total	766.525.009	48.947.914	815.472.923	752.694.569

Following is the geographical distribution of credit facilities- net:

	2019	2018
	JD	JD
Inside Jordan	766.525.009	710.591.136
Asia	43.094.326	38.272.539
Europe	5.853.588	3.830.894
Total	815.472.923	752.694.569

11. Financial Assets At Amortized Cost - Net

This item consists of the following:

	2019	2018
	JD	JD
Quoted financial assets		
Governmental bonds and with their guarantee	-	2.303.786
Foreign government bonds	5.867.892	5.919.331
Companies bonds	16.928.398	19.789.265
Total quoted financial assets	22.796.290	28.012.382
Unquoted financial assets		
Governmental bonds and with their guarantee	685.519.935	656.622.083
Companies bonds	3.582.500	3.582.500
Total unquoted financial assets	689.102.435	660.204.583
Total quoted and unquoted financial assets	711.898.725	688.216.965
Less: Provision for impairment	(280.292)	(193.792)
Total	711.618.433	688.023.173

Debt instruments analysis

	2019	2018
	JD	JD
Fixed rate	693.754.726	669.468.064
Variable rate	17.863.707	18.555.109
Total	711.618.433	688.023.173

Financial assets at amortized cost classifications based on the Bank's internal credit rating:

Credit rating categories based on Bank's internal system:	2019				2018
	Stage 1 "individual"	Stage 2 "individual"	Stage 3 "individual"	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	711.316.225	-	-	711.316.225	688.034.465
Acceptable risk (7)	-	-	-	-	-
High risk (8 - 10)	-	-	582.500	582.500	182.500
Total	711.316.225	-	582.500	711.898.725	688.216.965

The movement on the financial assets at amortized cost during 2019 is as follows:

	2019				2018
	Stage 1 "individual"	Stage 2 "individual"	Stage 3 "individual"	Total	Total
	JD	JD	JD	JD	JD
Total balance as of 1 January 2019	688.034.465	-	182.500	688.216.965	597.642.867
New balances during the year	195.636.980	-	-	195.636.980	146.704.617
Paid balances	(171.855.220)	-	(100.000)	(171.955.220)	(56.130.519)
Net transferred in stage 1	(500.000)	-	500.000	-	-
Net transferred in Stage 2	-	-	-	-	-
Net transferred in Stage 3	-	-	-	-	-
Total balance as of 31 December 2019	711.316.225		582.500	711.898.725	688.216.965

The movement of the ECL of the financial assets at amortized cost is as follows:

	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2019	84.292	-	109.500	193.792	157.292
New balances	-	-	86.500	86.500	36.500
Paid balances	-	-	-	-	-
Total Balances as of 31 December 2019	84.292	-	196.000	280.292	193.792

12. Investment In Associate Company

The following is the movement on the investment in the associate company:

	2019	2018
	JD	JD
Balance at the beginning of the year	19.011.340	19.947.778
The Bank's share in the associate company's profit	1.034.715	280.739
Foreign currency translation adjustment	641.168	(1.217.177)
Balance at the end of the year	20.687.223	19.011.340

- Investment in associate company represents the Bank's share in Jordan International Bank/ London (United Kingdom. which amounts to 25% of capital (GBP 65.000.000)). the Bank's share in net income for the year ended 31 December 2019 was calculated based on latest unaudited available financial statements as of 31 December 2019. in addition to Bank's share percentage which is 25%.

- The Bank's right to vote on the General Assembly's decisions regarding this investment is based on the ownership percentage in the investment.

The Bank's share in the associate company's assets, liabilities, and revenues is as follows:

	2019	2018
	JD	JD
Total assets	355.944.425	357.158.516
Total liabilities	273.195.533	281.113.158
Net assets	82.748.892	76.045.358
The Bank's share in net assets	20.687.223	19.011.340
Net income for the year	4.138.860	1.122.956
The Bank's share in net income for the year	1.034.715	280.739

The Bank's share of 25% in the assets and liabilities and net profit of Jordan International Bank / London has been calculated for the year 2019 as shown above according to the latest financial statements available on 31 December 2019.

13. Property And Equipment - Net

This item consists of the following:

For the year-ended 31 December 2019	Land	Buildings	Equipment furniture and fixtures	Vehicles	Computers	Solar Energy	Others	Payments to acquire property and equipment	Right of use	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost										
Balance at the beginning of the year	22.555.514	38.936.517	13.305.686	1.607.038	3.091.572	4.384.247	7.777.664	1.122.338	-	92.780.576
IFRS (16) Effect	-	-	-	-	-	-	-	-	3.147.078	3.147.078
Amendment balance	22.555.514	38.936.517	13.305.686	1.607.038	3.091.572	4.384.247	7.777.664	1.122.338	3.147.078	95.927.654
Additions	-	-	316.291	153.628	112.998	10.980	552.564	1.092.117	744.833	2.983.411
Disposals	-	-	(368.411)	(55.000)	(216.941)	-	(111.653)	(9.300)	-	(761.305)
Transfers*	-	-	5.888	-	9.731	-	144.614	(741.673)	-	(581.440)
Balance at the end of the Year	22.555.514	38.936.517	13.259.454	1.705.666	2.997.360	4.395.227	8.363.189	1.463.482	3.891.911	97.568.320
Accumulated depreciation :										
Balance at the beginning of the year	-	3.055.811	7.546.354	1.065.859	2.360.986	18.268	4.431.706	-	-	18.478.984
Depreciation for the year	-	810.048	778.520	193.905	195.317	219.670	486.847	-	670.713	3.355.020
Disposals	-	-	(365.844)	(54.999)	(216.573)	-	(107.006)	-	-	(744.422)
Balance at the end of the year	-	3.865.859	7.959.030	1.204.765	2.339.730	237.938	4.811.547	-	670.713	21.089.582
Net property and equipment at the end of the year	22.555.514	35.070.658	5.300.424	500.901	657.630	4.157.289	3.551.642	1.463.482	3.221.198	76.478.738

* Transfers represents an amount of JD 581.440 which has been transferred to intangible assets – note (14) during 2019 .

For the year-ended 31 December 2019	Land	Buildings	Equipment furniture and fixtures	Vehicles	Computers	Solar Energy	Others	Payments to acquire property and equipment	Right of use	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost										
Balance at the beginning of the year	17.930.283	38.936.517	14.196.255	1.391.898	2.959.554	-	7.419.213	3.066.290	-	85.900.010
Additions**	4.625.231	-	187.101	290.133	131.502	2.126.315	151.822	565.695	-	8.077.799
Disposals	-	-	(1.105.855)	(74.993)	-	-	-	(3.010)	-	(1.183.858)
Transfers*	-	-	28.185	-	516	2.257.932	206.629	(2.506.637)	-	(13.375)
Balance at the end of the Year	22.555.514	38.936.517	13.305.686	1.607.038	3.091.572	4.384.247	7.777.664	1.122.338	-	92.780.576
Accumulated depreciation :										
Balance at the beginning of the year	-	2.245.802	7.849.838	972.554	2.131.952	-	3.945.347	-	-	17.145.493
Depreciation for the year	-	810.009	795.896	168.004	229.034	18.268	486.359	-	-	2.507.570
Disposals	-	-	(1.099.380)	(74.699)	-	-	-	-	-	(1.174.079)
Balance at the end of the year	-	3.055.811	7.546.354	1.065.859	2.360.986	18.268	4.431.706	-	-	18.478.984
Net property and equipment at the end of the year	22.555.514	35.880.706	5.759.332	541.179	730.586	4.365.979	3.345.958	1.122.338	-	74.301.592

* Transfers represents an amount of JD 13.375 which has been transferred to intangible assets- note (14) during 2018.

** The addition include the value of a land that was transferred to property and equipment amounted to JD 4.625.231.

- Property and equipment consists of assets that has been fully depreciated amounting to JD 11.786.197 as of 31 December 2019 (JD 10.265.631 as of 31 December 2018).

14. Intangible Assets - Net

This item consists of the following:

	Computer's Software and programs	
	2019	2018
	JD	JD
Balance at the beginning of the year	694.005	930.783
Additions	842.665	273.220
Transfers (Note 13)*	581.440	13.375
Disposals	(45)	-
Amortization for the year	(511.199)	(523.373)
Balance at the end of the Year	1.606.866	694.005

* This represents what has been transferred from payments to acquire property and equipment during the year 2018 and 2019.

15. Other Assets

This item consists of the following:

	2019	2018
	JD	JD
Accrued interest and commissions revenue	18.134.721	17.932.921
Prepaid expenses	1.592.163	1.554.334
Assets seized by the Bank *	17.145.263	15.145.544
Stationery and printing	286.972	230.100
Refundable deposits	457.236	451.327
Cheque clearing	62.728	286.632
Others	1.357.480	1.516.029
Total	39.036.563	37.116.887

*** The following is the movement on the assets seized by the Bank:**

	2019	2018
	JD	JD
Balance at the beginning of the year	16.984.544	20.006.902
Additions	2.684.912	1.978.239
Disposals*	(685.193)	(5.000.597)
	18.984.263	16.984.544
Less: Provision for assets seized by the Bank **	(1.839.000)	(1.839.000)
Balance at the end of the year	17.145.263	15.145.544

* During 2018. disposals included amount of a land that has been transferred to property and equipment. amounted to JD 4.625.231.

** According to Central Bank of Jordan's Law. buildings and plots of land that were foreclosed by the Bank against debts due from clients should be sold within two years from the foreclosure date. however this period could be extended for two more years in exceptional cases by the Central Bank of Jordan.

The movement on provision for assets seized by the Bank is as follows:

	2019	2018
	JD	JD
Balance-Beginning of the year	1.839.000	1.326.000
Provision during the year	-	513.000
Balance- End of the year	1.839.000	1.839.000

16. Banks And Financial Institution's Deposits

This item consists of the following:

	2019			2018		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	3.327.624	5.699.325	9.026.949	81.547	8.399.933	8.481.480
Time deposits due within 3 months	152.878.425	364.899.867	517.778.292	115.809.321	293.090.750	408.900.071
Time deposits 3 - 6 months	-	2.127.000	2.127.000	-	-	-
Time deposits 6 - 9 months	-	709.000	709.000	-	-	-
Time deposits over 1 year	90.000.000	-	90.000.000	120.000.000	-	120.000.000
Total	246.206.049	373.435.192	619.641.241	235.890.868	301.490.683	537.381.551

17. Customer Deposits

This item consists of the following:

	Individual	Large companies	Small and medium companies	Government and Public Sector	Total
31 December 2019	JD	JD	JD	JD	JD
Current accounts and demand deposits	87.779.612	75.826.193	50.043.908	13.230.173	226.879.886
Saving accounts	160.518.453	1.053.746	1.044.820	16.651	162.633.670
Time deposits	521.957.071	48.475.116	17.512.127	114.828.469	702.772.783
Total	770.255.136	125.355.055	68.600.855	128.075.293	1.092.286.339
31 December 2018					
Current accounts and demand deposits	83.392.236	82.009.917	52.887.554	12.734.348	231.024.055
Saving accounts	169.903.845	3.151.169	965.357	5.348	174.025.719
Time deposits	471.611.415	39.632.272	10.194.983	104.073.603	625.512.273
Total	724.907.496	124.793.358	64.047.894	116.813.299	1.030.562.047

- Deposits of the government and the general public sector inside the kingdom of Jordan amounted to JD 92.625.293 and the government deposits outside the Kingdom of Jordan JD 35.450.000 equivalent to 11.73% from the total deposits as of 31 December 2019 (JD 116.813.299 equivalent to 11.33% as of 31 December 2018).
- Non-interest bearing deposits amounted to JD 212.038.242 equivalent to 19.41% of total deposits as of 31 December 2019 (JD 214.435.376 equivalent to 20.81% as of 31 December 2018).
- Restricted deposits amounted to JD 2.948.422 equivalent to 0.27% of total deposits as of 31 December 2019 of which JD 3.456 is at Cyprus branch and JD 2.944.966 at Jordan Branches (JD 4.815.195 equivalent to 0.47% as of 31 December 2018 of which JD 4.218 is at Cyprus branch and JD 4.810.977 at Jordan branches).
- Dormant deposits amounted to JD 1.421.221 as of 31 December 2019 (JD 776.022 for the previous year).

18. Borrowed Money From The Central Bank Of Jordan

This item represents a repurchase agreement between the Central Bank of Jordan and Arab Jordan Investment Bank; through wish the bank sold treasury bonds and treasury bills with a commitment to repurchase these treasury bonds and treasury bills at the maturity date of the agreement. In addition to that. this item includes borrowed money from Central Bank of Jordan lent back to customers to finance production projects.

This item consists of the following:

31 December 2019	Amount	Maturity date	Collaterals	Payment terms	Interest rate
Central Bank of Jordan	100.000.000	8 January 2020	Treasury bonds	One payment	4.0%
Central Bank of Jordan	4.457.503	30 September 2025	Demand bills of exchange	Monthly payments	1.75%
Total	104.457.503				
31 December 2018					
Central Bank of Jordan	15.000.000	2 January 2019	Treasury bonds and bills	One payment	5.5%
Central Bank of Jordan	50.000.000	2 January 2019	Treasury bonds and bills	One payment	5.5%
Central Bank of Jordan	80.000.000	7 January 2019	Treasury bonds and bills	One payment	4.75%
Central Bank of Jordan	1.041.810	31 December 2023	Demand bills of exchange	Monthly payments	1.75%
Total	146.041.810				

19. Cash Margins

This item consists of the following:

	2019	2018
	JD	JD
Cash margins against direct credit facilities	32.042.806	29.540.428
Cash margins against indirect credit facilities	8.253.127	9.450.865
Total	40.295.933	38.991.293

20. Sundry Provisions

This item consists of the following:

2019	Beginning balance	Provided during the year	Used During the Year	Ending Balance
	JD	JD	JD	JD
Provision for end of service indemnity	507.183	59.398	(51.661)	514.920
Lawsuits provision	99.691	108.000	(45.039)	162.652
Total	606.874	167.398	(96.700)	677.572
2018				
Provision for end of service indemnity	1.736.950	38.070	(1.267.837)	507.183
Lawsuits provision	127.000	-	(27.309)	99.691
Other provisions	60.000	-	(60.000)	-
Total	1.923.950	38.070	(1.355.146)	606.874

21. Income Tax

A- Income tax provision

The movement on the income tax provision is as follows

	2019	2018
	JD	JD
Balance at the beginning of the year	6.866.156	7.785.786
Income tax paid	(6.974.378)	(8.107.925)
Accrued income tax expense	7.443.100	7.188.295
Balance –at the end of the year	7.334.878	6.866.156

B- Income tax in the consolidated statement of income represents the following

	2019	2018
	JD	JD
Accrued Income tax expense for the year	7.443.100	7.188.295
Amortization of deferred tax assets	19.631	391.800
Total	7.462.731	7.580.095

C- Tax situation

The Bank has reached a final settlement with the Income and Sales Tax Department for all previous years up to 2018 except for the year 2017. In addition. the file of 2014 was reopened during the year 2018 by the Income and Sales Tax Department where the bank will not incur any additional tax charges for that year.

United Arab Jordan Company for Investment and Financial Brokerage (a subsidiary) has reached a final settlement with the Income and Sales Tax Department in Jordan up to the year 2016. In addition the company has submitted its tax returns for the years 2017 and 2018 noting that the income tax department did not review the company data for these years up until the date of issuance of these financial statements. All tax balances due were paid by the company.

A final tax settlement has been reached for the bank in Qatar up to the year 2018.

A final tax settlement has been reached for Cyprus branch up to the year 2018.
The Bank has booked a provision against any expected tax liabilities for the declared years which includes

the above-mentioned years. in the opinion of the bank's management and its tax consultant the income tax provision booked in the consolidated financial statement is sufficient to cover any future tax liabilities that may arise.

D- Deferred Tax Assets

The details of this item are as follows:

	2019					2018
	Beginning of the Year	Amount Released	Additional Amounts	End of the Year	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Accounts Included						
Provision for impairment of direct credit facilities	1.202.335	-	-	1.202.335	456.887	456.887
Provision for staff end-of-service Indemnity*	220.945	(51.661)	-	169.284	64.328	83.959
	1.423.280	(51.661)	-	1.371.619	521.215	540.846

* Deferred tax assets has not been calculated on the total balance of end-of-service indemnity provision as a part of this balance relates to Arab Jordan Investment Bank – Qatar.

The movement on deferred tax assets is as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	540.846	932.646
Released	(19.631)	(434.497)
Social contribution difference	-	42.697
Balance at the end of the year	521.215	540.846

E. Reconciliation between accounting profit and taxable profit is as follows:

	2019	2018
	JD	JD
Accounting profit	23.665.970	24.396.422
Non-taxable income	(1.131.415)	(2.952.797)
Non- deductible expenses	458.000	780.106
Taxable profit	22.992.555	22.223.731
Income tax for the year	7.443.100	7.188.295
Effective income tax rate	31.53%	31.07%

According to the Income Tax Law No. (38) for the year 2018 which has come effective from 1 January 2019 income tax expense was calculated at tax rate of 35% and 3% social contribution as of 31 December 2019 and 35% for the year 2018.

The tax rate on the Bank's branch in Cyprus is 12.5 % and the subsidiary in Qatar is 10% and 24% for the subsidiary in Jordan.

Deferred tax assets are calculated by 38% of provision for impairment. end of service provision and other provisions as of 31 December 2019. where the management thinks that the deferred taxes are due in future periods.

22. Other Liabilities

This item consists of the following:

	2019	2018
	JD	JD
Accrued interest expense	8.634.253	7.593.713
Accounts payable	31.441.051	39.314.065
Accrued and unpaid expenses	1.670.897	1.342.747
Transfers and checks payable	289.923	664.007
Bank cheques issued	2.477.389	2.735.031
Safe boxes deposits	145.966	131.266
Other deposits	155.875	53.492
Scattered Creditors	592.756	726.135
Dividends payable	1.245.410	1.295.613
Due to income tax	142.326	128.515
Restricted deposits	40.373	38.418
ECL	428.193	428.193
Unearned Revenues	597.119	297.264
Lease liabilities (Note 3)	2.926.261	-
Others	722.387	2.494.026
Total	51.510.179	57.242.485

Indirect credit facilities classification based on the Bank's internal credit rating is as follows:

	Stage 1	Stage 2	Stage 3	31 December 2019	31 December 2018
	JD	JD	JD	JD	JD
Low risk (2 - 6)	162.687.333	-	-	162.687.333	168.873.998
Acceptable risk (7)	-	-	-	-	-
High risk (8 - 10)	-	-	-	-	
Balance as of 31 December 2019	162.687.333	-	-	162.687.333	168.873.998

The movement on the indirect credit facilities as of 31 December 2019 is as follows:

	2019																2018
	Letters of guarantee				Letters of credit				Acceptances				Total				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance as of 1 January 2019	80.618.073	-	-	80.618.073	48.313.862	-	-	48.313.862	39.942.063	-	-	39.942.063	168.873.998	-	-	168.873.998	155.247.565
New balances	6.817.238	-	-	6.817.238	-	-	-	-	9.995.797	-	-	9.995.797	16.813.035	-	-	16.813.035	19.387.596
Paid balances	-	-	-	-	(22.999.700)	-	-	(22.999.700)	-	-	-	-	(22.999.700)	-	-	(22.999.700)	(5.761.163)
Balance as of 31 December 2019	87.435.311	-	-	87.435.311	25.314.162	-	-	25.314.162	49.937.860	-	-	49.937.860	162.687.333	-	-	162.687.333	168.873.998

The following is the movement on the provision for impairment of indirect credit facilities:

	Letters of guarantee				Letters of credit				Acceptances				Total				2018
Balance as of 31 December 2017 (adjusted)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance as of 1 January 2019	136.812	-	-	136.812	42.707	-	-	42.707	248.674	-	-	248.674	428.193	-	-	428.193	428.193
New balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paid balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2019	136.812	-	-	136.812	42.707	-	-	42.707	248.674	-	-	248.674	428.193	-	-	428.193	428.193

23. Paid-Up Capital
The paid-up capital of the Bank is JD 150.000.000 divided into 150.000.000 shares at a par value of JD 1 each as of 31 December 2018 and 2019.

24. Share Premium
According to general assembly meeting held on 25 April 2019. It was approve to transfer the issuance of share premium of Arab Jordan Investment Bank – Qatar to the retained earnings.

25. Reserves
Statutory Reserve
The amount accumulated in this account is transferred from the annual net income before tax at 10% during the year and previous years according to the companies Law. this reserve cannot be distributed to shareholders.

The restricted reserves are as follows:

Reserve	Amount	Nature of restriction
	JD	
Statutory reserve	33.212.083	According to companies laws

26. Foreign Currency Translation Adjustments
This represents differences resulting from the translation of the net investment in associates and foreign branches outside of Jordan upon consolidation of the financial statements of the Bank and the movement for this account is the following:

	2019	2018
	JD	JD
Balance at the beginning of the year	(3.596.397)	(2.379.220)
Movement during the year	641.168	(1.217.177)
Balance at the end of the year	(2.955.229)	(3.596.397)

27. Fair Value Reserve- Net
The details of fair value reserve for financial assets at fair value through other comprehensive income according to the international financial reporting standard (9) are as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	(1.891.990)	(1.673.812)
Unrealized losses	(247.553)	(218.898)
Realized losses	71.665	720
Balance at the end of the year	(2.067.878)	(1.891.990)

- There are no hedging derivatives.

- It is restricted to use the negative fair value amounting to JD (2.067.878) including capitalization. distribution. or amortization of losses or any other use. except to that realized from the sales operations based on the instructions of the Central Bank of Jordan.

28. Retained Earnings

The movement on retained earnings account as the following:

	2019	2018
	JD	JD
Balance at the beginning of the year	17.479.705	17.646.790
Profit for the year	14.871.803	15.506.052
Losses from sale of financial assets through comprehensive income	(3.606)	(4.799)
Transferred to reserves	(1.991.773)	(2.168.338)
Amortized issuance premium	1.418.000	-
Amortized the subsidiary losses	227.159	-
Distributed dividends to shareholders	(13.500.000)	(13.500.000)
Balance at the end of the year	18.501.288	17.479.705

- Retained earnings include an amount of JD 521.215 as of 31 December 2019 (JD 540.846 as of 31 December 2018) restricted against deferred tax assets.

- Retained earnings include an amount of JD 1.072.609 restricted balance according to the Central Bank of Jordan memo No. (10/1/7702) which is related to the early implementation of IFRS 9.

29. Proposed Dividends To The General Assembly

The Board of Directors recommended the distribution of 9% of capital as cash dividends to the shareholders equivalent to JD 13.500.000 subject to the approval of the General Assembly of Shareholders (during the year 2019 the Bank distributed 9% of capital as cash dividends to shareholders equivalent to JD13.500.000 for the year 2018).

30. Non-Controlling Interest

This item represents other shareholders' interest of 50% (minus two shares) as of 31 December 2019 from the net shareholders' equity of Arab Jordan Investment Bank in Qatar (subsidiary company).

31. Interest Income
This item consists of the following:

	2019	2018
	JD	JD
Direct credit facilities:		
Individuals (retail):		
Loans	9.465.044	8.459.685
Credit cards	1.267.472	1.270.220
Real estate loans	9.356.066	9.218.725
Large companies		
Loans	15.351.954	14.337.772
Overdraft	5.480.376	5.108.192
Small and medium companies		
Loans	4.905.854	4.887.209
Overdraft	600.210	578.693
Government and public sector	8.417.901	8.730.793
Balances at the Central Bank of Jordan	2.418	8.260
Balances and deposits at banks and financial institutions	5.330.008	4.267.249
Financial assets at amortized cost	37.166.972	33.487.142
Total	97.344.275	90.353.940

32. Interest Expense
This item consists of the following:

	2019	2018
	JD	JD
Deposits from banks and financial institutions	23.561.252	18.811.418
Customer deposits:		
Current accounts and demand deposits	1.352.806	1.929.773
Saving accounts	1.378.300	1.508.004
Time and notice deposits	26.035.373	21.569.626
Rent interest	21.937	-
Cash margins	525.953	728.588
Deposits insurance fees	1.009.968	1.464.604
Total	53.885.589	46.012.013

33. Net Commissions Income
This item consists of the following:

	2019	2018
	JD	JD
:Commissions income		
Direct credit facilities	1.754.471	1.830.725
Indirect credit facilities	8.304.874	7.979.650
Less: Commissions expense	(1.803.590)	(1.520.749)
Net commissions income	8.255.755	8.289.626

34. Foreign Currencies Income

This item consists of the following:

	2019	2018
	JD	JD
Resulting from trading	3.814.169	3.551.063
Resulting from revaluation	80.558	196.432
Total	3.894.727	3.747.495

35. Loss From Financial Assets At Fair Value Through Profit Or Loss

The details of gains on financial assets of fair value through profit and loss in accordance with IFRS (9) are as follows:

For the year ended 31 December 2019	Dividends	Realized gains	Unrealized (losses)	Total
	JD	JD	JD	JD
Corporate equity shares	6.600	77.785	(231.039)	(146.654)
Total	6.600	77.785	(231.039)	(146.654)

For the year ended 31 December 2018	Dividends	Realized gains	Unrealized (losses)	Total
	JD	JD	JD	JD
Corporate equity shares	-	4.427	(47.995)	(43.568)
Total	-	4.427	(47.995)	(43.568)

36. Cash Dividends On Financial Assets At Fair Value Through Other Comprehensive Income

This item consists of the following:

	2019	2018
	JD	JD
Dividends return on local financial assets	94.065	268.424
Dividends return on foreign financial assets	112.436	-
Total	206.501	268.424

37. Provision For Impairment

This item consists of the following:

	2019	2018
	JD	JD
Balances and deposits at banks and financial institutions	-	12.888
Bonds at amortized cost	86.500	36.500
Direct credit facilities	2.171.454	1.375.285
Financial assets at fair value through other comprehensive income	6.000	-
Total	2.263.954	1.424.673

38. Other Income

This item consists of the following:

	2019	2018
	JD	JD
Income from sale of property and equipment	4.551	5.530
Gains (Losses) from sales of repossessed assets	74.045	(49.367)
Returns from managed portfolios	15.760	41.273
Commission of salary transfer	58.710	55.360
Returns from shares trading on behalf of customers	199.411	155.745
Recorded revenues from pervious provisions	-	72.889
Recovered revenues from bad debts	553.805	633.715
Revenues from credit cards sponsorship	56.685	56.707
Other revenues	532.882	206.265
Total	1.495.849	1.178.117

39. Employees Expenses

This item consists of the following:

	2019	2018
	JD	JD
Salaries. bonuses and employees benefits	12.847.540	13.177.585
Bank contribution in social security	1.427.468	1.377.113
Bank contribution in saving fund	406.910	389.892
Employees' life insurance	176.416	192.497
Medical expenses	758.778	768.239
Staff training	46.433	45.805
Travel expenses	195.370	179.146
Other	104.722	102.664
Total	15.963.637	16.232.941

40. Other Expenses

This item consists of the following:

	2019	2018
	JD	JD
Short – term rent	1.640.013	2.233.286
Stationery and printing	301.080	315.638
Subscriptions	710.769	740.244
Legal and audit fees	356.568	227.926
Telephone. telex. postage and stamps	854.738	895.611
Insurance expenses	184.569	144.046
Maintenance and repair	512.515	608.055
General services	705.988	1.577.522
Swift services	202.063	160.810
Security	288.399	274.088
Donations	236.046	114.683
Board of directors remunerations	55.000	55.000
Board of directors expenses	1.066.088	1.020.975
Foreign currency trading fees	171.390	151.348
Registration and governmental fees	130.820	149.608
Mortgage and insurance fees	608.569	346.411
Consultations	735.883	751.096
Automated clearing (offset) expenses	36.995	8.247
Property tax fees	233.578	268.413
Marketing and advertising expenses	530.985	457.281
Computers and ATMs expenses	1.368.514	1.038.471
Other expenses	1.341.831	887.952
Total	12.272.401	12.426.711

41. Basic And Diluted Earnings Per Share (Bank's Shareholders)

This item consists of the following:

	2019	2018
	JD	JD
Income for the year.	14.871.803	15.506.052
Weighted average number of shares	150.000.000	150.000.000
Basic and diluted earnings per share (Bank shareholders)	0.099	0.103

The diluted earnings per share for the year is equivalent to the basic earnings per share for the period.

42. Cash And Cash Equivalents

This item consists of the following:

	2019	2018
	JD	JD
Cash and balances at the Central Bank of Jordan maturing within 3 months	129.085.610	121.539.096
Add: balances at banks and other financial institutions maturing within 3 months	291.478.992	307.559.309
Less: deposits from banks and financial institutions maturing within 3 months	(526.805.241)	(417.381.551)
Total	(106.240.639)	11.716.854

43. Related Parties Transactions

The Consolidated Financial Statements includes the financial statements of the Bank and its subsidiaries include the following:

Company's Name	Ownership Percentage	Company's Capital	
		2019	2018
		JD	JD
United Arab Jordan Company for Investment and Financial Brokerage	100%	2.500.000	2.500.000
Arab Jordan Investment Bank /Qatar LLC	50% + two shares	35.450.000	35.450.000

The Bank has entered into transactions with members of the Board of Directors and executive management within the normal course of its activities at the commercial interest rates and commissions.

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

	Related party					Total	
	Subsidiary company	Board of directors members	Management executives	Associate company	Other*	2019	2018
	JD	JD	JD	JD	JD	JD	JD
Statement of Financial Position Items:							
Total deposits for related parties	33.922.063	181.694.336	2.394.398	22.807.081	4.398.887	245.216.765	213.693.367
Total Bank deposits with related parties	63.833.607	446.154	-	23.238.028	-	87.517.789	64.130.884
Loans and credit facilities granted to related parties	-	-	717.474	-	2.667.725	3.385.199	3.229.398
Off-Statement of Financial Position Items:							
Letter of credit and guarantee	16.857.618	-	-	-	-	16.857.618	16.211.107
Managed account	7.079.490	-	-	-	-	7.079.490	8.505.485
Statement of Income Items:							
Credit interest and commission	810.883	-	34.554	306.179	156.847	1.308.463	557.776
Debit interest and commission	1.507.801	3.042.526	111.717	312.847	292.899	5.267.790	4.477.713

* This item represents employees' deposits and facilities for other than Board of Directors and executive management.

- Revenues and expenses balances and transactions between the Bank and the subsidiaries are eliminated.

- Interest expense rates ranges from 0% - 7.25% (current accounts included).

- Interest revenue rates ranges from 1.75% - 7%.

- All credit facilities granted to related parties are considered performing and consequently no related provisions have been booked.

The following is a summary of the benefits (salaries and remunerations plus other benefits) of the executive management of the Bank:

	2019	2018
	JD	JD
Salaries, remunerations and other benefits	1.581.508	1.770.415
Travel and transportation	31.673	23.443
Total	1.613.181	1.793.858

44. Risk Management

Risk is an integral part of the Bank's operations. the general framework of the Risk Management Department in the bank is to identify understand and evaluate risks associated with the Bank's operations. The Department also ensures that risk is maintained within approved and accepted limits and that the necessary measures are taken to reduce risk and attain a balance between risks and rewards.

The Risk Department's policies are developed in order to identify analyze control and place caps on risk. Moreover risk is also monitored through the Bank's risk database system.

The Bank periodically reviews the policies and procedures associated with the Risk Department in order to incorporate new market developments and practices best suited to the Bank's operations.

The Risk Management Department in the Bank is responsible for managing risk through close alignment of the policies and procedures authorized by the Bank's Board of Directors. Furthermore the Risk Committee which is emerged from the Board of Directors reviews the said department's activities and continually issues reports to the Board of Directors disclosing whether the risk is maintained according to the Bank's policies and approved and accepted risk levels.

The Assets and Liabilities Management Committee and Investment Committee also partake in risk management within the Bank. In addition all of the Bank's work centers are responsible for identifying the risks associated with their activities. They also set the necessary and appropriate risk controls; the most important risks are credit risk liquidity risk operation risk and market risk which also includes interest rate risk and currency risk.

The risk management framework comprises risk appetites statement. which is approved by the Board of Directors. and includes the accept-able risk limits and levels of risk tolerance. In addition. part of the risk framework is the stress testing g which is performed on the portfolio level to measure the extent of the Banks capability to withstand any shocks and high risks arising from applying the IFRS (9) standard.

Reports regarding the results of these tests to the risk management committee are submitted on a regular basis to assess their impact on capital and profits. and accordingly a periodic review is done to confirm the compatibility of the current applied with the reality.

Credit Risk

Credit risk arises from the probable default or inability of the borrower or third party to fulfil its obligations to the Bank Moreover. this risk is one of the most important risks the Bank faces during the conduct of its activities. Therefore the Bank manages credit risk continuously this risk relates to items such as loans bonds and activity investments in debt instruments in addition to credit risk related to off- statement of financial position items such as unutilized loans guarantees and documentary credits.

Measurement of Credit Risk:

1. Debt Instruments

The external rating issued by the International Rating Institutions such as (Standard and Poor) and (Moody's) or the like is used in managing exposure to credit risk relating to debt instruments.

This rating is within specific categories and as instructed by the regulatory authorities in the countries where the bank has its branches or subsidiaries.

2. Control on Risk Ceilings and Credit Risk Mitigation Policies

The Bank manages credit ceilings and controls the credit concentrations risks on the customers' levels (individual or corporate) in addition to managing and controlling the exposure to credit risk for each sector or geographical area.

The Bank determines the accepted credit risk levels through installing ceilings for the acceptable risks relating to one borrower or a group of borrowers and for each sector or geographical area.

These risks are continuously controlled and are subject to annual/ periodic reviews in addition to controlling the actual exposure against the risk ceilings daily.

Credit Risk Mitigation Methods

Bank adopts several methods and practices to mitigate credit risk such as obtaining guarantees according to acceptable standards.

The most prevalent guarantees against loans and credit facilities are the following:

- Real estate mortgages.
- Mortgages of financial instruments such as shares.
- Bank guarantees.
- Cash Collaterals.
- Government guarantees.

Moreover the Bank adopts the following methods to improve the quality of credit and mitigate risks:

- A system of three approvals for granting a credit.
- Credit approval authority that varies from one management level to another depending on the volume of the customer's portfolio extent of exposure maturity and customer's risk degree.
- Complete segregation between credit management departments (business) credit control and analysis departments.

Second: Quantitative Disclosures:

(44/A) Credit Risk

1-A Exposure to credit risks (after provision for impairment and interest in suspense and before collaterals and any other risk decreasing factors).

	2019	2018
	JD	JD
Statement of Financial Position items:		
Cash and balances at Central Bank of Jordan	110.291.280	101.095.229
Balances at banks and financial institutions - Net	291.440.677	307.520.994
Deposits at banks and financial Institutions - Net	24.845.110	15.877.685
Credit Facilities- Net:		
Individual	123.594.406	99.640.228
Real-estate loans	100.567.052	98.130.274
Large companies	425.407.217	361.988.141
Small and medium companies	26.891.112	24.167.233
Government & public sector	139.013.136	168.768.693
Bonds and Treasury Bills:		
Within financial assets at amortized Cost - net	711.618.433	688.023.173
Financial assets through other comprehensive income - net	1.163.185	-
Other assets	18.134.721	17.932.921
Total	1.972.966.329	1.883.144.571
Contingent liabilities:		
Letters of guarantee	87.435.311	80.618.073
Letters of credit	25.314.162	48.313.862
Acceptances	49.937.860	39.942.063
Un-utilized facilities	77.140.463	78.070.287
Total	239.827.796	246.944.285
Grand Total	2.212.794.125	2.130.088.856

The Bank obtains cash and in-kind collaterals representing real estates and shares to mitigate credit risks to which the Bank might be exposed.

1-B Distribution of credit exposure:

The Bank's internal credit rating	Classification category based on (47 / 2009) instructions	Total exposure amount	Expected credit loss (ECL)	Probability of default (PD)	Rating according to external rating institutions	Exposure at default (EAD)	Loss given default (LGD)
	JD	JD	JD	%		JD	%
2- 7	Performing	817.976.861	7.956.870	1.2%	Moody's	702.608.781	35.30%
8- 10	Non performing	13.512.644	5.322.603	100%	Moody's	13.512.644	29.1%

* The exposure at default (EAD) includes unutilized credit facilities amounting to JD 77.140.463 JD.

Regarding assets items within consolidated financial statements, the exposure mentioned above is based on the balance presented in the consolidated financial statements.

2. Credit exposure is distributed according to the degree of risk as follows:

31 December 2019	Individual	Housing loans	Large companies	Small and medium companies	Government and public sector	Banks and other financial institutions	Total
	JD	JD	JD	JD	JD	JD	JD
Low risk	9.301.454	2.688.463	61.118.427	685.743	921.983.249	-	995.777.336
Acceptable risk	114.093.403	95.981.644	381.412.008	24.690.251	30.624.377	316.701.302	963.502.985
From which past due:							
Up to 30 days	-	-	-	-	-	-	-
From 31 to 60 days	-	-	-	-	-	-	-
Watch list	3.466.976	3.505.574	6.485.535	2.731.861	-	-	16.189.946
Non-performing:					-	-	-
Substandard	315.076	1.164.700	-	-	-	-	1.479.776
Doubtful	813.074	621.367	-	116.412	-	-	1.550.853
Written - off	736.663	2.314.352	5.480.829	1.950.171	-	-	10.482.015
Total	128.726.646	106.276.100	454.496.799	30.174.438	952.607.626	316.701.302	1.988.982.911
Deduct: interest in suspense	628.998	1.108.950	17.424	981.737	-	-	2.737.109
Provision for impairment	3.614.067	1.814.574	5.549.243	2.301.589	-	-	13.279.473
Net	124.483.581	103.352.576	448.930.132	26.891.112	952.607.626	316.701.302	1.972.966.329

31 December 2018	Individual	Housing loans	Large companies	Small and medium companies	Government and public sector	Banks and other financial institutions	Total
	JD	JD	JD	JD	JD	JD	JD
Low risk	7.462.173	2.845.179	2.953.015	347.874	914.670.956	-	928.279.197
Acceptable risk	94.678.197	91.961.091	368.406.769	17.964.234	31.114.614	332.375.353	936.500.258
From which past due:							
Up to 30 days	-	-	-	-	-	-	-
From 31 to 60 days	-	-	-	-	-	-	-
Watch list	2.584.514	3.954.226	6.059.928	4.344.430	-	-	16.943.098
Non performing:							
Substandard	332.891	279.908	-	-	-	-	612.799
Doubtful	1.304.009	713.603	5.471.414	351.113	-	-	7.840.139
Written - off	1.304.794	3.171.837	-	6.044.577	-	-	10.521.208
Total	107.666.578	102.925.844	382.891.126	29.052.228	945.785.570	332.375.353	1.900.696.699
Deduct: interest in suspense	436.606	1.004.742	9.305	1.632.696	-	-	3.083.349
Provision for impairment	4.440.231	1.720.682	5.055.567	3.252.299	-	-	14.468.779
Net	102.789.741	100.200.420	377.826.254	24.167.233	945.785.570	332.375.353	1.883.144.571

* Exposures include credit facilities balances and deposits with banks and Treasury bonds and any assets of its credit exposures.

* The full balance of the debt owed in the event of a single maturity premiums or benefits and the overdraft is considered payable if it exceeds the ceiling.

3-A The following table breaks down the fair value of the collaterals held as security for credit facilities:

31 December 2019	Individual	Housing loans	Large companies	Small and medium companies	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
Low risk	9.301.454	2.688.463	61.118.427	685.743	114.251.269	188.045.356
Acceptable risk	86.735.203	70.949.519	276.642.816	20.577.872	24.761.867	479.667.277
Watch list	13.520	3.131.426	550.000	1.152.614	-	4.847.560
Non- performing :						
Substandard grade	-	1.164.700	-	-	-	1.164.700
Doubtful	-	620.472	-	96.257	-	716.729
Written - off	721.937	2.174.856	4.040.000	1.452.363	-	8.389.156
Total	96.772.114	80.729.436	342.351.243	23.964.849	139.013.136	682.830.778
As :						
Cash margins	9.301.454	723.723	2.488.427	685.743	-	13.199.347
Governmental guarantees	-	1.964.740	58.630.000	-	139.013.136	199.607.876
Real estate	82.270.049	78.040.973	256.572.272	23.279.106	-	440.162.400
Listed shares	4.895.370	-	22.297.668	-	-	27.193.038
Vehicles and equipment	305.241	-	2.362.876	-	-	2.668.117
Total	96.772.114	80.729.436	342.351.243	23.964.849	139.013.136	682.830.778
31 December 2018						
Low risk	7.462.173	2.845.179	2.953.015	347.874	143.666.003	157.274.244
Acceptable risk	70.893.126	68.712.656	272.013.588	16.652.617	25.102.690	453.374.677
Watch list	21.076	3.614.652	550.000	1.138.140	-	5.323.868
Non- performing:						
Substandard grade	-	279.908	-	-	-	279.908
Doubtful	-	699.923	4.040.000	185.013	-	4.924.936
Written - off	1.294.892	2.993.589	-	4.909.651	-	9.198.132
Total	79.671.267	79.145.907	279.556.603	23.233.295	168.768.693	630.375.765
As:						
Cash margins	7.462.173	609.361	2.953.015	347.874	-	11.372.423
Governmental guarantees	-	2.235.818	-	-	168.768.693	171.004.511
Real estate	63.981.214	76.300.728	248.365.731	22.669.605	-	411.317.278
Listed shares	7.869.256	-	25.874.981	215.816	-	33.960.053
Vehicles and equipment	358.624	-	2.362.876	-	-	2.721.500
Total	79.671.267	79.145.907	279.556.603	23.233.295	168.768.693	630.375.765

3- B-1 Distribution of fair value of collateral against total credit exposures:

Item	Gross exposure amount	Fair value of collaterals							Net exposure after collaterals	Expected credit loss (ECL)
		Cash margin	Quoted shares	Accepted banking guarantees	Housing	Vehicles and machines	Others	Gross collateral amount		
Balances at central bank	110.291.280	-	-	-	-	-	-	-	110.291.280	-
Balances at banks and financial institutions	291.478.992	-	-	-	-	-	-	-	291.478.992	38.315
Deposits at banks and financial institutions	24.900.628	-	-	-	-	-	-	-	24.900.628	55.518
Credit facilities:*										
Retail	127.837.471	9.301.454	4.895.370	-	82.270.049	305.241	-	96.772.114	31.065.357	3.614.067
Housing loans	103.490.576	723.723	-	-	78.040.973	-	1.964.740	80.729.436	22.761.140	1.814.574
Corporate	-	-	-	-	-	-	-	-	-	-
Large corporate	502.296.311	2.488.427	22.297.668	-	256.572.272	2.362.876	58.630.000	342.351.243	159.945.068	5.549.243
Small and medium entities	35.992.474	685.743	-	-	23.279.106	-	-	23.964.849	12.027.625	2.301.589
Government and public sector	139.013.136	-	-	-	-	-	139.013.136	139.013.136	-	-
Bonds and bills:										
Within financial assets at amortized cost	711.898.725	-	-	-	-	-	-	-	711.898.725	280.292
Within financial assets through other comprehensive income	1.169.185	-	-	-	-	-	-	-	1.169.185	6.000
Other assets	18.134.721	-	-		-	-	-	-	18.134.721	-
Total	2.066.503.499	13.199.347	27.193.038	-	440.162.400	2.668.117	199.607.876	682.830.778	1.383.672.721	13.659.598
Letters of guarantee	87.435.311	-	-	-	-	-	-	-	87.435.311	136.812
Letters of credit	25.314.162	-	-	-	-	-	-	-	25.314.162	42.707
Acceptances	49.937.860	-	-	-	-	-	-	-	49.937.860	248.674
Grand total	2.229.190.832	13.199.347	27.193.038		440.162.400	2.668.117	199.607.876	682.830.778	1.546.360.054	14.087.791
Total comparative figures	2.147.928.609	11.372.423	33.960.053	-	411.499.778	2.721.500	171.004.511	630.558.265	1.517.370.344	15.184.597

* Credit facilities includes unutilized ceilings.

3- B-2 The fair value of collateral against total stage 3 credit

Item	Gross exposure stage 3	Fair value of collaterals								
		Cash margin	Quoted shares	Accepted banking guarantees	Housing	Vehicles and machines	Others	Gross collateral amount	Net exposure after collaterals	Expected credit loss (ECL)
Balances at central bank	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Credit facilities:										
Retail	1.864.813	-	721.937	-	-	-	-	721.937	1.142.876	1.276.045
Housing loans	4.100.419	-	-	-	3.960.028	-	-	3.960.028	140.391	1.032.926
Corporate	-	-	-	-	-	-	-	-	-	-
Large corporate	5.480.829	-	-	-	1.677.124	2.362.876	-	4.040.000	1.440.829	1.062.783
Small and medium entities	2.066.583	-	-	-	1.548.620	-	-	1.548.620	517.963	1.950.849
Government and public sector	-	-	-	-	-	-	-	-	-	-
Bonds and bills:										
Within financial assets at amortized cost	582.500	-	-	-	582.500	-	-	582.500	-	196.000
Within financial assets through other comprehensive income - net	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-		-	-	-
Total	14.095.144	-	721.937	-	7.768.272	2.362.876	-	10.853.085	3.242.059	5.518.603
Letters of guarantee	-	-	-	-	-	-	-	-	-	-
Letters of credit	-	-	-	-	-	-	-	-	-	-
Acceptances	-	-	-	-	-	-	-	-	-	-
Grand total	14.095.144	-	721.937	-	7.768.272	2.362.876	-	10.853.085	3.242.059	5.518.603
Total comparative figures	19.156.646	-	1.294.892	-	10.927.708	2.362.876	-	14.585.476	4.571.170	7.019.974

3-B-3 Total reclassified exposures:

Item	Stage 2		Stage 3		Reclassified exposures	Reclassified exposures %
	Total exposure amount	Reclassified exposures	Exposure amount	Reclassified exposures		
Direct credit facilities	13.128.371	6.542.664	8.363.501	2.314.091	8.856.755	41.21%
Financial assets at amortized cost	-	-	400.000	350.000	350.000	87.50%

3-B-4 ECL for reclassified facilities:

Item	Reclassified exposures			Expected credit loss for reclassified exposures		
	Reclassified exposures Stage 2	Reclassified exposures Stage 3	Total reclassified exposures	Stage 2 individual	Stage 3 individual	Total
Direct credit facilities	6.542.664	2.314.091	8.856.755	445.060	34.008	479.068
Financial assets at amortized cost	-	350.000	350.000	-	50.000	50.000

Rescheduled loans:
These represent loans classified previously as non-performing and reclassified as performing but taken out therefrom according to proper scheduling and classified as watch list loans they amounted to JD 2.398.432 for the current year (JD 2.408.696 for the previous year).

The balance of the rescheduled loans represents the loans which were rescheduled either still classified as watch list or transferred to performing.

Restructured loans:
Restructuring means to rearrange facilities instalments or by increasing their duration postpone some instalments or increase the grace period…etc. they are classified as a watch-list debt and it amounted to JD 33.970.239 for the current year (JD 107.231.075 for the previous year-end).

4. Bills bonds and debentures:
The table below shows the classification of bills bonds and debentures according to external rating agencies:

Risk rating class	Rating agency	Included in assets at amortized cost
Government guaranteed bonds	Moody's	679.034.051
Government guaranteed bonds B1	Moody's	6.485.884
Foreign governmental bonds Aa3	Moody's	2.128.974
Foreign governmental bonds BBB -	Moody's	697.171
Foreign governmental bonds B2	Moody's	1.589.752
Foreign governmental bonds Baa2	Moody's	706.292
Foreign governmental bonds Baa3	Moody's	709.605
Companies Bond A	Moody's	706.904
Companies Bond A1	Moody's	1.418.033
Companies Bond Ba1	Moody's	1.415.985
Companies Bond Ba2	Moody's	700.443
Companies Bond Baa2	Moody's	2.494.731
Companies Bond Baa3	Moody's	5.896.733
Companies Bond without classification	Moody's	7.633.875
Total		711.618.433

5.A- The schedule below shows the geographical distribution of the credit risk exposure:

Item	Inside the Kingdom	Other Middle East Countries	Europe	Asia	Africa	America	Total
Balance at Central Bank of Jordan	110.291.280	-	-	-	-	-	110.291.280
Balances at banks and financial institutions	275.973	164.849.348	89.047.282	717.290	446.154	36.104.630	291.440.677
Deposits at banks and financial institutions	-	8.508.000	16.337.110	-	-	-	24.845.110
Credit facilities-net:	766.525.009	43.094.326	5.853.588	-	-	-	815.472.923
Bonds and bills:							
Financial assets at amortized cost - net	693.144.900	2.863.707	5.328.384	3.545.669	2.286.922	4.448.851	711.618.433
Within financial assets through other comprehensive income - net	-	-	-	-	-	1.163.185	1.163.185
Other assets	16.340.150	761.552	762.254	44.742	103.841	122.182	18.134.721
Total / Current year	1.586.577.312	220.076.933	117.328.618	4.307.701	2.836.917	41.838.848	1.972.966.329
Letters of guarantee	77.291.389	8.532.665	1.611.257	-	-	-	87.435.311
Letters of credit	21.474.463	3.839.699	-	-	-	-	25.314.162
Acceptances	48.977.865	959.995	-	-	-	-	49.937.860
Un-utilized facilities	75.479.004	1.661.459	-	-	-	-	77.140.463
Grand total	1.809.800.033	235.070.751	118.939.875	4.307.701	2.836.917	41.838.848	2.212.794.125
Total comparative figures	1.726.547.809	265.928.299	56.922.907	5.752.472	3.071.871	71.865.498	2.130.088.856

Exposure distribution according to IFRS 9- Net:

Item	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Total
Inside Jordan	1.604.737.950	185.725.260	11.929.364	-	7.407.459	1.809.800.033
Other middle east countries	235.070.751	-	-	-	-	235.070.751
Europe	97.186.075	-	21.753.800	-	-	118.939.875
Asia	4.307.701	-	-	-	-	4.307.701
Africa	2.836.917	-	-	-	-	2.836.917
America	41.838.848	-	-	-	-	41.838.848
Total	1.985.978.242	185.725.260	33.683.164	-	7.407.459	2.212.794.125
Total Comparative Figures	1.930.575.650	154.955.085	29.080.138	5.568.352	9.909.631	2.130.088.856

5.B- The schedule below shows the credit risk exposure according to financial instruments:

Item	Finance	Industrial	Trade	Real estate	Shares	Retail	Government and public sector	Total
Balances at Central Bank of Jordan	-	-	-	-	-	-	110.291.280	110.291.280
Balances at banks and financial institutions -Net	291.440.677	-	-	-	-	-	-	291.440.677
Deposits at banks and financial institutions- Net	24.845.110	-	-	-	-	-	-	24.845.110
Credit facilities - Net	2.032.776	212.319.284	237.440.782	100.567.052	505.487	123.594.406	139.013.136	815.472.923
Bonds and bills:								
Financial assets at amortized cost - Net	7.857.033	8.209.953	2.201.030	1.998.688	-	-	691.351.729	711.618.433
Within financial assets through other comprehensive income	-	-	1.163.185	-	-	-	-	1.163.185
Other assets	972.271	1.702.776	1.828.597	786.836	3.584	889.176	11.951.481	18.134.721
Total / Current year	327.147.867	222.232.013	242.633.594	103.352.576	509.071	124.483.582	952.607.626	1.972.966.329
Letters of guarantee	-	-	87.435.311	-	-	-	-	87.435.311
Letters of credit	-	-	25.314.162	-	-	-	-	25.314.162
Acceptances	-	-	49.937.860	-	-	-	-	49.937.860
Un- utilized ceilings	500.000	35.475.132	41.165.331	-	-	-	-	77.140.463
Grand total	327.647.867	257.707.145	446.486.258	103.352.576	509.071	124.483.582	952.607.626	2.212.794.125
Total comparative figures	340.297.757	220.746.965	419.351.757	100.200.420	916.646	102.789.741	945.785.570	2.130.088.856

The distribution of the risk exposure according to the staging classification as per IFRS (9) – Net.

Item	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Total
Finance	305.857.567	-	21.753.800	-	36.500	327.647.867
Industry	254.053.026	-	-	-	3.654.119	257.707.145
Trade	439.356.060	-	6.395.763	-	734.435	446.486.258
Real estate	24.107.460	73.710.092	3.041.910	-	2.493.114	103.352.576
Shares	509.071	-	-	-	-	509.071
Retail	9.487.432	112.015.168	2.491.691	-	489.291	124.483.582
Government and public sector	952.607.626	-	-	-	-	952.607.626
Total	1.985.978.242	185.725.260	33.683.164	-	7.407.459	2.212.794.125
Total comparative figures	1.930.575.650	154.955.085	29.080.138	5.568.352	9.909.631	2.130.088.856

44/B Market Risks:
Market risk is the risk of the fluctuation in the fair value or cash flows of financial instruments due to changes in market prices such as interest rates, currency rates and stock prices. The risks subject to this requirement are foreign currency, risk price risk, commodity risk and market risks arise due to open positions for interest rate, foreign currency exchange rate, investment rate and share prices. These risks are controlled according to predetermined policies and procedures and through specialized committees and work centers.

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

Interest rate risks
Interest rate risk arises from the probable impact of changes in interest rates on the value of other financial assets. The Bank is exposed to the risk of interest rates due to a mismatch or a gap in the amounts of assets and liabilities according to the various time limits or review of interest rates in a certain period. Moreover, the Bank manages these risks through reviewing the interest rates on assets and liabilities based on the risk management strategy. The Bank will study all the factors that have an effect on the interest rates whether they are local regional or global in addition to studying the interest rate gap and their future expectations to determine the degree of risk in the short and long term so as to be able to put a suitable future plan and make the right decisions such as amending the maturity date and repricing the deposits and loans and the purchase and sale of the financial investments.

1. Interest Rate Risks:

Sensitivity Analysis 2019

Currency	Change (increase) in interest rate (%)	Sensitivity of interest revenue profit and (loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1	(388.663)	-
Euro	1	(339.485)	-
British Pound	1	(3.459)	-
Japanese Yen	1	3	-
Others	1	543.913	-

Currency	Change (increase) in interest rate (%)	Sensitivity of interest revenue profit and (loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1	388.663	-
Euro	1	339.485	-
British Pound	1	3.459	-
Japanese Yen	1	(3)	-
Others	1	(543.913)	-

Sensitivity Analysis 2018

Currency	Change (increase) in interest rate (%)	Sensitivity of interest revenue profit and (loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1	(535.716)	-
Euro	1	(150.802)	-
British Pound	1	(41.720)	-
Japanese Yen	1	(2)	-
Others	1	187.983	-

Currency	Change (increase) in interest rate (%)	Sensitivity of interest revenue profit and (loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1	535.716	-
Euro	1	150.802	-
British Pound	1	41.720	-
Japanese Yen	1	2	-
Others	1	(187.983)	-

2. Foreign currencies risk:
This is the risk that results from the changes in foreign exchange rates with potential impact on the Bank's assets and liabilities in foreign currencies The Bank prepares a sensitivity analysis to monitor the changes in exchange rates at (± 5%) of net profits and losses.

Sensitivity analysis 2019

Currency	Change in currency exchange rate (%)	Effect on profits and losses	Sensitivity of shareholders' equity
		JD	JD
Euro	5	1.272	-
British Pound	5	51.735	982.625
Japanese Yen	5	2.346	-
Other currencies	5	2.230.003	-

Sensitivity analysis 2018

Currency	Change in currency exchange rate (%)	Effect on profits and losses	Sensitivity of shareholders' equity
		JD	JD
Euro	5	1.694	-
British Pound	5	(14.037)	(935.161)
Japanese Yen	5	840	-
Other currencies	5	717.059	-

In case the decrease in the currency exchange rate amounts to 5% the same financial effect will result with an opposite sign.

3. Shares Prices Risks

Is the risk arising from changes in the prices of stocks within the portfolio of financial assets at fair value through the statement of income and comprehensive income. The Bank manages the risks of stock prices by analysing value at losses.

Sensitivity analysis 2019

Indicator	Change in Equity Prices (%)	Effect on profit and losses	Effect on Shareholders
		JD	JD
Amman Stock Exchange	5	60.160	628.982
Qatar Stock Exchange	5	-	23.729

Sensitivity Analysis 2018

Indicator	Change in Equity Prices (%)	Effect on profit and losses	Effect on Shareholders
		JD	JD
Amman Stock Exchange	5	13.162	635.184
Qatar Stock Exchange	5	-	20.029

If the stock exchanges indicator decreases by the same percentage, the same financial effect will arise but with an opposite sign.

4. Interest rate sensitivity gap:

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

31 December 2019	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From1 to 3 years	Over 3 years	Non - interest bearing Items	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at Central Bank of Jordan	129.085.610	-	-	-	-	-	-	129.085.610
Balances at banks and financial institutions - Net	132.148.067	67.072.017	-	-	-	-	92.220.593	291.440.677
Deposits at banks and financial institutions - Net	-	-	13.944.937	10.900.173	-	-	-	24.845.110
Financial assets at fair value through profit or loss-Net	-	-	-	-	1.163.062	-	18.896.779	20.059.841
Direct credit facilities- Net	126.598.835	57.842.922	88.652.611	67.224.630	221.038.238	254.115.687	-	815.472.923
Financial assets at amortized cost- Net	32.128.957	1.998.688	24.976.593	4.580.977	172.827.343	475.105.875	-	711.618.433
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1.203.192	1.203.192
Investments in associate company	-	-	-	-	-	-	20.687.223	20.687.223
Property and equipment – Net	-	-	-	-	-	-	76.478.738	76.478.738
Intangible assets – Net	-	-	-	-	-	-	1.606.866	1.606.866
Deferred tax assets	-	-	-	-	-	-	521.215	521.215
Other assets	-	-	-	-	-	-	39.036.563	39.036.563
Total assets	419.961.469	126.913.627	127.574.141	82.705.780	395.028.643	729.221.562	250.651.169	2.132.056.391
Liabilities								
Banks and financial institution deposits	9.026.949	517.778.292	2.127.000	709.000	90.000.000	-	-	619.641.241
Customers' deposits	472.906.558	223.897.910	98.053.432	85.278.759	20.001	91.437	212.038.242	1.092.286.339
Borrowed funds from the Central Bank of Jordan	100.000.000	-	-	-	-	4.457.503	-	104.457.503
Cash Collaterals	11.241.503	9.562.193	3.853.821	7.086.305	368.306	111.807	8.071.998	40.295.933
Sundry provisions	-	-	-	-	-	-	677.572	677.572
Income tax provisions	-	-	-	-	-	-	7.334.878	7.334.878
Other liabilities	-	-	-	-	-	-	51.510.179	51.510.179
Total Liabilities	593.175.010	751.238.395	104.034.253	93.074.064	90.388.307	4.660.747	279.632.869	1.916.203.645
Interest rate sensitivity gap	(173.213.541)	(624.324.768)	23.539.888	(10.368.284)	304.640.336	724.560.815	(28.981.700)	215.852.746
31 December 2018								
Total Assets	301.620.101	286.810.856	125.661.957	157.134.190	339.490.205	557.828.783	264.544.327	2.033.090.419
Total Liabilities	608.488.706	610.304.306	109.179.968	76.371.512	124.130.161	907.951	288.309.612	1.817.692.216
Interest rate sensitivity gap	(306.868.605)	(323.493.450)	16.481.989	80.762.678	215.360.044	556.920.832	(23.765.285)	215.398.203

5. Foreign Currency Sensitivity Gap:

Item/Currency	USD	Euro	Sterling Pounds	Japanese Yen	Others	Total
	JD	JD	JD	JD	JD	JD
31 December 2019						
Assets:						
Cash and balances at Central Bank of Jordan	27.600.151	1.610.124	247.297	1.826	525.758	29.985.156
Balances and deposits at banks and financial institutions	143.889.653	57.374.326	17.321.701	53.635	97.471.996	316.111.311
Direct credit facilities	228.437.643	6.701.182	-	-	38.207.659	273.346.484
Financial securities at amortized cost	178.994.992	5.753.321	-	-	-	184.748.313
Financial assets through Comprehensive Income	1.204.857	-	-	-	474.587	1.679.444
Investments in associate company	-	-	20.687.223	-	-	20.687.223
Property and equipment - net	2.397.017	-	-	-	-	2.397.017
Other assets	53.692.314	13.923.376	(14.222.291)	-	(16.565.943)	36.827.456
Total Assets	636.216.627	85.362.329	24.033.930	55.461	120.114.057	865.782.404
Liabilities:						
Banks and financial institutions deposits	319.249.176	46.264.400	169.532	589	43.772	365.727.469
Customers' deposits	331.134.389	34.743.658	16.478.665	7.873	73.598.064	455.962.649
Cash Margins	7.484.247	2.171.367	668.247	-	1.479.057	11.802.918
Sundry provisions	345.636	-	-	-	-	345.636
Income Tax Provision	279.893	-	-	-	-	279.893
Other liabilities	3.565.813	2.157.461	20.941	82	586.246	6.330.543
Retained earnings	408.792	-	-	-	-	408.792
Fair value reserve	(248.815)	-	-	-	(193.135)	(441.950)
Non - Controlling Interest	19.162.482	-	-	-	-	19.162.482
Total Liabilities	681.381.613	85.336.886	17.337.385	8.544	75.514.004	859.578.432
Net concentration on - balance sheet for the current year	(45.164.986)	25.443	6.696.545	46.917	44.600.053	6.203.972
Contingent liabilities off - balance sheet for the current year	159.692.836	24.513.966	300.224	402.696	30.596.374	215.506.096
31 December 2018						
Total Assets	614.594.703	82.209.432	37.338.003	24.644	51.344.562	785.511.344
Total Liabilities	626.543.826	82.175.557	18.342.932	7.834	37.003.377	764.073.526
Net concentration on - balance sheet for the current year	(11.949.123)	33.875	18.995.071	16.810	14.341.185	21.437.818
Contingent liabilities off - balance sheet for the current year	174.512.499	14.816.726	82.744	90.138	20.525.820	210.027.927

(44/C) Liquidity Risk
Liquidity risk is defined as the Bank's inability to provide the necessary funding to cover its obligations at the due date, Liquidity risk is managed through the following:

Funding requirements are managed through daily oversight of future cash flows to ensure the possibility of meeting them and the Bank maintains a presence in the market of cash that allows the bank to achieve it.

Holding highly marketable assets that can be easily liquidated to meet any unexpected liquidity requirements.

Monitoring the liquidity ratios according to the internal requirements and the requirements of the regulatory authorities.

Managing concentrations in assets / liabilities and their maturities.

Maintaining a portion of customers' deposits as a cash reserve at the Central Bank of Jordan; this reserve cannot be disposed of except for certain conditions as specified by the Central Bank of Jordan.

Liquidity is measured on the basis of normal and emergency conditions, this includes analyzing the remaining period of the contractual maturity and financial assets on the basis of the expected recoverability.

The treasurer is in charge of controlling the liquidity of the Bank taking into consideration loans and any related commitments letters of credit and guarantees.

Sources of Funds:
The Bank diversifies its funding sources according to geographical areas, currencies customers, and products in order to achieve financial flexibility and reduce funding costs, It also endeavors to maintain stable and reliable funding sources, Moreover the Bank has a large customer base including individual customers companies and corporations.

1. The table below summarizes the distribution of liabilities (not discounted) on the basis of the remainder of the contractual maturity at the date of the financial statements:

	Less than 1 Month	1 to 3 Months	From 3 to 6 Months	From 6 Months to 1 year	From 1 to 3 Years	Over 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
31 December 2019								
Liabilities:								
Banks' and financial institution's deposits	9.076.773	517.784.897	2.168.618	709.000	94.243.767	-	-	623.983.055
Customers' deposits	473.312.355	225.035.781	99.171.523	88.311.619	66.887	91.437	212.038.242	1.098.027.844
Borrowed funds from the Central Bank of Jordan	100.000.000	-	-	-	-	4.457.503	-	104.457.503
Cash margins	11.249.522	9.579.809	3.880.030	7.183.676	382.837	111.807	8.071.998	40.459.679
Sundry provisions	-	-		-	-	-	677.572	677.572
Income tax provision	-	6.674.294	-	-	-	-	660.584	7.334.878
Other liabilities	29.016.348	-	-	-	-	-	22.493.831	51.510.179
Total	622.654.998	759.074.781	105.220.171	96.204.295	94.693.491	4.660.747	243.942.227	1.926.450.710
Total assets (according to expected maturities)	1.075.479.688	126.913.627	105.073.858	82.705.780	223.839.728	266.229.479	251.814.231	2.132.056.391
31 December 2018								
Liabilities:								
Banks' and financial institution's deposits	8.627.096	409.174.071	-	-	128.857.123	-	-	546.658.290
Customers' deposits	442.786.730	194.096.811	105.695.334	69.617.052	4.015.142	41.437	214.435.376	1.030.687.882
Borrowed funds from the Central Bank of Jordan	145.245.500	-	-	-	-	796.310	-	146.041.810
Cash margins	12.321.488	8.052.477	5.127.847	8.039.723	457.918	70.204	9.158.721	43.228.378
Sundry provisions	-	-	-	-	-	-	606.874	606.874
Income tax provision	1.511.215	4.694.503	-	-	-	-	660.438	6.866.156
Other liabilities	38.515.028	-	-	-	-	-	18.727.457	57.242.485
Total	649.007.057	616.017.862	110.823.181	77.656.775	133.330.183	907.951	243.588.866	1.831.331.875
Total assets (according to expected maturities)	935.545.921	260.890.362	79.361.265	63.247.057	190.270.460	239.231.027	264.544.327	2.033.090.419

2. The following table summarizes forward currency contracts based on the remaining period to the contractual maturity date on the date of the financial statements:

31 December 2019	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Total
	JD	JD	JD	JD	JD	JD	JD
Forward currency contracts	22.140.480	-	7.090.000	-	-	-	29.230.480
31 December 2018							
Forward currency contracts	25.524.000	-	-	2.133.000	-	-	27.657.000

Off- the statement of financial position items:

	Up to 1 Year	More than 1 - 5 Years	Over 5 Years	Total
	JD	JD	JD	JD
2019				
Letters of credit and acceptances / issued	84.447.120	-	-	84.447.120
Un-utilized facilities	77.140.463	-	-	77.140.463
Letters of guarantee	64.036.362	21.333.380	2.065.569	87.435.311
Total	225.623.945	21.333.380	2.065.569	249.022.894
2018				
Letters of credit and acceptances / issued	95.012.464	-	-	95.012.464
Un-utilized facilities	78.070.287	-	-	78.070.287
Letters of guarantee	75.944.392	4.625.681	48.000	80.618.073
Total	249.027.143	4.625.681	48.000	253.700.824

45. Segment Analysis

(A) Information about the Bank's Business Segments

The Bank is organized for administrative purposes to the following four main business segments:

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

2. Institutions and corporate: The loans and the credit facilities, other sector services, deposits, currant accounts related to the customers of the corporations and institutions.

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

4. Institutional financing: This sector relates to finance structure special arrangements and share issuance.

The Following represents information about the bank's sector activities:

	Individual bank sector activities	Corporate bank sector activities	Treasury	Others	2019	2018
	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)
Gross revenues	21.807	34.756	46.454	8.033	111.050	103.794
Investment in associate company	-	-	1.035	-	1.035	281
Provision for impairment	(551)	(1.620)	(93)	-	(2.264)	(1.425)
Segment results	21.256	33.136	47.396	8.033	109.821	102.650
Undistributed expenses	-	-	-	-	(86.155)	(78.254)
Income before tax	-	-	-	-	23.666	24.396
Income tax expense	-	-	-	-	(7.463)	(7.580)
Net income for the period	-	-	-	-	16.203	16.816
Capital expenditures	-	-	-	-	3.826	3.722
Depreciation and amortization	-	-	-	-	3.866	3.031
Segment's assets	206.360	609.113	1.178.253	-	1.993.726	1.901.426
Investments in associate company	-	-	20.687	-	20.687	19.011
Undistributed assets	-	-	-	117.643	117.643	112.653
Total assets	206.360	609.113	1.198.940	117.643	2.132.056	2.033.090
Segment's liabilities	798.865	333.717	724.099	-	1.856.681	1.752.976
Undistributed liabilities	-	-	-	59.523	59.523	64.716
Total Liabilities	798.865	333.717	724.099	59.523	1.916.204	1.817.692

(B) Geographical Information

This item represents the geographical distribution of the Bank's activities. Moreover, the Bank conducts its activities mainly in Jordan representing local activities, additionally, the Bank performs its international activities through its branch in Cyprus, and its subsidiary in Qatar.

The following table shows the distribution of the Bank's operating income, total assets and capital expenditure by geographical segment:

	Inside Jordan		Outside Jordan		Total	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Total revenues	100.460.790	92.824.199	11.624.378	11.250.574	112.085.168	104.074.773
Capital expenditure	3.766.503	3.632.698	59.573	90.080	3.826.076	3.722.778

	Inside Jordan		Outside Jordan		Total	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Total Assets	1.713.557.513	1.619.207.733	418.498.878	413.882.686	2.132.056.391	2.033.090.419

46. Capital Management:

The Bank seeks to achieve the following goals:

- Compliance with the Central Bank of Jordan requirements relating to share capital.
- Maintaining the ability to continue as a going concern.
- Maintaining a strong capital base for supporting the expansion and development of the Bank's activities.

Capital adequacy is monitored and reviewed by the Bank's management moreover the Bank provides the Central Bank of Jordan with quarterly reports on the adequacy of its capital.

According to the Central Bank of Jordan instructions the minimum requirements for the capital adequacy ratio is 12%. Moreover, banks are classified into five categories the best one having an average capital adequacy ratio equal to or more than 14% Additionally the Bank's capital adequacy ratio is 15.38% as of 31 December 2019 (15.90% as of 31 December 2018).

The schedule below shows capital components total risk weighted assets and capital adequacy ratio according to the Central Bank of Jordan instructions in accordance with Basel II 2019 Committee regulations:

Primary capital according to bank's management requirements	2019 JD In Thousands	2018 JD In Thousands
Paid-up capital	150.000	150.000
Retained Earnings	5.001	3.980
Profit for the year after tax and deducting expected distributions		
Other Comprehensive income items:		
Cumulative change in fair value	(2.068)	(1.892)
Foreign currency translation adjustments	(2.955)	(3.596)
Share Issuance Premium	-	1.418
Statutory Reserve	33.212	31.447
Authorized minority rights	7.657	6.353
Total Ordinary Share Capital	190.847	187.710
Total regulatory Adjustments (deductions from capital)		
Goodwill and Intangible assets	(1.607)	(694)
Deferred tax assets resulting from provisions of credit facilities	(521)	(541)
Investment in Bank's Capital and financial institutions and insurance companies Outside the scope of regulatory consolidation and where the bank owns more than 10%	(1.815)	(364)
Net Ordinary Shareholders	186.904	186.111
Additional Capital		
Total primary Capital	186.904	186.111
Secondary Capital		
General banking risk reserve	-	-
Provision required against credit facilities/ credit compensation in stage 1	3.531	3.425
Total Stable Capital	3.531	3.425
Net stable capital	3.531	3.425
Total regulatory capital	190.435	189.536
Total risk weighted assets	1.238.480	1.192.262
Capital adequacy ratio %	15.38%	15.90%
Primary capital ratio %	15.09%	15.61%

47. Accounts Managed On Behalf Of Customers

This item represents the accounts managed by the Bank on behalf of its customers but are not considered part of the bank's assets and its balances as of 31 December 2019 was JD 44.175.416 (JD 43.199.818 as of 31 December 2018). The fees and commissions on such accounts are stated in the consolidated statement of Income.

48. Assets And Liabilities Maturity Analysis:

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

31 December 2019	Up to 1 year	Over 1 year	Total
	JD	JD	JD
Assets			
Cash and balances at Central Bank of Jordan	129.085.610	-	129.085.610
Balances at banks and financial institutions - net	291.440.677	-	291.440.677
Deposits at banks and financial institutions- net	24.845.110	-	24.845.110
Financial assets at fair value through other comprehensive income	20.059.841	-	20.059.841
Financial assets at fair value through Profit or Loss	1.203.192	-	1.203.192
Direct Credit facilities- Net	340.318.998	475.153.925	815.472.923
Financial assets at amortized cost	694.739.677	16.878.756	711.618.433
Investments in associate company	-	20.687.223	20.687.223
Property and equipment-Net	-	76.478.738	76.478.738
Intangible assets-Net	-	1.606.866	1.606.866
Deferred tax assets	-	521.215	521.215
Other assets	-	39.036.563	39.036.563
Total assets	1.501.693.105	630.363.286	2.132.056.391
Liabilities			
Banks and financial institutions’ deposits	529.641.241	90.000.000	619.641.241
Customers' deposits	801.756.460	290.529.879	1.092.286.339
Borrowed money from Central Bank of Jordan	100.000.000	4.457.503	104.457.503
Cash margins	32.112.128	8.183.805	40.295.933
Sundry provisions	-	677.572	677.572
Income tax provision	6.674.294	660.584	7.334.878
Other liabilities	29.016.348	22.493.831	51.510.179
Total liabilities	1.499.200.471	417.003.174	1.916.203.645
Net	2.492.634	213.360.112	215.852.746

31 December 2018	Up to 1 Year	Over 1 Year	Total
	JD	JD	JD
Assets:			
Cash and balances at Central Bank of Jordan	121.539.096	-	121.539.096
Balances at banks and financial institutions - Net	307.520.994	-	307.520.994
Deposits at banks and financial institutions - Net	15.877.685	-	15.877.685
Financial assets at fair value through comprehensive income	-	15.506.988	15.506.988
Financial assets at fair value through profit or loss	263.244	-	263.244
Direct credit facilities - Net	348.449.892	404.244.677	752.694.569
Financial assets at amortized cost	662.766.363	25.256.810	688.023.173
Investments in associate company	-	19.011.340	19.011.340
Property and equipment - Net	-	74.301.592	74.301.592
Intangible assets - Net	-	694.005	694.005
Deferred tax assets	-	540.846	540.846
Other assets	-	37.116.887	37.116.887
Total assets	1.456.417.274	576.673.145	2.033.090.419
Liabilities:			
Banks and financial institutions' deposits	417.381.551	120.000.000	537.381.551
Customers' deposits	812.085.234	218.476.813	1.030.562.047
Borrowed money from Central Bank of Jordan	145.245.500	796.310	146.041.810
Cash margins	29.632.207	9.359.086	38.991.293
Sundry provisions	-	606.874	606.874
Income tax provision	6.205.718	660.438	6.866.156
Other liabilities	38.515.028	18.727.457	57.242.485
Total Liabilities	1.449.065.238	368.626.978	1.817.692.216
Net	7.352.036	208.046.167	215.398.203

49. Fair Value Hierarchy

A. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis,

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period, The following table gives information about

How the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs).

Financial Assets/ Financial Liabilities	Fair Value as at		Fair Value Hierarchy	Valuation techniques and key inputs	Significant intangible	Relationship of intangible Inputs to fair value
	2019	2018				
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through profit or loss						
Quoted corporate equity shares	1.203.192	263.244	Level 1	quoted rates in financial markets	Not Applicablee	Not Applicable
Total	1.203.192	263.244		instruments		
Financial assets at fair value through comprehensive income						
Quoted shares	13.054.223	13.104.260	Level 1	quoted rates in financial markets	Not Applicable	Not Applicable
Corporate Bonds	1.163.185	-	Level 1	quoted rates in financial markets	Not Applicable	Not Applicable
Unquoted shares	5.842.433	2.402.728	Level 2	compare to similar financial instruments	Not Applicable	Not Applicable
Total	20.059.841	15.506.988				

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

B. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis,

Except what is detailed in following table we believe that the carrying amounts of financial assets recognized in the Company's financial statements

approximate their fair values, due to that the bank's management believes that the item's book value are equals to the fair value which is due to its

Short term maturity or to the interest rates being revaluated during the year.

	2019		2018		Fair value hierarchy
	Book value	Fair value	Bookvalue	Fair value	
	JD	JD	JD	JD	JD
Financial assets not calculated at fair value					
Balances at central banks	110.291.280	110.291.280	101.095.229	101.095.229	level 2
Balances at banks and financial institutions	291.440.677	291.842.541	307.520.994	308.230.505	level 2
Deposits at banks and financial institutions	24.845.110	24.959.776	15.877.685	15.956.936	level 2
Loans and other bills	815.472.923	821.267.114	752.694.569	758.137.904	level 2
Financial assets at amortized costs	711.618.433	723.219.338	688.023.173	699.442.904	level 1&2
Total Financial assets not calculated at fair value	1.953.668.423	1.971.580.049	1.865.211.650	1.882.863.478	
Liabilities not calculated at fair value					
Banks and financial institution deposits	619.641.241	622.937.273	537.381.551	540.674.472	level 2
Customer deposits	1.092.286.339	1.097.301.501	1.030.562.047	1.034.495.807	level 2
Borrowed money from the central bank of Jordan	104.457.503	104.457.503	146.041.810	146.041.810	level 2
Cash margins	40.295.933	40.465.048	38.991.293	39.170.804	level 2
Total Liabilities not Calculated at Fair Value	1.856.681.016	1.865.161.325	1.752.976.701	1.760.382.893	

- The fair values of the financial assets included in level 2 and 3 categories above have been determined in accordance with the generally accepted pricing.in accordance with the generally accepted pricing.

50. Commitments And Contingent Liabilities (Off-Statement Of Financial Position)

A. Contingent liabilities:

	2019	2018
	JD	JD
Letters of credit		
Export	22.086.217	47.006.472
Import (backed)	3.227.945	1.307.390
Import (not backed)	59.109.943	64.444.035
Acceptance		
Export / letter of credit	49.937.860	39.942.063
Export / policies	12.423.043	8.063.929
Import (not backed)	9.712.117	7.790.234
Letters of guarantee		
Payments	32.142.129	27.955.736
Performance	34.056.466	29.453.390
Other	21.236.716	23.208.947
Forward contracts	29.230.480	27.657.000
Un-utilized facilities	77.140.463	78.070.287
Total	350.303.379	354.899.483

Operating lease contracts in Arab Jordan Investment Bank- Qatar (subsidiary) amounted to JD 119.776 as of 31 December 2019 (JD 119.776 as of 31 December 2018).

B. There are no contractual commitments to purchase fixed assets or constructional contracts.

C. There are no guarantees provided against contractual obligations.

D. Operating and finance lease contracts.

The minimum capital lease payment is as follows:

	2019	2018
	JD	JD
Within one year	119.776	119.776
Total	119.776	119.776

51. Lawsuits Against The Bank

The lawsuits against the Bank amounted to JD 4.928.180 as of 31 December 2019 (6.737.335 as of 31 December 2018) which represents lawsuits that clients have raised to respond to lawsuits that the Bank has raised against them in the opinion of the Bank's lawyer the Bank will not incur any significant amounts against these lawsuits except for the booked provision which amounted to JD 162.652 as of 31 December 2019. Moreover. the amounts paid by the Bank against concluded or settled lawsuits are taken to the statement of income upon payment.

52. New International Financial Reporting Standards And Its Explanations And Issued Amendments And Not Implemented Yet

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Bank’s financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Bank.

Amendments to IFRS 3: Definition of a Business

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

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

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

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

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

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