capital
bank

Annual Report 2019

His Majesty King Abdullah II Bin Al Hussein

His Royal Highness Crown Prince Al Hussein Bin Abdullah II

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Capital Bank Board of Directors – 2018	Position	Capital Bank Board of Directors – 2019	Position
Bassem Khalil Salem Al-Salem	Chairman of the Board of Directors	Bassem Khalil Salem Al-Salem	Chairman of the Board of Directors
Mazen Samih Taleb Darwazeh	Vice Chairman of the Board of Directors	Mazen Samih Taleb Darwazeh	Vice Chairman of the Board of Directors

Board Members names as of 2018	Board Members names as of 2019
Social Security Corporation Represented by **Fadi Khlid Mufleh Alalawneh**	Social Security Corporation Represented by **Shaden Ziyad Nabih Darwish Alhaji 02/12/2019**
Investment and Integrated Industries Co. Plc Represented by **Omar M. I. Shahrour**	Investment and Integrated Industries Co. Plc Represented by **Omar M. I. Shahrour**
Al Khalil Company for Investments Represented by **Khalil Hatem Khalil Al-Salem**	Al Khalil Company for Investments Represented by **Khalil Hatem Khalil Al-Salem**
Hitaf Investment Company Represented by **"Mohammed Ali" Khaldoun Sati' Al-Husry**	Hitaf Investment Company Represented by **"Mohammed Ali" Khaldoun Sati' Al-Husry**
Al-Jadarah Company for Real Estate Investment Represented by **Sultan Mohammed M. Elseif**	Al-Jadarah Company for Real Estate Invest-ment Represented by **Sultan Mohammed M. Elseif**
Omar Akram Omran Bitar	Omar Akram Omran Bitar
Reem Haitham Jamil Goussous	Reem Haitham Jamil Goussous
Ahmad Qasem Deeb Al-Hanandeh	Ahmad Qasem Deeb Al-Hanandeh
Khalid Walid Hussni Nabilsi	Khalid Walid Hussni Nabilsi
Dawod M. D. Al Ghoul	Dawod M. D. Al Ghoul
Mohammad Hasan Subhi (AlHaj Hasan)	Mohammad Hasan Subhi (AlHaj Hasan)

Our Vision

To be a leading financial institution and the partner of choice for institutional and personal clients seeking innovative and holistic solutions in Jordan and Iraq.

Our Mission

- To create value for our shareholders by providing consistent and profitable growth across the group
- To serve our business and personal banking clients by capitalizing on our unique platform in the region and the breadth of corporate, investment, and personal banking services
- To become the employer of choice by providing a positive and challenging work environment with clear career development
- To support the communities we operate in by promoting economic growth and trade as well as providing direct support to educational and community development

Message from the Chairman

Dear Shareholders,

Each year, through this platform, I update you on Capital Bank's financial and non-financial achievements for the past fiscal year, as well as its future plans and the strategy in place that best realize the objectives of both its clients and shareholders. On behalf of myself and the board of directors, I am happy to present you with our achievements for 2019, as well as outline our priorities for the coming years.

Ladies and Gentlemen,
Despite the continuing challenging economic situation in Jordan, as well as the unstable political environment in Iraq, in 2019 Capital Bank achieved substantial net growth in its operational revenues of 29%, which amounts to JD46 million, compared to JD35.7 million the previous year.

This growth is directly in line with the bank's strategy to maximize its revenues from sources of income other than interest, a plan that was set in place in order to reflect these enhanced revenues on shareholder equity, decrease pressure on capital adequacy, achieve the highest levels of efficiency in the management of available financial resources, and reduce the vulnerability of the bank's profits in light of fluctuating interest rates to stabilize profits. Therefore, the bank's revenues from sources other than interest increased during 2019 by 38% to reach a high of JD39 million, compared to JD28 million in 2018.

Because of this marked increase in net total operational revenues, the bank has been able to absorb the increased impact of non-performing debts and the amounts allocated for them in the income statement, maintaining its profits without any notable changes from the previous year, totaling JD37 million, while net profit after tax declined by 5%.

Ladies and Gentlemen,
The intensity of the competition among banks in Jordan, which has reached unprecedented levels, has propelled our efforts to continue evolving and progressing dynamically and with increased flexibility in order to react proactively

and decisively to the latest local, regional and global developments. Over the past several years, Capital Bank has implemented a comprehensive strategy to continue to invest in and upgrade its digital channels and platforms across the board, including its internal operating systems, in order to ensure peak degrees of accuracy, efficiency and speed, thus guaranteeing the highest levels of customer satisfaction.

The bank's team translated these detailed plans into a strategy that continues to develop and progress with the ultimate aim of remaining up to date with the latest global technology innovations, harnessing them for the benefit of both the bank and its clients, therefore ensuring that Capital Bank remains the financial institution of choice.

To this end, the bank has created a package of unique and innovative banking products that caters to both our corporate and our individual clients and that mirrors the latest developments in the international banking sector. Through these products, Capital Bank has embraced the global changes that have had a noticeable impact on the very core of the banking sector, and that have had a transformative effect on the general perspective of banks worldwide. We now offer our clients a diverse list of foreign exchange options, gold and derivative products, working capital management services for our corporate clients, as well as insurance for individuals, wealth management advisory services and trading products.

Since its establishment, Capital Bank has upheld the pillars of efficiency and proficiency, especially in its human resources, which it believes are the very foundation of its success. By investing heavily in its human resources, the bank can implement its strategy to the highest degrees of professionalism. Capital Bank team members are able to benefit from a range of carefully curated training programs and seminars, allowing them to develop and enhance their skills in the most up-to-date global developments in the field of banking. The bank's management team will continue providing all its employees with a stable and comfortable work environment that allows them to excel and perform outstandingly.

The bank also consistently stresses the importance of protecting itself as well as its clients from the risks that are now prevalent on the global stage, and has consequently taken decisive steps to make information and cyber security its top priorities, not only by employing the best talents, but also by using the most sophisticated systems available today, by applying the most stringent measures of protection, and by establishing a solid protection framework as an integral part of its risk management system.

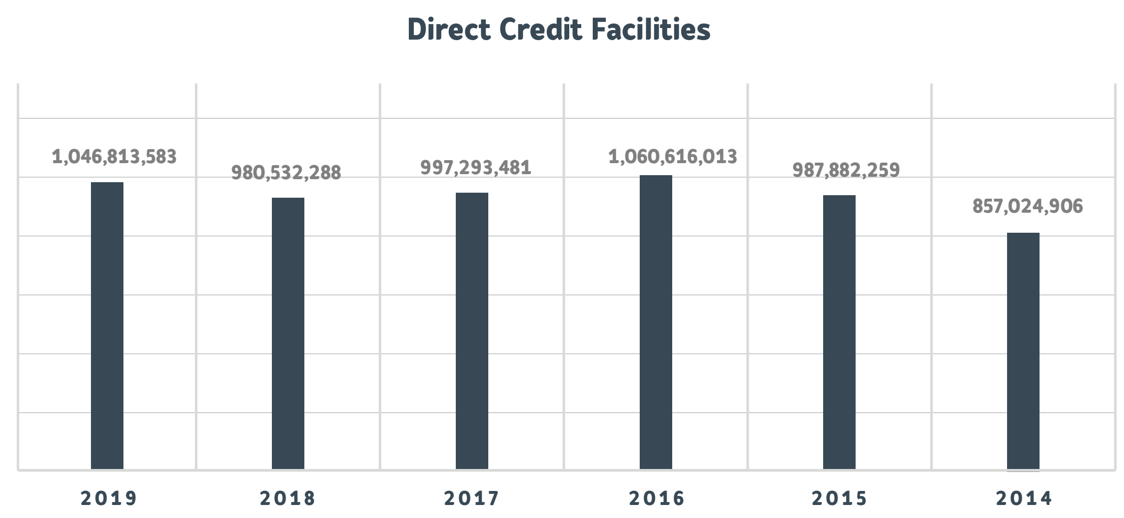
Ladies and Gentlemen,
In closing, I would like to take the opportunity to share with you a quote that is especially apt in the times that we live in now: "Challenges give birth to great opportunities." For the entire Capital Bank team, challenges only serve to ignite our optimism in a brighter future, increasing our determination to continue forward, even stronger and better. Our hope rests on our team, which has consistently proven its ability to give its best, capturing the opportunities that lie at the heart of these challenges. Please allow me to thank the entire team on your behalf for maintaining these levels of perseverance, ambition and confidence.

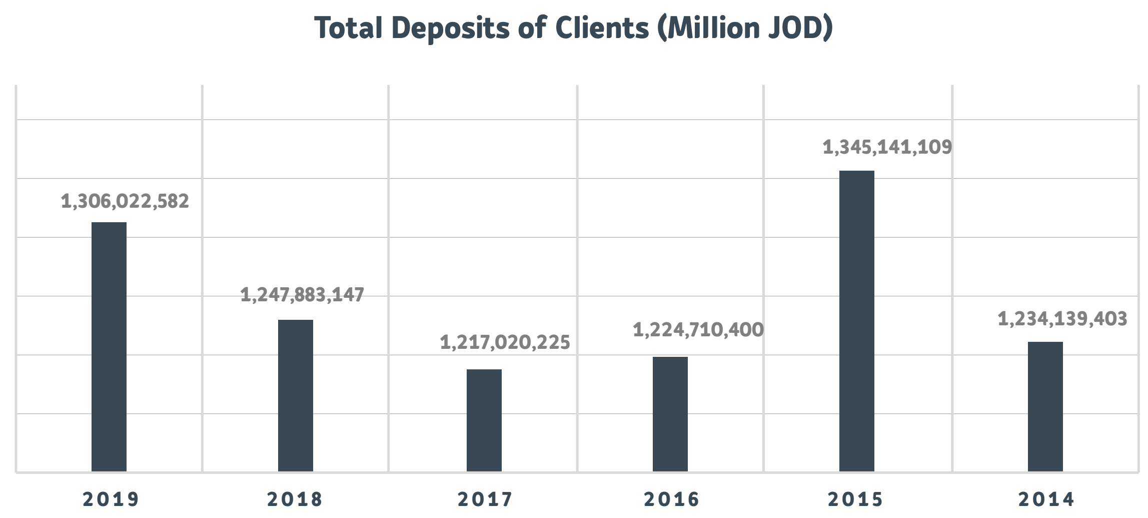
I would also like to take this opportunity to thank the governor of the Central Bank of Jordan and his team for the efforts they exert in managing, developing and protecting the banking sector. Through their guidance, they have provided the sector with the ability to continue its success and development while supporting financial stability and safeguarding the local economy.

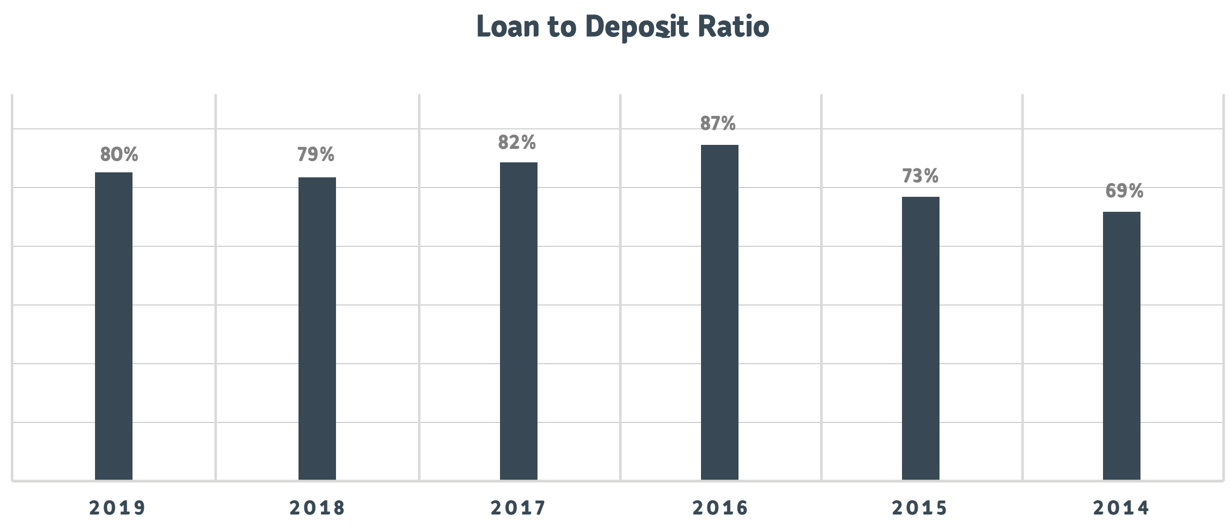
To you, the shareholders of Capital Bank, allow me to express my sincerest gratitude for your continued confidence in us, and pray to God that He grace us with the success to continue to serve our establishment and our homeland.

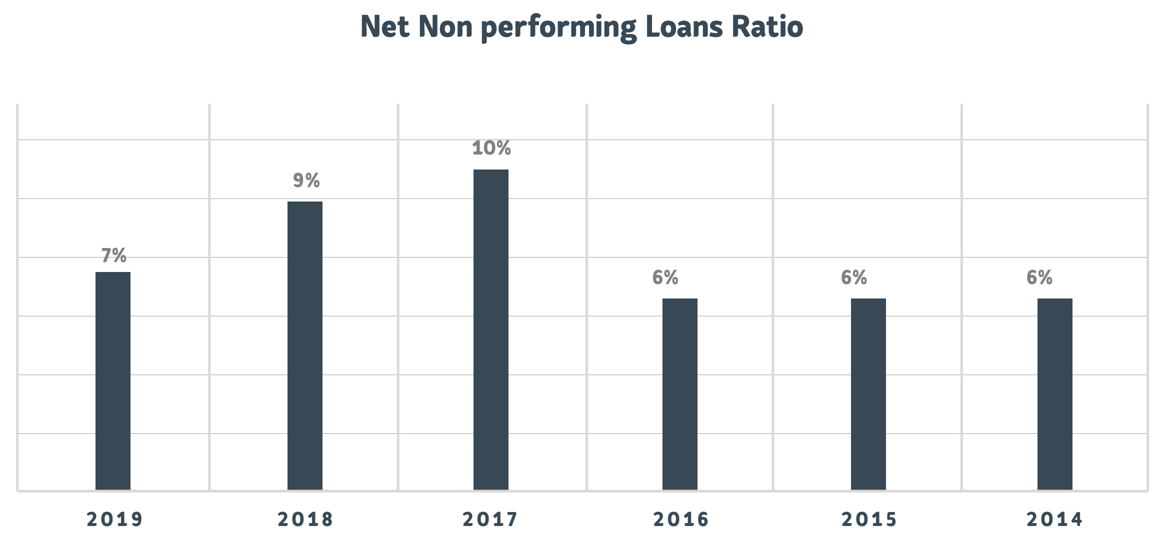
May God protect Jordan, and its Hashemite leadership, headed by HM King Abdullah II Ibn Al Hussein.

Chairman of the Board
Bassem Khalil Al-Salem

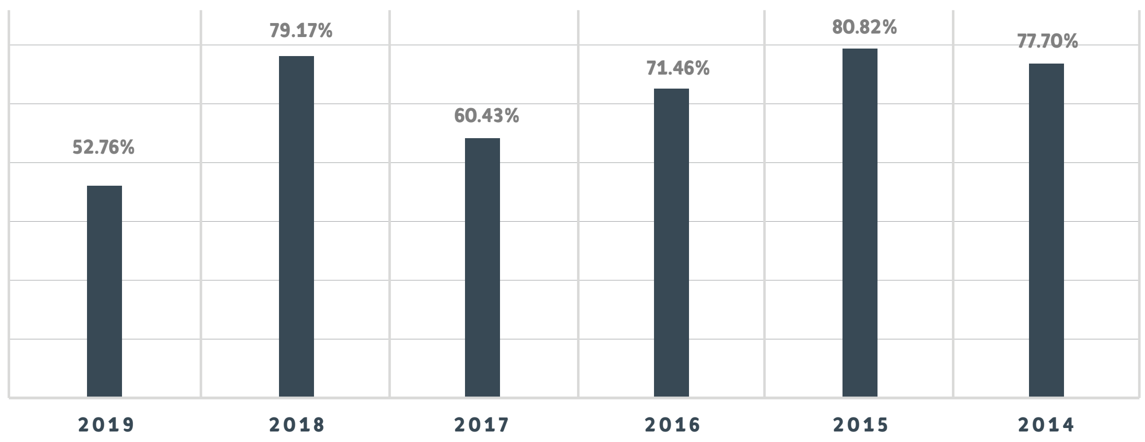

Direct Credit Facilities
1,046,813,583
980,532,288
997,293,481
1,060,616,013
987,882,259
857,024,906
2019
2018
2017
2016
2015
2014


Total Deposits of Clients (Million JOD)
1,306,022,582
1,247,883,147
1,217,020,225
1,224,710,400
1,345,141,109
1,234,139,403
2019
2018
2017
2016
2015
2014

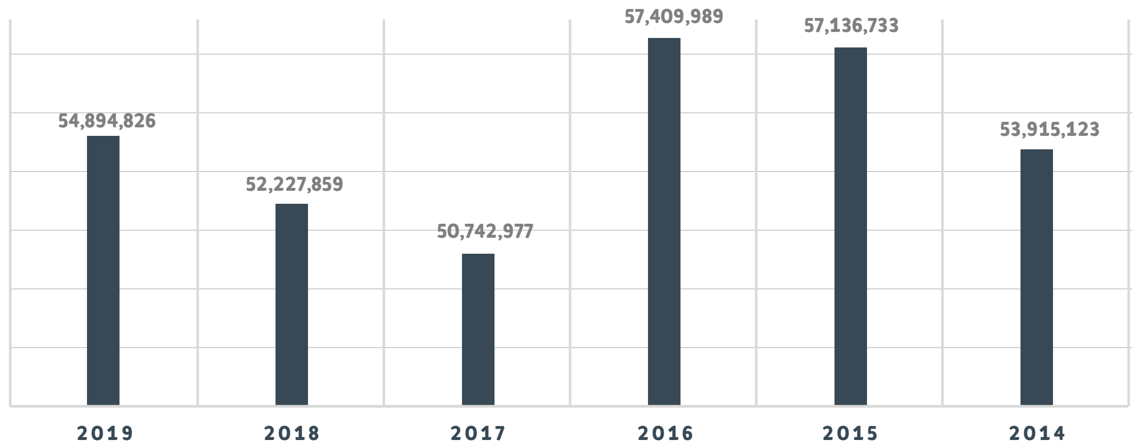

Loan to Deposit Ratio
80%
79%
82%
87%
73%
69%
2019
2018
2017
2016
2015
2014


Net Non performing Loans Ratio
7%
9%
10%
6%
6%
6%
2019
2018
2017
2016
2015
2014

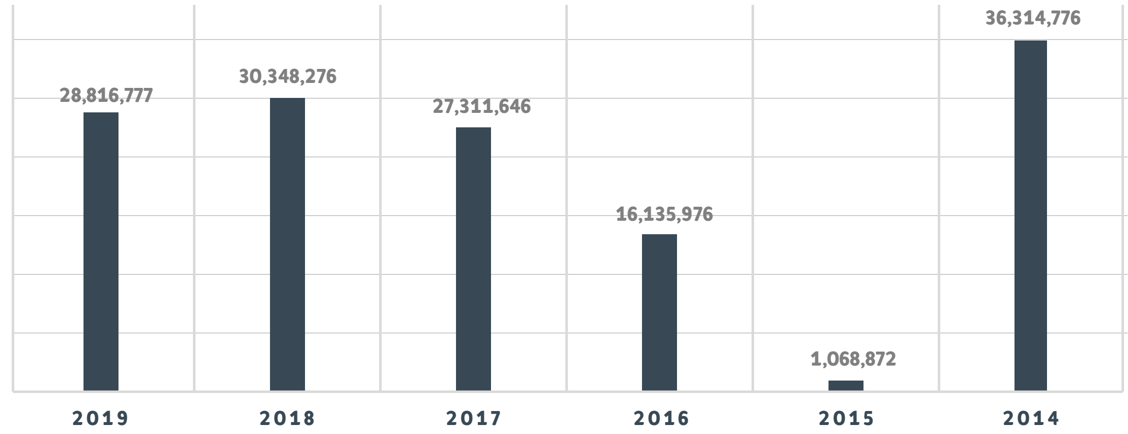
Ratio of Coverage of Non performing Loans (After Deducting Interest in Suspense)



Net Revenue After Interest



Net Income After Tax



Board of Directors Report

Esteemed shareholders,

Capital Bank's Board of Directors is pleased to share with you its Annual Report, which offers an overview of the bank's financial statements, key achievements, innovations, and products and services the bank delivered during 2019. The bank successfully managed to attain its strategic objectives, and yield positive results that reinforced its local and regional position. The bank also achieved a competitive edge, and delivered modern and advanced services to our clients, as well as added value to our shareholders.

Below is the detailed report of the Board of Directors on the bank's activities and achievements during 2019.

Institutional Banking

Capital Bank continues to pay great attention to the corporate sector and is always keen to develop distinguished banking services and solutions that are in line with all their needs and requirements. This includes delivering services to both large corporations and small and medium enterprises (SMEs).

- **Corporate Banking**

Capital Bank's position as one of the leaders in providing financial and banking solutions to the corporate sector has been further enhanced by the expansion of the bank's hedging and financial derivatives services offered to major corporate clients. The objective of this expansion is to reduce currency, interest and commodity price risk in accordance with banking standards and guidelines founded on a correct understanding of the business environment.

During 2019, the bank continued to adopt credit risk rating mechanisms and to link them to product pricing to further improve the quality of the credit portfolio, in addition to continuing to provide high-quality banking services to help existing bank customers to grow and develop their business. Efforts continued throughout the year to attract new customers from various key economic sectors.

Capital Bank also continued to provide financing across both private and public sectors given the importance of these funds in stimulating economic growth. The bank also continued to finance sectors funded by the Central Bank of Jordan, such as (tourism, agriculture, information technology, renewable energy and industry), implementing a prudent policy aimed at granting facilities according to calculated and acceptable risks.

The bank maintained healthy ratios on the income generated from indirect facilities, with the issuance and financing of credits, policies and bank guarantees constituting a significant portion of services provided to clients.

- **SME's & Commercial Banking**

Capital Bank continues to focus on the SME sector as one of the main drivers of the national economy, providing about 70 percent of job opportunities and contributing to about 40 percent of the GDP.

While SMEs account for nearly 90 percent of businesses operating in the Kingdom, the sector continues to receive inadequate funding that accounts for no more than 10 percent of total facilities granted by Jordanian banks. That is why Capital Bank continues to focus on this sector, empowering it with the necessary financial tools to grow and become one of the leading generators to the national economy.

During 2019, the bank implemented a plan to address the needs of emerging projects that face difficulty in obtaining financing due to their nascent status, launching special financing programs for such projects based on their economic feasibility. The programs were organized in direct collaboration with the Jordanian Loan Guarantee Corporation, at securities reaching 85%. The bank also participated in the "Inhad" initiative, launched under the royal vision of combating youth unemployment and helping young Jordanians embrace self-employment as opposed to conventional job-searching.

Meanwhile, the bank continued to support and finance important and vital economic sectors, providing medium-term financing for them at preferential interest rates in line with the guidelines of the Central Bank of Jordan. These sectors, which span industry, renewable energy, tourism, agriculture, information technology, engineering consulting, health, education, and others. This is in addition to the many agreements that Capital Bank had earlier signed with several foreign institutions and agencies, which helped to secure loans to clients at reduced interest rates in order to promote economic growth and deliver more job opportunities.

Despite the many political and economic difficulties facing the region, Capital Bank continued to grow its client base and respond to their needs through rational business management policies implemented by a specialized team at the bank's headquarters, in addition to providing distinguished services through the corporate services centers that were established in a number of its branches. A specialized unit has also been established within the Free Zone branch to serve businesses located in the area as well as individual customers.

Capital Bank also participated in and sponsored many conferences and seminars geared toward supporting SMEs through the sharing of knowledge, experience and modern solutions. These initiatives stem from the bank's firm belief in the importance of this sector and the extent of its commitment to helping Jordan traverse the growing challenge of unemployment.

All these efforts and strategies combined have allowed the bank to grow its SME direct facilities portfolio by 17.1 percent year-over-year. Capital Bank also continues to implement the expansion strategy previously approved, with SME clients now expanding to include commercial companies in order to broaden the bank's share of the market.

Transaction Banking

The Transaction Banking Department was established in June 2018 with the aim of creating and developing cash management and commercial financing solutions for the bank's corporate clients. Since its establishment, the department has continually reviewed the products and services of the Cash and Trade Finance Department with the intent of developing and improving its operations and potentially re-

engineering the procedures and related processes. The department also reviewed the Fees and Commissions Bulletin, in compliance with the guidelines of the Central Bank of Jordan instructions on transparency and fairness.

During 2019, the Transaction Banking Department created an instant cash deposit service through supported CDM machines that would facilitate the operations of large, medium and small companies in terms of collecting cash revenues and depositing them immediately, thereby reducing associated risks. The department has also developed commercial financing products that include sales discounts, purchase financing, credit financing, collection policies, and others.

During the final quarter of 2019, the Transaction Banking, Banking Channels and Product Development departments were merged to become the Transaction Banking and Products Department in order to deliver an integrated work team focused on developing the bank's current products and channels and creating new ones to serve its individual and corporate clients' portfolios..

Consumer Banking

In line with Capital Bank's strategy to enhance its competitiveness, evolve the banking services provided to its clients, and continually incorporate the latest technological developments, the Branches Network and Direct Sales department achieved considerable growth in 2019 by focusing on after-sales services, especially those targeted at credit card customers. This was achieved after extensively training work teams in the department on the core objectives and guidelines of the bank's current strategy in this regard, which focuses on answering customer queries submitted by phone around-the-clock in addition to helping customers complete essential banking transactions. A dedicated, qualified team for Capital Select customers has also been established, offering banking expertise tailored to suit the needs of this unique customer segment.

Meanwhile, a semi-automatic safety deposit box service has been launched in the Taj Mall branch 24/7. The services bring added convenience by allowing customers to enter the safety deposit room using a variety of authentication tools, including their credit card or ATM card, their PIN number, or their fingerprint.

Treasury, Investments and Financial Institutions

The year 2019 witnessed a marked change in the monetary policy in Jordan. With trade tensions between the United States and China affecting the global economic growth negatively, the US shifted its monetary policy from a deflationary based one to one employing expansionism in order to preserve economic growth. While the US Federal Reserve cut US interest rates several times during 2019 with low levels of inflation, the action was followed by the Jordanian Central Bank and other central banks in the region, especially those in countries whose currencies are directly related to the US dollar, which posed a series of challenges. However, the Treasury and Investment department of Capital Bank managed to meet this challenge through the proactive and effective management of interest rate expectations and their impact on the assets and liabilities of the bank. The department was able to stave off downfalls by investing in long-term bonds, in addition to managing the costs of funds efficiently to maintain healthy profit margins. The Treasury and Investment department has also been able to maximize its non-interest income by providing solutions to clients using financial derivatives to hedge the risks of interest rates, exchange rates and commodity prices, in addition to providing products related to interest rates and exchange rates that suit the needs of customers.

The following were the most important activities of the Treasury and Investment Department during the year:

- Investing in debt instruments issued and guaranteed by the Jordanian government.
- Investing in debt instruments issued by Jordanian, regional or international companies with high financial and creditworthiness.
- Contributing to local, regional and international companies that enjoy high growth opportunities and healthy investment returns.
- Investing in funds with outstanding performance, within acceptable risk levels.
- Investing in structured securities in line with the bank's needs.
- Managing foreign exchange centers in a manner that achieves the best possible returns at the established rates and in accordance with the guidelines of the Central Bank of Jordan.
- Managing the bank's assets and liabilities in Jordanian dinars and various foreign currencies.

The Treasury and Investment department also continued to provide exceptional services to the bank's clients in the field of money markets, capital markets, spot foreign exchange markets, future and derivative instruments. Its services portfolio included:

- Issuing certificates of deposit in Jordanian dinars and other major currencies for the various periods and at competitive prices.
- Providing competitive rates for foreign currencies against the dinar and the dollar, in real and future terms, for various periods and for all customer segments.
- Dealing in money market instruments and capital market tools such as treasury bills and bonds, commercial papers, and various debt instruments, for the benefit of clients.
- Monetary and margin trading in spot and forward foreign exchange markets.
- Conducting swaps of interest rates and SWAPs.
- Providing advice and guidance to the bank's customers (both individuals and institutions) in the field of hedging fluctuations in interest and exchange rates, and proposing appropriate hedging tools using traditional or derivative market tools in accordance to each client's needs.
- Offering underwriting services for securities issued or guaranteed by the government to companies and individuals, while providing safe custody services for these securities at competitive prices.

Through the National Bank of Iraq, the Treasury and Investment department worked to expand its operational base in Iraq and to provide the bank's staff with the necessary expertise to develop market share and maximize profits.

Meanwhile, the Money Exchange department of the Treasury and Investment Department continued to activate the buying and selling operations at all currencies, accepting deposits and withdrawals, and providing integrated services to exchange companies. The department also provided services to all sectors in line with the policies of the Central Bank of Jordan and in full cooperation with the Compliance Department for the purposes of combating money laundering and terrorism. In this regard, our goals focused on:

- Providing adequate liquidity and developing the bank's cash reserves.

- Providing foreign currencies to the local market.
- Development of incoming and outgoing remittances.
- Facilitating currency exchange operations in the market by achieving centralization of the service in a way that reflects positively on the bank's profits.
- Following up on funding sources of exchange companies in cooperation with the Anti-Money Laundering Compliance Department.
- Implementing sales and purchases of foreign currencies, deposits and withdrawals in coordination with the Treasury and Compliance departments.

To develop the performance of the department, reduce operational risks and provide distinguished services to corporate clients, a contract was signed to employ an automated treasury system developed by one of the leading companies in the field, and is expected to become fully operational in Q1 2020.

The Treasury Department also cooperates with other departments in the bank to determine the profitability of each department separately from its dealings with the Treasury and Investment Department. This is done by applying the Fund Transfer Pricing method in order to raise the efficiency of managing the cost of funds and the return on investments through an automated system. The department is also committed to continuing to provide distinguished products and services to its clients through derivative tools that suit the needs of customers to hedge the risks of exchange rates, interest rates, and commodity prices, in addition to expanding the bank's investments in various investment tools. These strategies will be implemented in accordance with market conditions and in line with the bank's strategy, investment policy, and the guidelines of the Central Bank of Jordan.

Meanwhile, the department continues to develop the operations of the National Bank of Iraq and to provide it with the necessary expertise to keep pace with the development in the field and diversify its income sources. The National Bank of Iraq will also be provided with special regulations for the Treasury Department to follow up on market developments and facilitate e-trading.

The Financial Institutions Department of Capital Bank enjoyed a successful year in 2019, playing a leading role in the opening of new channels for dealing with other banks and financial institutions, establishing new banking relationships,

and strengthening and consolidating existing ones. This was achieved within professional and transparent transactions by expanding the bank's database of high-rate affiliates, which enhanced the bank's ability to operate across multiple fields, including foreign trade, treasury operations and credit facilities, in addition to offering added flexibility for covering global markets.

The department also manages strategic agreements and partnerships with many international institutions, headed by the European Bank for Reconstruction and Development (EBRD). Under these agreements, Capital Bank was granted a credit cap of $10 million to enhance its commercial operations, and another financing loan of $10 million to support the SME sector. Meanwhile, an agreement was signed with the International Finance Corporation (IFC), under which Capital Bank was granted a credit cap worth $10 million to boost business operations.

Marketing and Corporate Communications Department

The Marketing and Corporate Communications Department is among the most important and essential departments in the bank, responsible for communicating the bank's vision and overall approach, in addition to undertaking the necessary steps to ensure unparalleled customer experiences. The department also leads the evolution of the bank's brand identity, presenting the products of other departments through top-line and product-specific marketing strategies and campaigns targeting various demographics. These strategies continually leverage cutting-edge technologies in the fields of marketing and communications, including various digital and social media platforms that have become central channels for targeting specific demographics effectively and efficiently. The department encompasses the following sub-departments:

• Marketing Department

In 2019, the Marketing Department officially launched the social media channels of Capital Investments and worked on several digital marketing campaigns for the Capital Bank Group, which resulted in a 36 percent increase in views and followers on these platforms. The department also worked on all elements related to the development and launch of the group's new corporate identity, with a focus on digital transformation across all banking operations, in addition to leading on customer-focused communications platforms and tools across all branches, websites, social media pages, applications, and other branded products and platforms. The department also conducts regular field studies to inform the development of products and services within Capital Bank Group. Below is an overview of the department's key achievements:

With regards to the National Bank of Iraq, the department successfully achieved the following:

- Encouraging employees in both public and private sectors to localize their salaries with various programs and incentives.
- Personal Loans; Ten Million Campaign, IQD 15 million Campaign;
- Campaign to boost the portfolio valuation of the SME department from IQD 100 million to 100 billion.
- An awareness campaign on Western Union service.
- Campaign to launch the "Al-Ahly Star" savings account.
- Cash Management Center campaign.
- Changan car drive.
- Hyundai car drive.
- Haval car drive.
- Prepaid cards for added convenience / security.

The Marketing Department also launched the following marketing campaigns for the remainder of the Group:

- Capital Rewards loyalty campaign — Capital Bank
- The Best Asset Management Company of 2019 award campaign in Jordan — Capital Investments.

• Corporate Communications

In a large-scale, multi-faceted organization like Capital Bank Group, both internal and external communications are vital in order to effectively reach target demographics with key news, information on products and services, special offers, and security updates. The department's role is focused several priorities, including continuous communication with employees to keep them informed of the latest news and developments of the bank; preparing and publishing news and press reports; arranging interviews and press conferences; and sponsoring various events. The department also works to regularly update the bank's website and online platforms, in addition to providing opportunities for marketing the bank's products and services.

In 2019, the bank participated in and sponsored various events and conferences in line with its strategy for the year, including:

- Jordan Fashion Week
- Aqaba ASTC 2019
- The Fifth Quality Health Care Exhibition and Conference
- A press conference to announce the agreement to develop the Jeeran Park in cooperation with the Greater Amman Municipality
- Exclusively sponsoring the Brinks Cash-Ecosystem Solutions Seminar
- Sponsoring the FinTech and the Future of Banking conference.
- Sponsoring the Shades of Love theatrical performance during the Rum Theater Festival.
- Sponsoring of the tenth anniversary celebration of the Jordan Media Institute.
- Sponsoring Endeavor — an event focused on securing business development opportunities within the food and beverage sector.
- Sponsoring the Women on the Frontlines Conference

The Corporate Communications and Social Responsibility Department also organized several internal activities for bank employees, the most prominent of which are:

- I am Capital Carnival;
- Organizing the first Employee Chess Tournament;
- Participating in the Jordan Banks 3 x 3 Basketball Challenge;

- The Chairman's meeting with the industrialists to discuss prospects for cooperation and opportunities in Iraq;
- Supporting the King Hussein Cancer Foundation's anti-smoking campaign;
- Organizing a Ramadan Iftar for employees;
- Launching the Capital Cares social responsibility club for bank staff.

With regards to promoting the National Bank of Iraq, the department organized the following activities:

- A press conference announcing the first cash management center of its kind in Iraq;
- Participating in the Baghdad Book Fair;
- Organizing an Iftar for employees;
- Various courses on compliance, anti-money laundering, auditing, and others;
- Auditing courses;
- Risk cycles;
- Participation in the Erbil International Fair;
- An awareness session on the importance of monetary savings in schools;
- Educating and guiding employees through informative awareness clips tackling various essential issues.

As a crucial element in the daily lives of its clients, the role of Capital Bank extends far beyond the delivery of banking services to include contributing to the wellbeing and development of the communities in which the Group and its subsidiaries operate. Through its comprehensive social responsibility strategy, which focuses critical sectors such as education, health and innovation, the bank has served as a trendsetter in terms of delivering initiatives and projects geared toward bringing measurable benefits to the lives of people in need.

Moreover, to further entrench a culture of service within its departments, Capital Bank continuously organizes campaigns to motivate staff to increase their voluntary participation in various philanthropic and CSR initiatives, which culminated in the launch of the Capital Cares CSR club.

In 2019 the department marked the following achievements:

- Sponsoring five students from Al Bnayat Center for Special Education;
- Organizing a storytelling session for the children of King Hussein Cancer Center on the International Day of Happiness;
- Sponsoring a charity Ramadan Iftar in cooperation with Tkiyet Um Ali;
- Donating 50 Ramadan food packages to families supported by the Orhpan Care Charitable Society;
- Organizing a blood donation campaign for the bank's employees;
- Renewing a guarantee for 10 families supported by Tkiyet Um Ali;
- Visiting the Dar Al Salam Association and distribute gifts to the elderly;
- Recycling paper to donate to schools in cooperation with the Princess Alia Foundation;
- Contributing to the Green Wheels initiative to support people with disabilities;
- The Bake for Hope campaign, designed to support breast cancer patients;
- Organizing visits to the elderly by the bank's employees;
- Collecting donations at staff parking zones to support breast cancer treatment;
- Participating in the Career Month program by INJAZ;
- Supporting the restoration of two houses owned by families with low incomes in Mafraq, in cooperation with Tkiyet Um Ali.
- Covering the educational expenses of several undergraduate students;

With regards to the National Bank of Iraq, the department worked throughout 2019 to enhance the bank's position as a key supporter of national initiatives geared toward supporting various segments of the local community. Similar approaches were adopted, with a focus on education and innovation, particularly as numerous sectors in Iraq are pursuing strategies to promote entrepreneurship as a major propeller of economic growth. The department developing plans for the coming year to expand the bank's scope of work and reach a wider array of people in need.

- **Customer Experience & Business Excellence**

To maintain the role played by the Business Excellence and Customer Experience Department, which focuses on Capital Bank's customers as the main pillar of its strategy, the department was incorporated under h the Marketing and Communication function, aiming to cover all business sectors in Jordan and the Retail Banking services sector at the National Bank of Iraq. This change was undertaken in order to reinforce the bank’s competitive ability, improve customer experience, enhance banking services, and facilitate best practices in the banking sector.

In order to achieve these objectives, the department pursued the implementation of its plans and initiatives as follows:

- Study customer behaviors and expectations, measure their satisfaction levels with the services, products, procedures, and employee competencies through all channels and touchpoints.
- Manage branches evaluation program based on key metrics that cover the general appearance of the branch and employees, their product knowledge, skills and behavior when interacting with customers.
- Develop the Customer Experiences Management & Measurement System on the bank’s level
- Contribute in the identification of training needs for Retail Banking employees in order to develop their technical, managerial, and life skills, as well as their performance and personal skills.
- Present suggestions and needed initiatives to enhance the level of services offered to retail customers.
- Review key profit-generating banking procedures with highest impact on customer experience and organizational performance.

Operations

• Operations Department

In line with the bank's objectives toward improving the level of services provided to clients from all sectors, efforts were made to raise the efficiency of the Operations Department, which oversees the transactions of corporate, SME and individual customers. The department was provided with additional qualified staff with expertise from various institutions around the kingdom.

The Operations Department works to automate processes that require a long time to complete by relying on modern technologies or by reconsidering the design of these processes and improving them in order to better serve the bank’s customers. This includes, but not limited to, the process of issuing official certificates that are requested by customers for various purposes, which can now be completed immediately via an electronic process.

Meanwhile, tax withholding and revoking processes have also been automated through direct linking with the Income and Sales Tax Department, and the same mechanism is being applied with other agencies, such as the Social Security Corporation, the Ministry of Justice, and others.

Moreover, the archiving mechanism for ledgers and documents was continued by the Retail Operations Department, which contributed to a 54 percent reduction in paper consumption compared to 2018 and a 31 percent reduction in the cost of stationery purchases.

Lastly, the empty space available in the operations building was put to use and all customer accounts were transferred from the archives building in Arjan. A new method was implemented for the purposes of archiving the files at a fairly low cost, offering the additional advantage of protecting files from damage or loss. The system implements standards outlined by the Central Bank and other regulatory authorities within the bank. All client files that were in the custody of the branches were transferred to the Retail Operations Department for safekeeping.

• Information Technology Department

Under Capital Bank’s vision of providing specialized, high-efficiency services to distinguished corporate and individual clients, the Department of Information Technology focused during 2019 on major axes, aiming to bring about fundamental changes in the level of services provided to clients using cutting-edge global technologies and the employment of qualified personnel. The department also completed the successful implementation of the second phase of the project to modernize the internal banking system to provide a more stable and effective operational environment. An integrated services platform has also been developed and implemented to enable internal and external systems to integrate and interact with each other more effectively, quickly and safely, according to international best standards.

And in terms of keeping pace with the development in the business, the department has transitioned to using the cloud to host several banking systems, including banking channel systems and credit demand management systems, in close cooperation with major international companies in this field. Lastly, in the context of providing a safe environment for hosting and managing the bank's business systems, several initiatives have been implemented to increase security and raise the bank's ability to address any potential breaches in its systems, be they internal or external.

It is worth noting that Capital Bank has complied with all instructions issued by the Central Bank of Jordan with regard to information technology, the most important of which was the application of global best practices in the governance and management of information and accompanying technology (COBIT 2019), and updating the SWIFT system in line with updated guidelines. Moreover, the PCI DSS Compliance Certification requirements for credit card information security have been completed for the fifth consecutive year.

- **Project Management**

During 2019, the Project Management Department registered a variety of notable achievements at all levels, including those related to launching projects related to business departments. Chief among these achievements are:

A) Launching Various Business Projects

The Project Management Department launched 32 projects in 2019 that fall under the category of strategic initiatives, mandatory projects to meet the requirements of the regulatory authorities, and projects specialized in improving and automating the work of the bank departments. The department also completed a variety of revenue generation projects, with 9 additional projects launched by the end of the year 2019. The most important projects launched during the course of the year were:

1) Launch of the first phase of the corporate internet banking services, and the OMNI Channel Individual Pilot.
2) Three major phases of the Core Banking UpgradeT24 Project have been completed.
3) The first stage of the ACH system has been completed.
4) The first phase of the Treasury Management Solution system was launched.

B) Preparing periodic progress reports

The Project Management Department has relied in its work on preparing and issuing periodic reports to register the costs and achievements of projects managed by the department. This facilitated directives by higher committees and ensured the launch of projects within the allocated timeframe and budgets.

C) Strengthening resource capabilities and competencies

The department enrolled its members into several internal and external training courses and workshops during the year 2019 in order to broaden their horizons, enhance their skillsets, and improve their ability to handle the duties assigned to them.

D) Project Governance

During 2019, the Project Management Department applied, developed the approved a work methodology (PMO Governance) to increase the efficiency of its operations, which positively reflected on project performance in line with international best practices and standards.

- **Management of Engineering Affairs and Special Projects**

During 2019, the Department of Engineering and Special Projects was separated from the Department of Administrative Affairs in line with the bank's strategy to improve and develop services provided to clients and employees. Accordingly, the department completed several important projects, including:

- Modernizing and developing communication systems for the buildings of the public administration and branches represented by the following:

    - Updating the main switchboard to the latest version.
    - Implementing a call recording system in all buildings and branches.
    - Implementing a call center project for servicing bank employees in matters related to information systems.
    - Implementing a project to modernize and operate the call accounting and reporting system.

- Renovations to various buildings and branches to improve the operational environment.

    - Restructuring all floors of operations buildings.
    - Restructuring most of the floors in the public administration building.
    - Implementing the project management expansion project.
    - Restructuring the reception area and Al-Mal Garages.
    - Implementing improvement works across all bank branches.

- Implementing a project to supply the main data center with secondary backup power by installing a special generator.
- Implementing a project to connect all electrical grids to the central control panel.
- Upgrading management and control systems to the latest versions.
- Completing a study of the Jeeran park plans and signing the construction and management agreement for the park with the Greater Amman Municipality. Construction work will begin in 2020.
- Implementing a study to explore sourcing the bank's energy needs from transit transport in order to reduce power expenses. Strategic agreements will be signed during 2020.

In addition, the Department of Engineering Affairs and Special Projects partnered with the Projects Department to develop a method for processing information about acquired real estate as well as ways for presenting the data to those interested in purchasing.

- **Procurement and Administrative Services**

In order to further improve the performance of the Department of Procurement and Administrative Services by developing the level of support offered to various departments, information systems, and the automation of various protocols, the organizational structure of the department was updated to incorporate procurement, logistics, support, and general security and safety. The department has also introduced a special requests system for bank employees to enable them to report any updates or requests related to administrative affairs and services with a view to developing these services, ensuring continuity, measuring the level of employee satisfaction, and increasing the number of periodic visits to all buildings and branches of the bank to monitor services.

Several work procedures were also reviewed and developed in 2019. Increased oversight of various departments was promoted to ensure greater quality control, which has resulted in a notable reduction in the time required to complete essential procedures. In addition, many alternative protocols were introduced for managing expenses, reducing the consumption of paper and ink, activating a paper recycling initiative, reducing postal fees, improving the level of customer service, and reevaluating and codifying multiple expenses, which had the effect of reducing overall operational costs.

Several notable areas of the department's workflow are also being evaluated, including performance and oversight of procurement and contract management, warehouse management, automation of services and contracts, and the automation of logistical operations and warehouse systems.

In terms of security and public safety, all systems have been updated to include theft protection, fire safety, and the surveillance of all facilities, in line with the guidelines of the Central Bank and other relevant authorities. This will contribute to the creation of a safer operating environment for customers, auditors and employees.

- **Control Department**

The procedures for the monitoring and evaluation of branches and operations continued in 2019 through a series of regular and irregular field visits, a comprehensive evaluation of operations based on recently-updated criteria, and a review of relevant work procedures with a view to maintaining the internal control environment, ensuring its durability in the face of various challenges, and addressing existing and potential gaps. In addition to completing the automation of the bank's money transfer verification protocols, the bank also automated transaction verifications across all ATMs for prepaid, debit and credit cards.

Meanwhile, all internal accounts are being carefully monitored with plans to incorporate them into the automatic verification process. In cooperation with the Risk Department, several workshops were conducted to review the risk matrices of operations to ensure the effectiveness of the verifications being carried out.

- **Policies and Procedures Department**

The Department of Policies and Procedures updated its system for procedural approvals by redesigning the overall visual interface and grouping procedures in a more intuitive manner. A list of classification manuals for working procedures was approved according to risks and updating processes, in light of the department's plans to improve the quality and comprehensiveness of procedures. Moreover, work has been done to re-engineer some work procedures related to customer service in order to improve the services provided and ensure that transactions are completed in the optimal form and timeframe, and in a manner that guarantees efficiency among various departments.

- **Information Technology Risks and Compliance Department**

The Department of Information Technology Risks and Compliance was established in 2019 and a head was appointed to ensure that work was done in coordination with other relevant departments for the purposes of identifying gaps and providing technical support and capacity management. Suggestions and recommendations were presented in this regard and work is underway to implement the final recommendations. These efforts also entailed a revision of the bank's compliance with the requirements of the Central Bank of Jordan in implementing COBIT 2019 and other international IT standards.

- **Capital Service Desk**

The Corporate Customer Service department acts as an initial point of contact for clients in large, medium and small corporations. This includes the coordination and implementation of all customer requests related to banking services and products, such as commercial services and internal and external financial transfers, account services, signatures, following up on changes to customer data, among other duties. The department also acts as a point of receipt and delivery for services requested by customers, such as documents for commercial services, copies of swift remittances, credit and debit notices, and the delivery of various certificates, such as under construction certificates, capital increase certificates, balance certificates, among others.

The department monitors the implementation of all requests received from corporate clients, responds to customer inquiries or inquiries of implementation departments, and obtains administrative and legal approvals and the approvals of the treasury, investment and compliance departments. It is also considered one of the tasks of the department to deliver the outputs to clients directly, either by hand, by e-mail or by fax.

Among the basic tasks of the department is the verification of accounts and files of clients in terms to collect the necessary documents and ensure the safety, correctness, and completion of these items from a legal standpoint.

Financial Management Department

During 2019, the Financial Management Department implemented all its administrative and oversight duties in accordance with international best practices and the bank's latest policies and procedures. The department's duties were implemented by its various sub-sections:

- Financial Management Department (group);
- Financial Management Department (subsidiaries);
- Financial and Strategic Planning Department.

The Financial Management Department provided continuous support to all concerned departments with regards to the implementation of the IT plan that was approved in 2018. The bank's executive management continued to provide the department with qualified personnel and advanced financial tools to fully perform its regulatory role.

Risk Management Department

Capital Bank adopts a comprehensive strategy to ensure best practices in credit and risk management. Our aim is to enhance the principle of credit neutrality within clear provisions and foundations, in addition to controlling all risks to which the bank may be exposed at the customer and credit portfolio levels in a manner that ensures achieving targets. Risk management is considered an independent unit headed by the Head of Risk Management, and it is linked to the Risk Committee of the Board of Directors, with a dashed line connecting the head of risk management to the CEO.

Risk management consists of the following departments:

- Financial Risk Department
- Market and Liquidity Risk Department
- Operational Risks Department
- Information Security Department
- Corporate Credit Review Department
- Individual Credit Review Department
- Credit Control Department

- **Financial Risk Department**

This department supervises credit and credit concentration risks at all levels, managing and planning the bank's capital to ensure its efficient use through the application of ICAAP, in addition to gauging the impact of stress tests on the bank to ensure that they are within acceptable limits. The department also calculates expected credit losses (ECL) according to the requirements of IFRS9, in addition to adopting and implementing the requirements of the Basel Committee and the Central Bank of Jordan.

- **Market Risk Department**

The Market and Liquidity Risk Department is concerned with managing market risks, liquidity and interest rates and, according to risk management policies, identifying measures and controls that the bank to preserve the bank's financial position in case of future shocks. The department also adopts and implements the requirements of the Basel Committee and the Central Bank of Jordan.

- **Operational Risk Department**

The Operational Risks Department is responsible for managing the internal and external operational risks to which the bank may be exposed, setting the necessary controls according to the bank's risk management policies, and ensuring the implementation of continuity plans in the bank. The department also adopts and implements the requirements of the Basel Committee and the Central Bank of Jordan.

- **Information Security Risk Department**

Information Security is responsible for maintaining the confidentiality, availability and accuracy of all information within the bank, setting controls and means to stave off risks in accordance with local and international guidelines. The department also ensures the implementation of international best practices in this field and holds regular awareness workshops to ensure compliance with various information security programs.

- **Institutional Credit Review**

The Corporate Credit Review department is responsible for evaluating credit assessments of corporate clients, identifying risks and making appropriate recommendations based on a balanced assessment of risk and financial data. The department also categorizes clients according to their risks through the bank's accredited classification system (Moody's), in addition to its advisory role in strengthening and embedding credit approaches based on longstanding expertise.

- **Retail Credit Review**

The Individual Credit Review department supervises the lending processes for individuals by conducting credit assessments and financial analyses, identifying sources of income, and conducting credit evaluations in line with current conditions, bank procedures, general credit policies, and the guidelines of the Central Bank of Jordan.

- **Credit Control Department**

This department undertakes periodic oversight operations that include verifying the completion of documents and conditions related to the decisions of credit committees; documenting guarantees for clients; monitoring ceilings; ensuring compliance with the bank's credit policy and the instructions of the Central Bank of Jordan; and promptly reporting any violations to the appropriate departments. The department also verifies the correct implementation of IFRS9 and develops internal monitoring reports for regulatory bodies and the Central Bank.

Compliance Management

The Compliance Department continued to perform its role as an independent evaluation body for compliance within the bank and its subsidiaries. The department cross-checks the bank's operations with the laws and regulations issued by all authorities, in addition to ensuring the effective implementation of best practices issued by reputable institutions in the field in order to shield the bank from potential liability.

The Compliance Department, which is operated independently, reports to the Compliance Committee of the Bank's Board of Directors and has direct contact with the CEO. Its responsibilities include general compliance monitoring, combating money laundering and terrorist financing, among others.

During 2019, the Compliance Department took a number of steps to enhance performance across all levels, including:

- Enhancing the bank's readiness to comply with international and regional economic sanctions.
- Promoting and developing operational policies and procedures to suit changes in the regulatory environment in the Kingdom, especially with regards to combating money laundering and the funding of terrorism.
- The introduction of various automated systems to enhance the bank's capabilities to monitor and gauge compliance.
- Investing in capacity development through several specialized training courses to ensure staff competency.

The Customer Complaints Management Department dealt with a relatively small number of complaints in 2019. All complaints received were dealt with promptly; their causes were explored and analyzed and the root issues were resolved professionally and transparently. It is also worth noting that none of these complaints resulted in any significant financial losses.

Internal Audit Department

The Internal Audit Department provides the Board of Directors and the Audit Committee with reasonable assurances regarding the efficiency and effectiveness of internal monitoring systems, the level of accuracy in applying internal policies and procedures, and the extent of their effectiveness by providing advisory and reporting services. The department fully acknowledges the importance of internal audits in strengthening internal systems and managing risks related to the bank's operations.

The department operates in accordance with the Internal Audit Charter approved by the Board of Directors, which focuses on the principles of integrity, objectivity, confidentiality and efficiency, and is based on standards issued by the Institute of Internal Auditing (IIA) and the Central Bank of Jordan.

Internal audit at Capital Bank, which span risk management and corporate governance, is managed completely independently with direct oversight by the Audit Committee of the Board of Directors, administratively related to the CEO. Audit also cover all activities run by Capital Bank and its subsidiaries based on a risk-based audit plan approved by the Audit Committee. The bank’s management also lends great attention to the training and development of auditors in cooperation with the best training institutes in the region.

Human Resources Department

Capital Bank's human resources (HR) strategy focuses on serving and achieving the strategic goals of Capital Bank Group, with clear compliance with all internal and external policies and laws issued by regulatory and oversight bodies. The strategy focused on enabling a healthy work environment that is conducive to change based on the principles of excellence and high competencies. The following achievements were registered in 2019:

- Planning and directing all tasks and activities related to human resources to ensure the optimal performance of Capital Bank Group. This is achieved by formulating strategies, programs, policies and systems designed to foster a performance-based culture.
- Developing the infrastructure necessary for effective HRM and raising the level of services provided to employees on all matters relating to human resources. All instructions, policies, regulations and procedures necessary for smooth workflows and were reviewed and updated as needed.
- Raising and developing the level of competencies on both bank and group levels by implementing an active employment policy that attracts the most competent candidates in the field.
- Completing and adopting the 2019 Training and Capacity Building Plan to source and develop the most advanced training programs available on a regional level. The programs have been made available on the Salalem e-learning platform that is used by all group employees.
- Investing in the bank’s capacities by offering scholarships for professional certifications.
- Focusing on performance management and continuity by applying an integrated performance management strategy and fostering a rewards-based corporate culture. This is achieved by linking all HR systems, including increases, rewards, promotions, transfers, training, and effective development.
- Multiple programs were established and launched for the purpose of demonstrating gratitude to and motivating employees through various unconventional approaches. These programs include the My Rewards Capital Connect programs.
- Several activities and programs were implemented during the year to foster a positive work environment, including the I Am Capital teambuilding event.
- Altibbi, an application that allows users to communicate directly with accredited medical professionals, has been approved and adopted for use by Capital Bank employees and their families.

Subsidiaries

Capital Investments

Capital Investments has continued to maintain its lead position as a regional investment company in the region by enhancing the level of services provided to clients in Jordan, Iraq and the United Arab Emirates. Below are some of the most prominent activities carried out by the company during

- Further expanding business in the Iraqi market, with a client base that spans both public and private sector organizations.
- Extending the scope of services to include electronic applications and various investment products.
- Ranked as “Best Asset Management Company in Jordan” for 2019 by International Finance.
- Finalizing four successful corporate finance agreements, including loan issuance and financial consultancy.
- Enhancing the company's social media platforms and appearing on Al Arabiya channel to provide insights on financial markets and regional economics.

Capital Investments provides a full range of services across several markets to select local and regional clients, including enterprises, government agencies, and individuals with high financial solvency. In 2019, the company registered healthy growth across all its departments, which include financial intermediation, asset management and corporate finance consultancy.

- **Financial Brokerage in the Local, Regional, and International Markets**

Capital Investments' local brokerage department continued its impressive streak of growth in 2019, ranking third for the second consecutive year in terms of trading volume on the Amman Stock Exchange, with a market share of 5.1 percent. The department also continued to expand its trading activities in all Arab markets, leveraging the power of the internet and mobile platforms with its highly rated CapInvest Trader application. The platform offers users the ability to buy and sell various stocks and securities using smart devices, in addition to providing critical information such as real-time prices, charts, and stock trading statistics through a centralized online platform. The department also finalized a number of gold contracts via the platform during 2019.

Meanwhile, the company's International Brokerage Department achieved tremendous success in 2019, with more than USD 650 million traded globally, most of which was concentrated in North America, followed by London. The department offers a wide range of modern investment services, including buying and selling of global stocks and their derivatives in more than 24 markets across North America, Europe, and Asia and the Pacific. In 2019, the department began providing commodities trading, purchase and forward contracts, and CFD services to its clients through a cutting-edge and secure trading platform.

- **Asset Management**

The Asset Management Department at Capital Investments strives to take creative and innovative approaches to asset and wealth management. The department serves a wide range of clients, including individuals and organizations, building long-term relationships with clients based on comprehensive, evidence-based strategies that meet their various goals and risk levels.

Capital Investments currently manages around USD200 million in assets across a wide range of asset classes, including capital markets, fixed income, public equity, real estate and ETFs.

The department's services span the following:

- Portfolio management
- Investment consulting
- Fixed income solutions and financial markets
- Mutual funds and ETF solutions
- Sharia-compliant products
- Structured and specialized products

- **Corporate Finance**

Capital Investments' Corporate Finance Department offers a wide range of consulting and investment services, drawing from the extensive knowledge and expertise of its team members. In its services, the department targets the Jordanian, Iraqi, and Arab Gulf markets, which are covered by the work teams in Dubai, where the department was able to establish a record of successful operations. The department also engages a broad base of customers that private, public and financial institutions.

During 2019, the department finalized a number of agreements and provided a range of financial consultancy services to clients. The department was also able to successfully manage the issuance of a USD 40 million Capital Bank loan over a period of 7 years through a non-public offering, in addition to selling an UAE-based company's stake in a Jordanian bank. The department continues to build long-term relationships with its clients and is committed to helping clients achieve their strategic and financial goals. The department's services include the following:

- **Equity Instruments:** Advising companies and investors on public and private placements and subscription to securities, including primary and secondary IPO instruments.
- **Debt Instruments:** Structuring and arranging long and short-term financing instruments, including issuance of bonds/Islamic sukuks and the management of bank group loans.
- **Mergers and Acquisitions:** The department manages mergers and acquisitions between companies with the aim of ensuring business growth and expansion. The department also arranges the financing of companies by selling shares and supervises the establishment of strategic partnerships.
- **Financial Advisory:** This includes advisory services related to capital ownership, restructuring and corporate valuation, in addition to consulting on capital structure and distribution between debt instruments, equity and other strategic consulting.
- **Government Advisory:** Providing input to government agencies on a wide range of transactions, including those related to financing government projects, joint ventures, privatization operations and partnership programs between public and private sector institutions.

- **Project Financing:** This includes providing distinct financial solutions related to project financing within various sectors, including real estate, infrastructure, water and energy, and other development projects.

Capital Investments (Dubai International Financial Center) Ltd.

Capital Investments (DIFC) Ltd. continues to serve as a gateway into the Capital Bank Group in the Gulf Cooperation Council (GCC) states, providing a platform for the Group's clients in Jordan and Iraq to connect with international companies and investors located in the region, and linking them with quality investment opportunities and projects. The company also provide a platform for local investors and companies looking for investment opportunities in Jordan and Iraq, whose numbers are consistently increasing, especially in the Iraqi market.

The company operates through two departments: The Corporate Finance Department and the Group Business Development and Marketing Department. In 2020, the company will continue to expand its services to further solidify the position of the Capital Bank Group in the United Arab Emirates and the GCC.

- **Corporate Finance Department**

The Corporate Finance Department at DIFC provides financial consultancy services designed to enable clients to achieve their strategic goals and make appropriate investment decisions in light of economic and market changes. The department also provides a platform for its clients to access a wide network of investors, private equity funds, sovereign wealth funds and strategic investors in the GCC and other global markets. The department delivers innovative and integrated solutions that include mergers and acquisitions, investor relations, fair business valuations, in addition to securing financing and realigning capital structure.

Given the ever-growing network and expertise of the team, the department successfully garnered a significant number of new clients in 2019, including clients in critical sectors such as health, education and food security. The company is also assisting several emerging businesses in the technology sector by raising capital and attracting investors to fund their growth and expansion. Moreover, the department liaises with global investment funds for real estate, especially for projects within the logistical sector that is witnessing remarkable growth due to its relationship with e-commerce.
Among the projects secured in 2019, several are based in Iraq and span the oil and gas, energy, ports, health and other sectors. These proejcts further strenthten Capital Investments' in Jordan and UAE, serving as a global leader in linking local and international investors to opportunities and investment projects in the country.

Under the unified strategy of Capital Bank Group and the full coordination between the work teams of Capital Investments in Jordan and UAE, the company will continue to enhance its competitive advantage as it is the only Jordanian company providing comprehensive advisory and investment services across Jordan, Iraq and the GCC.

- **Group Business Development and Product Marketing**

The Group Business Development and Product Marketing Department at Capital Bank creates job opportunities by attracting clients located in UAE and the GCC and providing them with financial services through Capital Bank, Capital Investments and the National Bank of Iraq. The company has a unique position in the market that enables it to serve international companies operating between UAE, Jordan and Iraq.

The department focuses on building and developing relationships with foreign and domestic companies operating in Iraq through communications with its existing office and its representatives in UAE. The department's operations are focused on corporate finance services, trade finance (mainly in the Iraqi market by linking clients with the group's Iraqi National Bank), in addition to marketing all services offered at the Capital Bank Group within the GCC. The department has successfully cultivated a wide network of international and local companies

located in the GCC and operating in Iraq and Jordan by providing distinguished services and facilitating the completion of transactions through its office in Dubai.

In 2019, the department completed a substantial number of banking operations with regional and global companies operating in Iraq, thereby attracting a greater volume of business and raising overall revenues. The department is pursuing a strategy focused on marketing the integrated banking platform of Capital Bank Group and its longstanding faith and commitment in the local economy as a way of attracting additional customers. Moreover, the department focused on new sectors, with a focus on oil and gas. The company will continue to build on these achievements to deliver further growth and visibility to Capital Bank Group.

National Bank of Iraq

The National Bank of Iraq (NBI) continued its efforts to further develop the Iraqi banking market by providing unparalleled banking services, products, and integrated electronic services that meet the needs of individual and corporate clients alike. These efforts come as a translation of the strategic vision of the Capital Bank Group and are consistently in line with the policies of the Central Bank of Iraq. The services provided by the bank include:

- Customer accounts of all types (current accounts, savings accounts and fixed deposits in Iraqi dinar, US dollar or any other major currency).
- Salary transfer service for employees of both public and private sectors.
- Credit facilities for individuals, including personal loans and credit cards.
- Specialized services provided to major companies, such as commercial services that span letters of credit issued and received, letters of guarantee, bank transfers, banking facilities, currency trade, in addition to services provided to small and medium enterprises.
- Brokerage services through the bank's brokerage arm, Palm Oasis, which include the sale and purchase of securities.
- Card and ATM services, online banking, and a call center for fast and efficient customer service.

Among the most prominent achievements of the bank during the year 2019:

- Activating of the second stage of the Western Union Money Transfer Service.
- Activating the prepaid card issuance service, which allows customers to safely use credit cards online with pre-set limits.
- Activating Zain Cash service.
- Establishing a center for issuing cards and electronic services in Baghdad.
- Implementing the first stage of upgrading the bank's banking system (ICBS).
- Expanding the presence of ATMs in vital areas of Baghdad and other governorates.
- Activating a compliance management system.
- The opening of the Al-Kadhimiya branch.
- Relocating the Basra branch to the new building.
- Opening of the first cash management center located in the main branch Baghdad.
- Providing a series of capacity building opportunities to the bank’s staff as part of an integrated and consistently updated platform.
- Transferring the printing of PIN codes for credit, debit and prepaid cards, as well as electronic services in Baghdad, to ensure additional security.

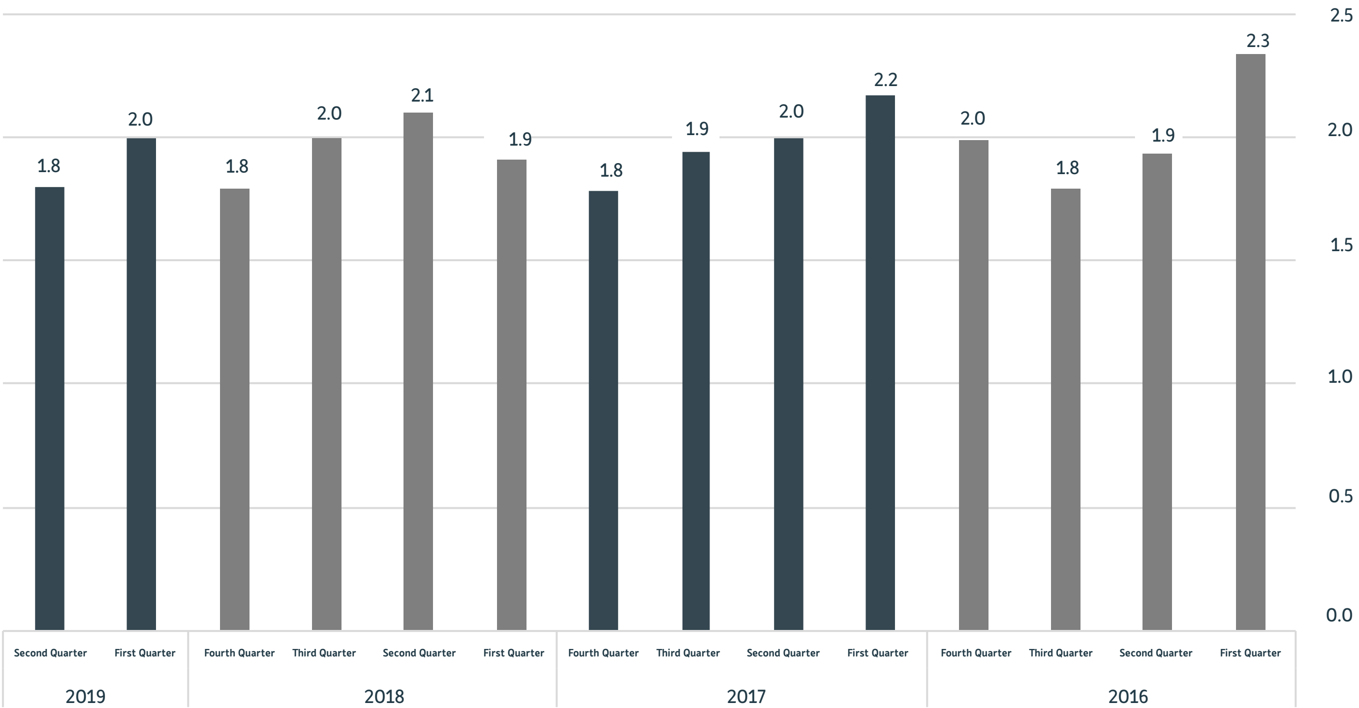
Plans for 2020

- Ensuring the implementation of Basel III.
- Implementing an information management governance project according to the instructions of the Central Bank of Iraq.
- Implementing the onboarding process system for opening local salary accounts for public and private sectors using electronic channels.
- Activating the Asia Hawala service.
- Printing of debit, credit and prepaid cards in Baghdad.
- Contracting a local data processor in Iraq for the purpose of issuing credit, debit and prepaid credit cards.
- Implementing the second stage of the ICBS upgrade project.
- Implementing the IGrafx system for work protocols.
- Implementing the OMNI Channel system to provide all banking services through electronic channels.

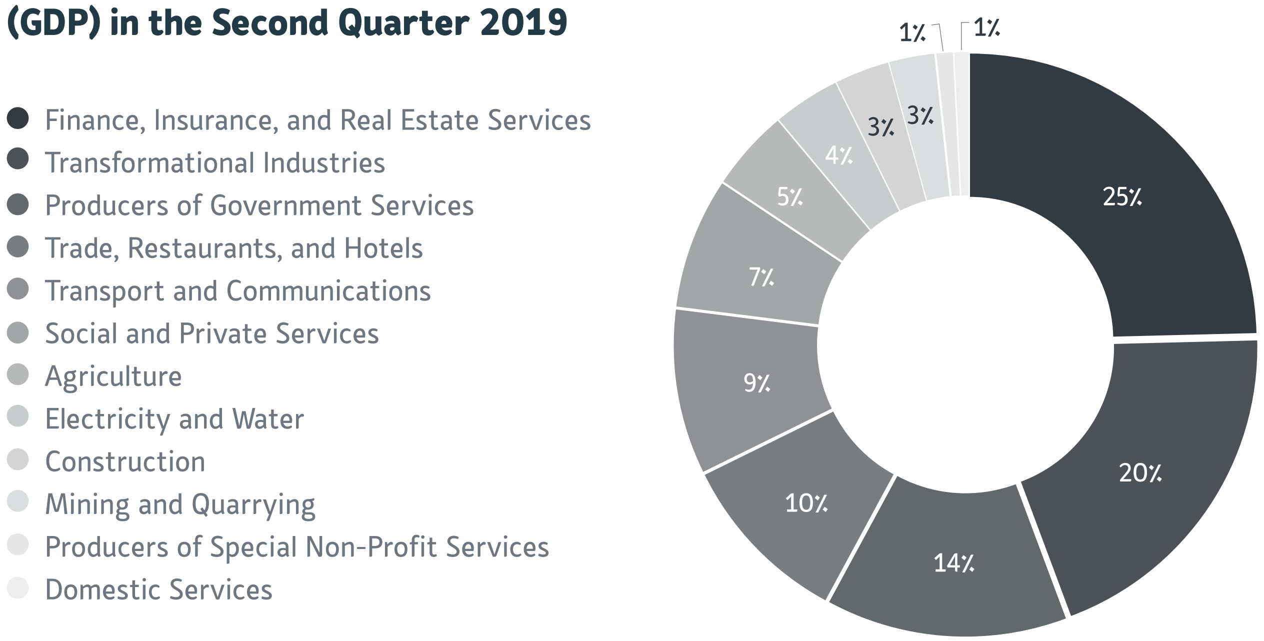
Economic Review

Poor economic growth at the rate of 1.9% during the first half of the year in accordance with the prevailing trend Since 2015. The industrial, trade, and construction sectors have the weakest growth rate, mining is in the forefront of sectors

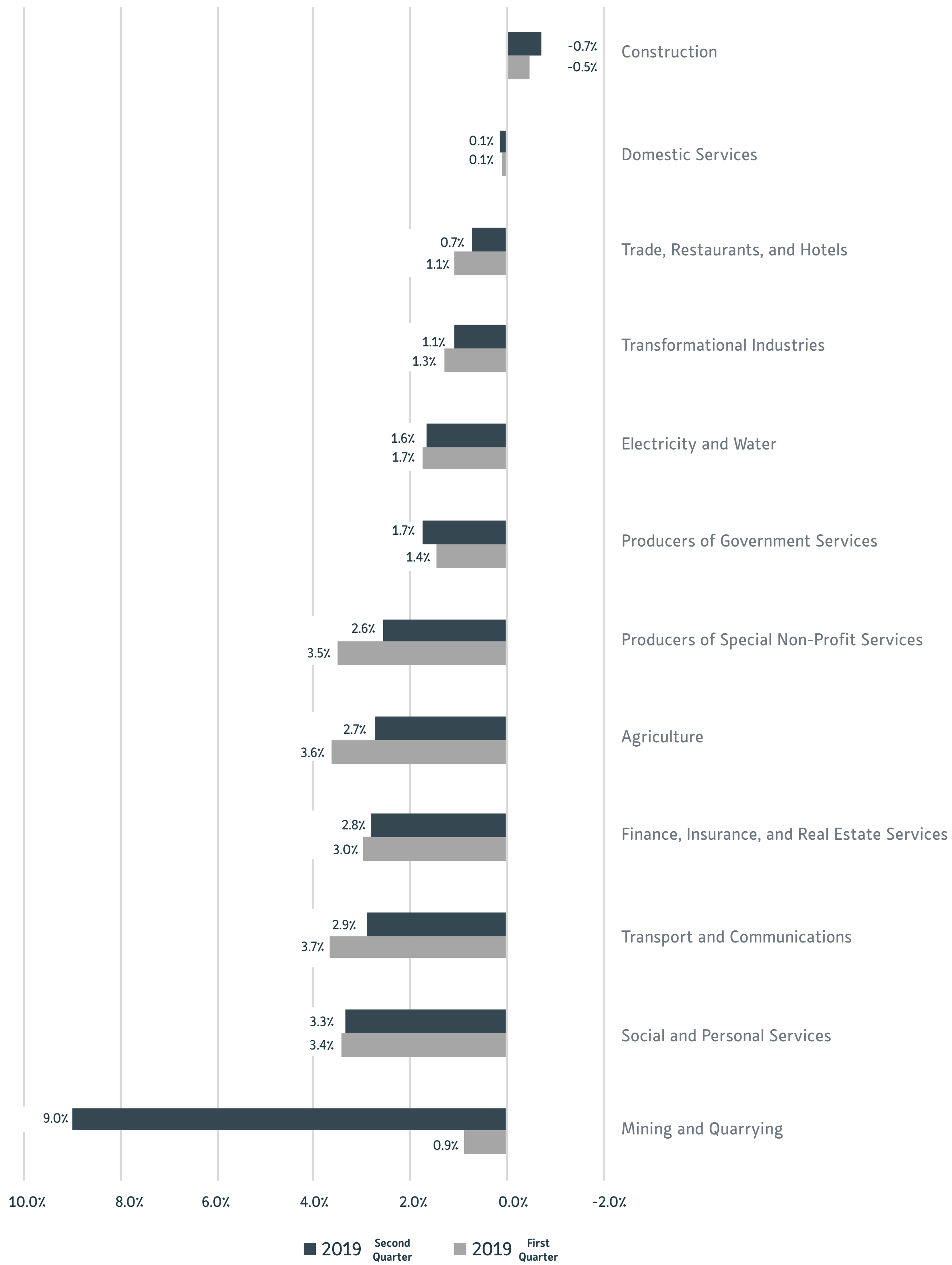
Economic Growth (%)



Components of Gross Domestic Product (GDP) in the Second Quarter 2019



Economic Growth by Sector

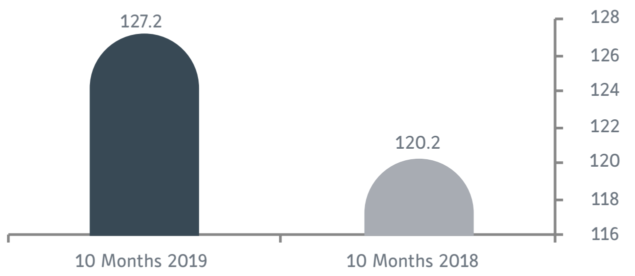


The mining sector is one of the best sectors in performance during the year due to the delayed effect of higher prices in 2018 and the increase in quantities produced in 2019 according to the standard index for industrial production quantities.

Main Components of Standard Industrial Production Quantities Index and Relative Significance of Each

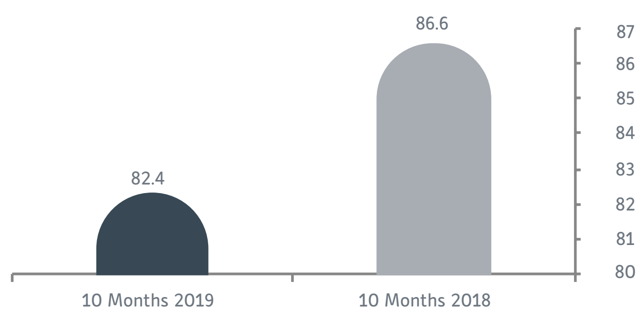
Mining and Extractive Industries

8%



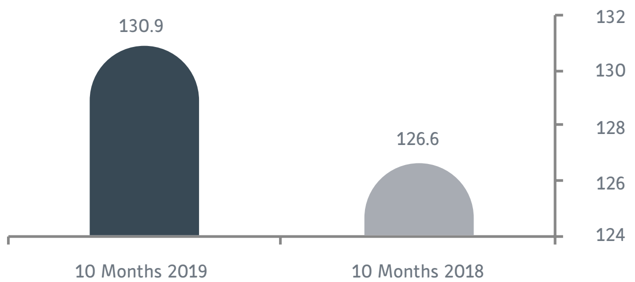
Transformational Industries

86%



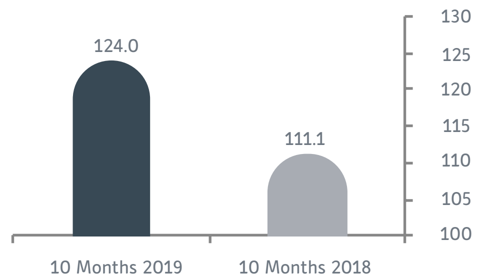
Energy Generation, Transport, and Distribution

6%

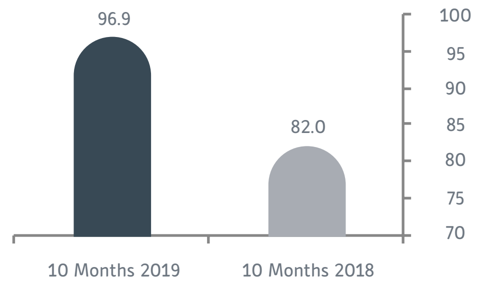


Sub-Components of the Transformational Industries Index

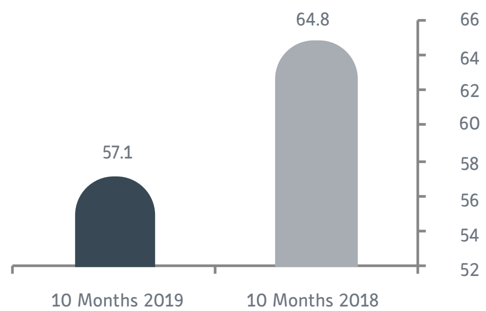
Chemical Materials and Products Manufacturing



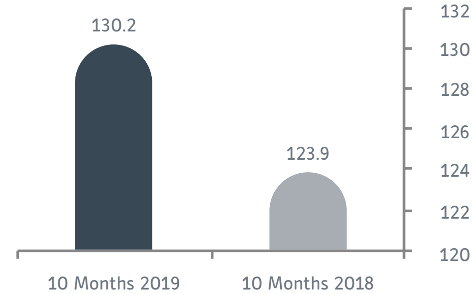
Production of Pharmaceutical Products and Preparations



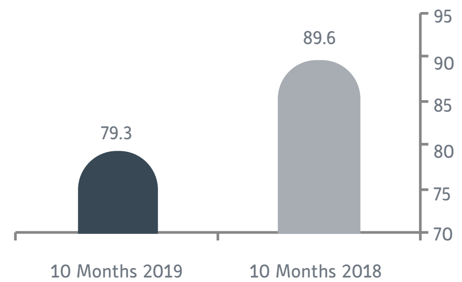
Refined Petroleum Products Manufacturing



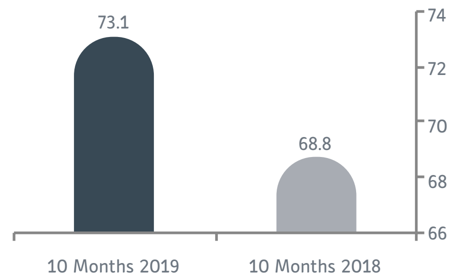
Tobacco Products Manufacturing



Non-Metallic Minerals' Products Manufacturing

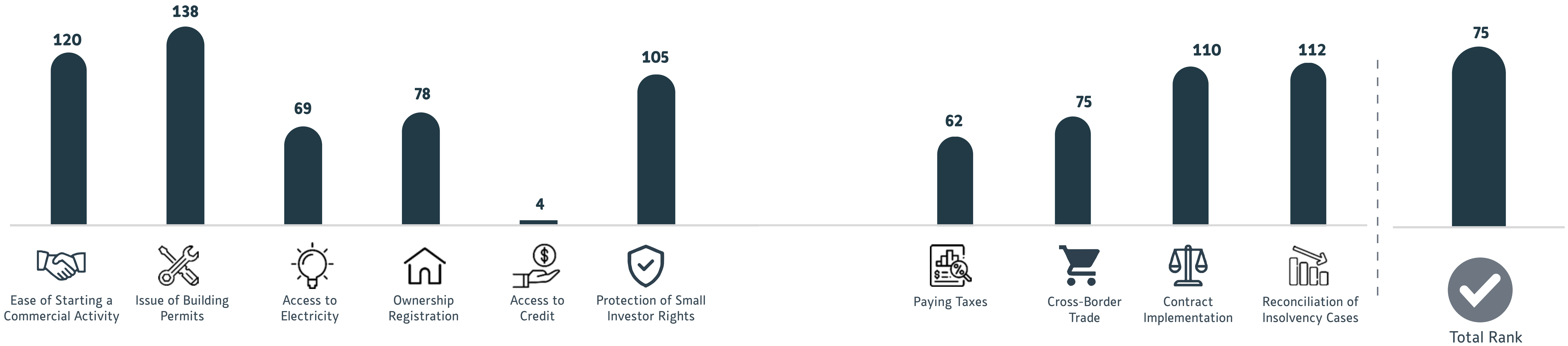


Food Products Manufacturing



Economic growth is expected to start accelerating to reach 2.5% in 2020 in view of: structural reforms carried out by the government, four economic packages announced in 2019, expansionary financial policy, ratification of the partnership Law between the private and public sectors

Kingdom's Rank Globally on the Business Practice Scale According to Sub-Indexes



The rank of the Kingdom in each index

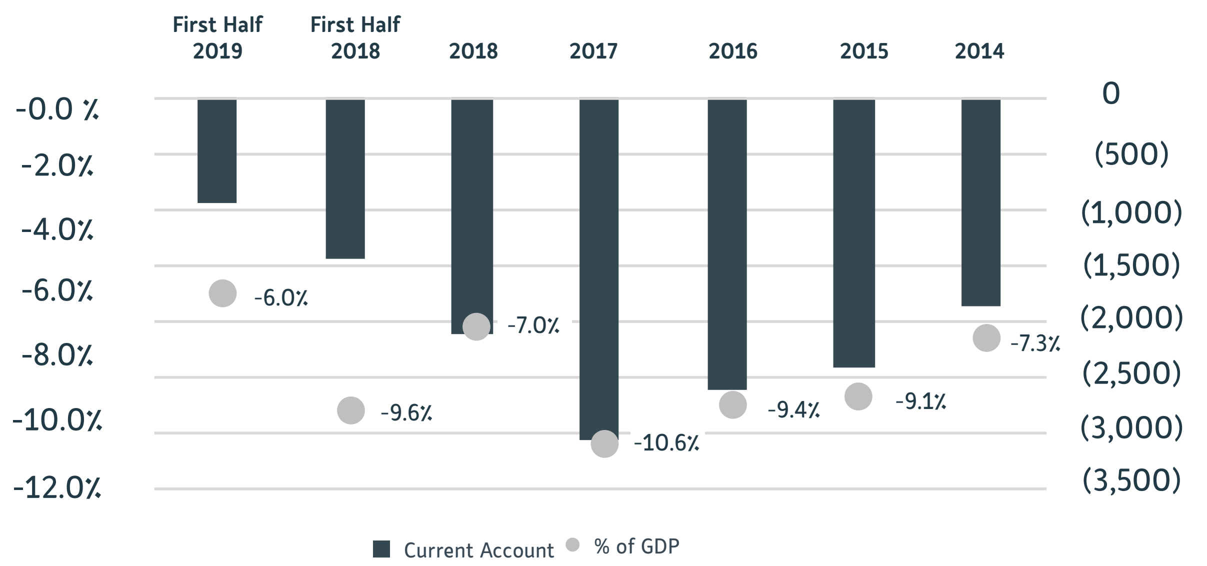
In 2019, the government made a number of reforms that led to improving the Kingdom's rank on the ease of practicing business scale by 25 ranks. The improvement was most clear in the sub-indexes connected to access to credit, payment of taxes, protection of small investors, and treating insolvency.

With this improvement, the Kingdom became one of the top two countries in the world to ascend along the business practice index in 2020.

The new partnership law will provide the scope for implementing huge projects such as developing the Marka airport, national carrier to desalinate Red Sea water, desalination and pumping of Hisban water, and other major infrastructure projects.

The current account deficit dropped to JD930 million (6.0% of GDP) as a result of a group of factors including increase in exports, decrease in imports, increase in travel revenues. Despite the improvement, the deficit is still large.

Current Account (JD million)

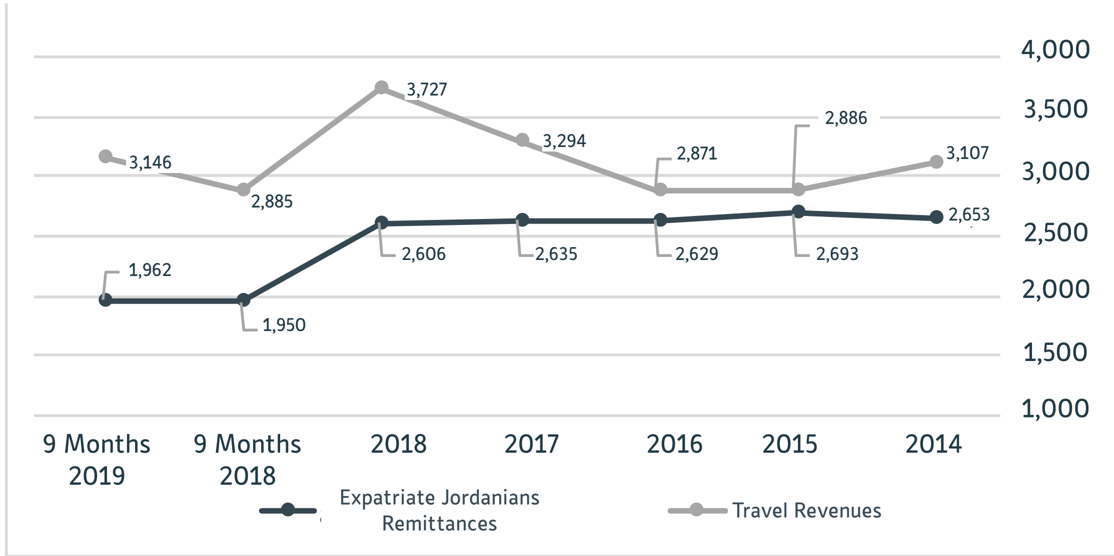


The ratio to GDP was calculated on an annual basis for the first half of 2017 and the first half of 2018.

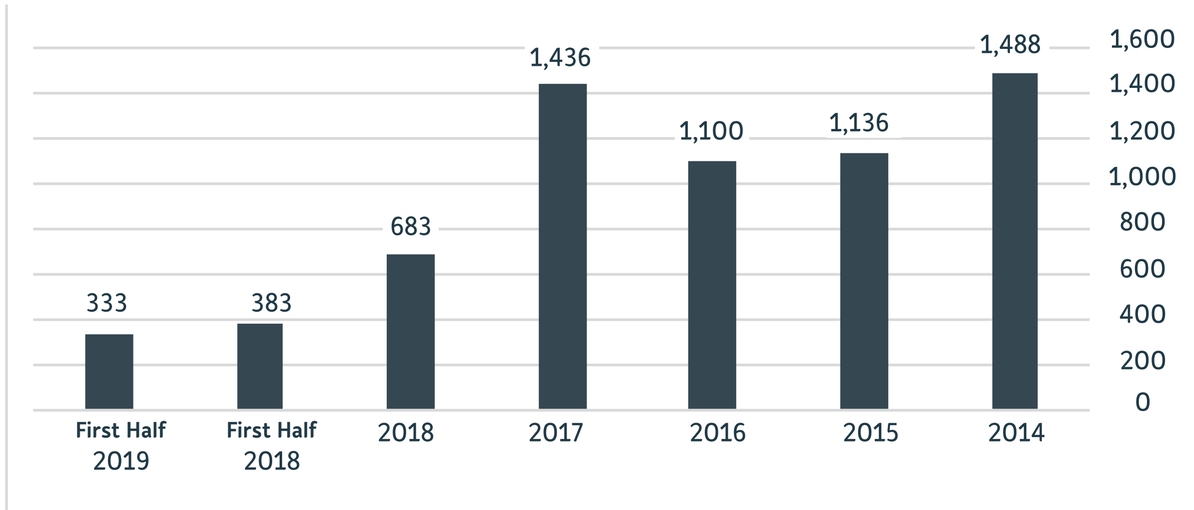
Trade Balance (JD million)

Trade Balance (JD million)	2014	2015	2016	2017	2018	10 Months 2018	10 Months 2019	Change Ratio
Total Exports	**5,953**	**5,561**	**5,360**	**5,333**	**5,518**	**4,496**	**4,882**	**8.6%**
Local Exports	5,163	4,798	4,397	4,504	4,668	3,821	4,136	8.2%
Re-Exports	790	764	963	829	850	674	746	10.7%
Imports	**16,280**	**14,537**	**13,720**	**14,554**	**14,353**	**11,932**	**11,274**	**-5.5%**
Balance of Trade	**-11,117**	**-9,740**	**-9,324**	**-10,049**	**-9,685**	**-8,111**	**-7,138**	**12.0%**
Ratio of GDP	43.7%	36.6%	33.5%	34.8%	32.2%	29.5%	27.5%	

Travel Revenues and Expatriate Jordanians Remittances (JD million)



Direct Foreign Investment (JD million)



The current account deficit remained high particularly if we took into consideration that the direct foreign investment covered one third of that deficit only. Since foreign borrowing in 2019 ($725 million from the World Bank) was used to amortize Eurobonds amounting to one billion Euros, the balance of the deficit was covered by foreign borrowing by banks. This reflected on banks' liabilities in foreign currencies which increased during the first six months of the year by $859.

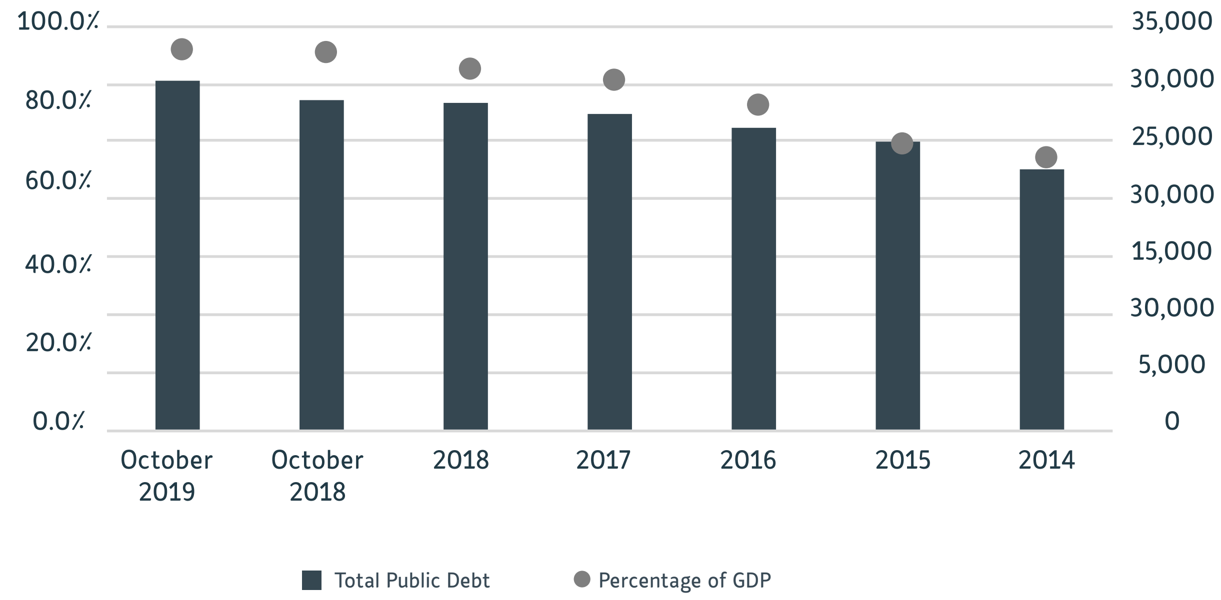
Amid economic slowdown and in view of the failure of the sales tax to achieve the expected results, the total public debt Increased to JD29 billion at the end of October (97% of GDP)

Summary of Budget Figures (JD million)	2015	2016	2017	2018	10 Months 2018	10 Months 2019	Change Ratio
Local Revenues	**5,911**	**6,234**	**6,718**	**6,945**	**5,684**	**5,838**	**2.7%**
Total Expenditure	**7,725**	**7,948**	**8,173**	**8,569**	**8,569**	**7,178**	**-16.2%**
Financial Deficit before Grants	**(1,814)**	**(1,715)**	**(1,456)**	**(1,624)**	**(1,624)**	**(1,340)**	**17.5%**
Percentage of GDP	6.8%	6.2%	5.0%	5.4%	16.2%	12.9%	
Financial Deficit after Grants	**(928)**	**(879)**	**(748)**	**(729)**	**(729)**	**(1,133)**	**-55.4%**
Percentage of GDP	3.5%	3.2%	2.6%	2.4%	7.3%	10.9%	

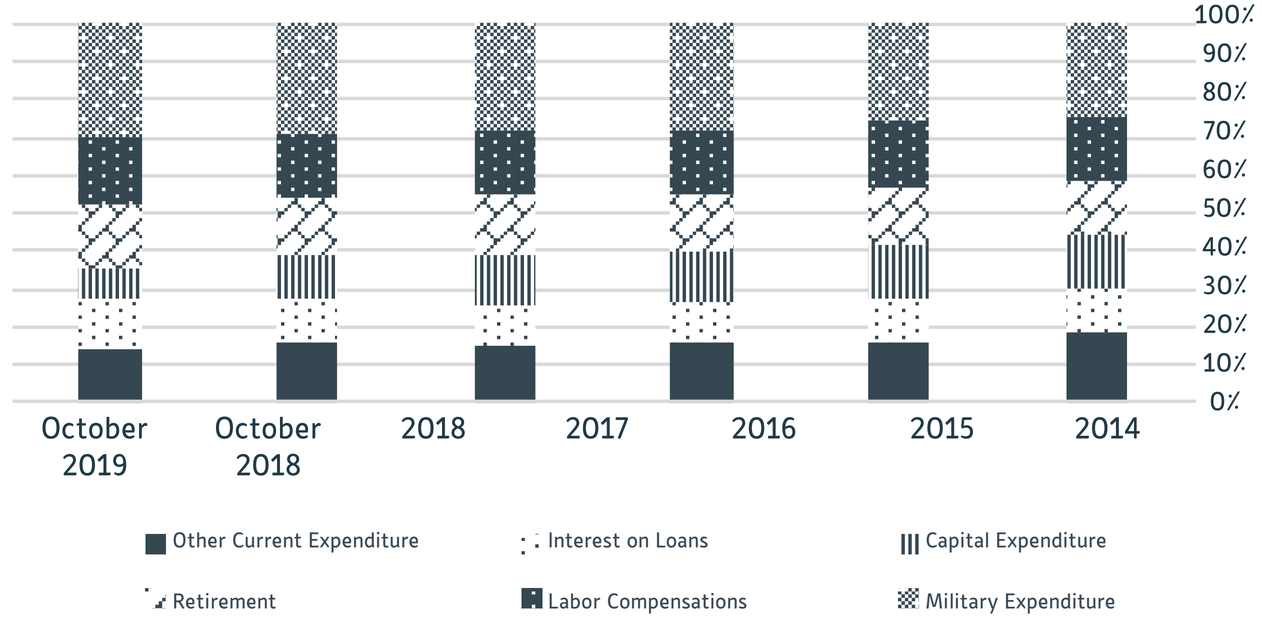
Revenues (JD million)	2015	2016	2017	2018	10 Months 2018	10 Months 2019	Change Ratio
Tax Revenues	**4,097**	**4,254**	**4,344**	**4,536**	**3,755**	**3,873**	**3.1%**
Income and Profits Tax	859	945	938	965	846	941	11.2%
Commodities and Services Tax	2,780	2,884	2,993	3,184	2,590	2,637	1.8%
Financial Transactions Tax	125	115	108	93	79	65	-17.8%
Foreign Trade Tax	334	311	304	293	240	231	-3.9%
Retirement Deductions	**19**	**15**	**11**	**11**	**9**	**7**	**-17.0%**
Other Revenues	**1,814**	**1,979**	**2,374**	**2,399**	**1,921**	**1,957**	**1.9%**
Foreign Aid	**886**	**836**	**708**	**895**	**263**	**207**	**-21.3%**

Expenditure (JD million)	2015	2016	2017	2018	10 Months 2018	10 Months 2019	Change Ratio
Current Expenditure	**6,625**	**6,919**	**7,113**	**7,621**	**7,621**	**6,581**	**-13.6%**
Includes:							
Labor Compensations	1,345	1,370	1,387	1,446	1,446	1,292	-10.7%
Interest on Loans	914	835	856	1,004	1,004	950	-5.4%
Social Benefits	1,442	1,476	1,482	1,542	1,542	1,370	-11.2%
Military Expenditure	1,997	2,216	2,325	2,478	2,478	2,161	-12.8%
Other	927	1,022	1,062	1,151	1,151	809	-29.7%
Percentage of Current Expenditure of GDP	24.9%	24.9%	24.6%	25.3%	101.7%	84.5%	-
Capital Expenditure	**1,098**	**1,029**	**1,060**	**947**	**947**	**597**	**-37.0%**
Percentage of Capital Expenditure of GDP	4.1%	3.7%	3.7%	3.1%	12.6%	7.7%	-

Public Debt



Composition of Public Expenditure



Expansionary budget for 2020 that includes JD350 million as additional capital expenditure and JD130 million on salary restructuring. The financing budget shows an expected increase in demand for local liquidity and a tendency for foreign borrowing

Budget Summary (JD million)	Actual 2018	Re-Estimated 2019	Actual 2019	Estimated 2020
Local Revenues	**6,945**	**8,010**	**7,021**	**7,754**
Tax Revenues	4,536	5,273	4,798	5,651
Non-Tax Revenues	2,409	2,737	2,223	2,103
Foreign Grants	**895**	**600**	**804**	**807**
General Revenues	**7,840**	**8,610**	**7,825**	**8,561**
Current Expenditure	**7,620**	**8,013**	**7,969**	**8,383**
Civil System	2,029	2,337	2,309	2,353
Military System	1,309	1,358	1,358	1,394
Security and Public Safety System	1,105	1,187	1,187	1,248
Other Expenditure	3,177	3,131	3,115	3,388
Retirement Pension and Remunerations	1,332	1,370	1,370	1,458
Public Debt Interest	1,004	1,052	1,052	1,254
Cash Support for Deserved Entities	161	0	0	0
Feed Support	56	0	0	0
Cash and Feed Support	0	175	175	130
Government Units' Support	122	21	20	20
Medical Treatment	86	125	125	90
Support for Universities	63	72	72	90
Recurring Cash Assistance	101	131	116	146
Settlement of Previous Commitments	252	186	186	70
Salary restructuring	0	0	0	130
Capital Expenditure	**948**	**1,243**	**1,071**	**1,425**
Public Expenditure	**8,567**	**9,255**	**9,039**	**9,808**
Deficit before Grants	**728**	**646**	**1,214**	**1,247**
Percentage of GDP	2.4%	2.0%	3.9%	3.9%
Deficit after Grants	**1,622**	**1,246**	**2,018**	**2,054**
Percentage of GDP	5.4%	4.0%	6.5%	6.4%

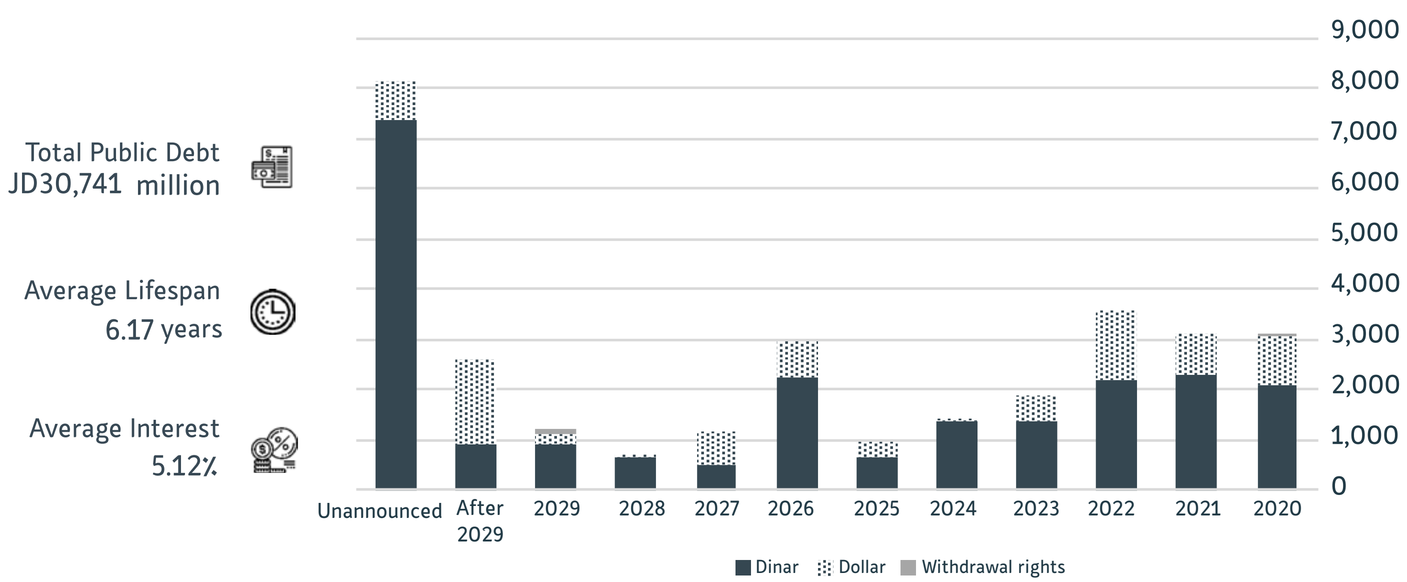
- Above figures show the discrepancy between the budget figures and the re-estimated figure particularly in tax revenues.
- The 2020 budget includes JD354 million as an additional capital expenditure compared to 2019.
- The budget also included an item to restructure salaries by JD131 million.

Public Financing Budget 2020 (JD million)

Amount	Sources	Amount	Uses
886	Issue of local dollar and Euro bonds	1,247	Cover Budget Deficit
71	Foreign loans to Finance Capital Projects	521	Pay Foreign Loan Matured Premium
1,380	Loans from International Organizations to Support the Budget	1,170	Amortize Euro Bonds and Local Dollar Bonds
3,774	Internal Loans	222	Finance Ministry Advances to the Water Authority
		198	Settlement of Internal Loan Payments Due from the Water Authority
		129	Loan Payments to Address Financial Overdues
		2,625	Amortization of Internal Debt
6,112	**Total**	**6,112**	**Total**

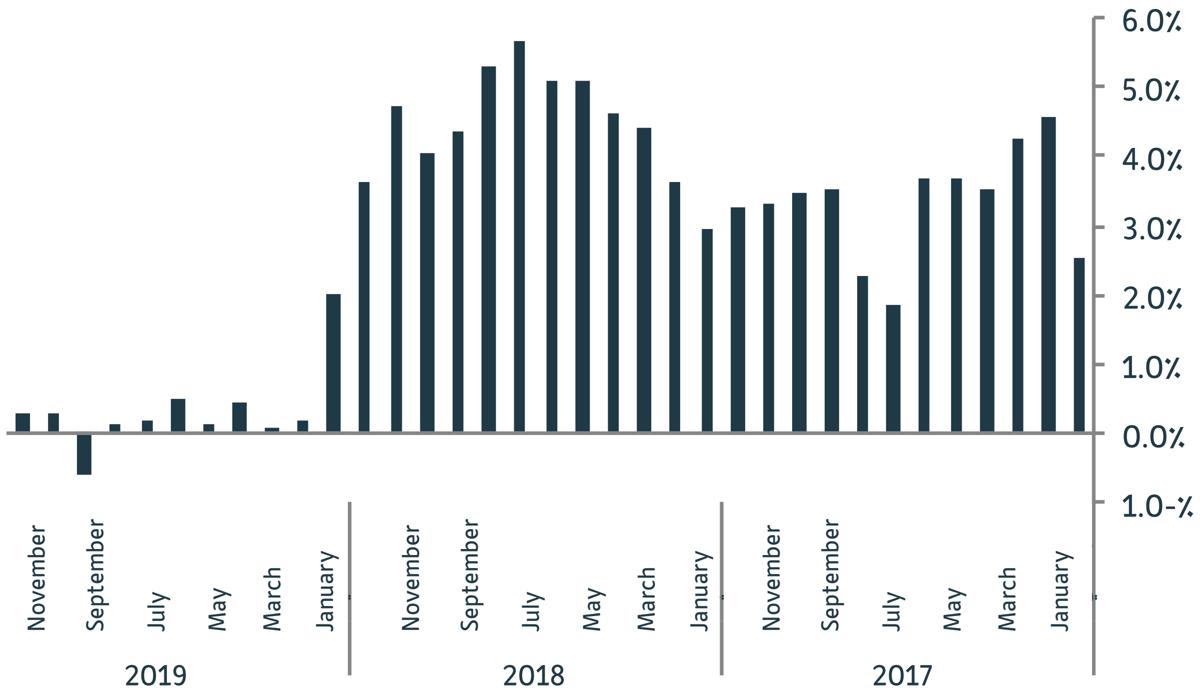
- Financing budget for 2020 shows the governments inclination to borrow JD3.5 billion from the local market including JD2.6 billion to amortize internal debts due and the balance (JD1.2 billion) as new borrowing.
- The government intends to issue dollar bonds to contribute to serving the foreign debt.

Public Debt Due-Dates Structure (JD million)

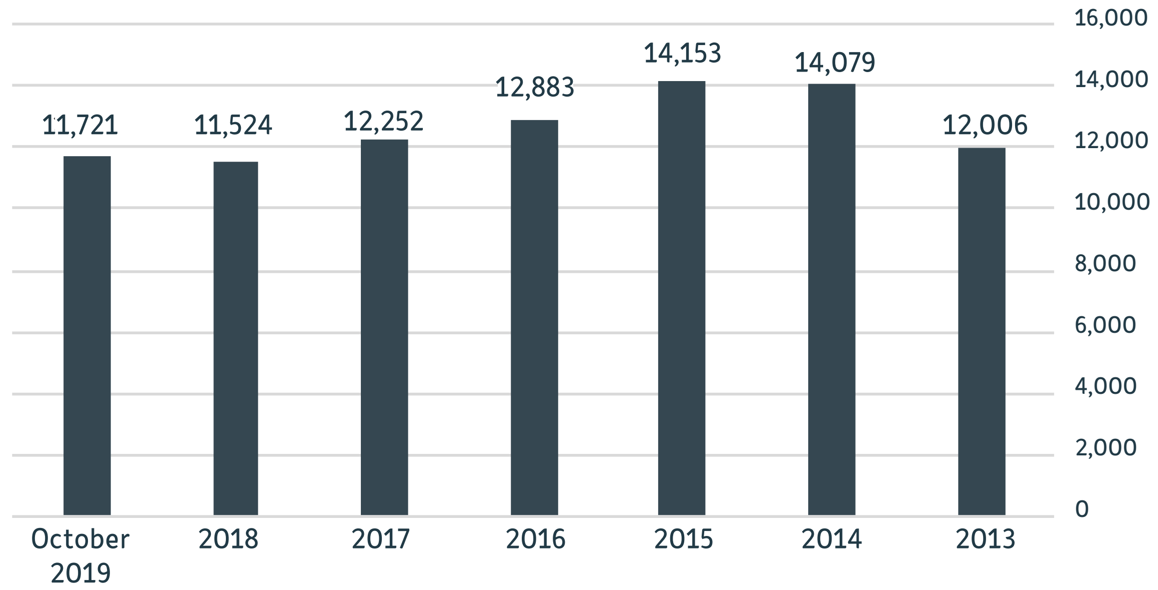


The Central Bank adopts an expansionary policy along the same lines as central banks around the world. Decrease in inflation rates, retreat in dollarization levels, and comfortable level of foreign reserves are factors that encouraged expansion

Inflation rate

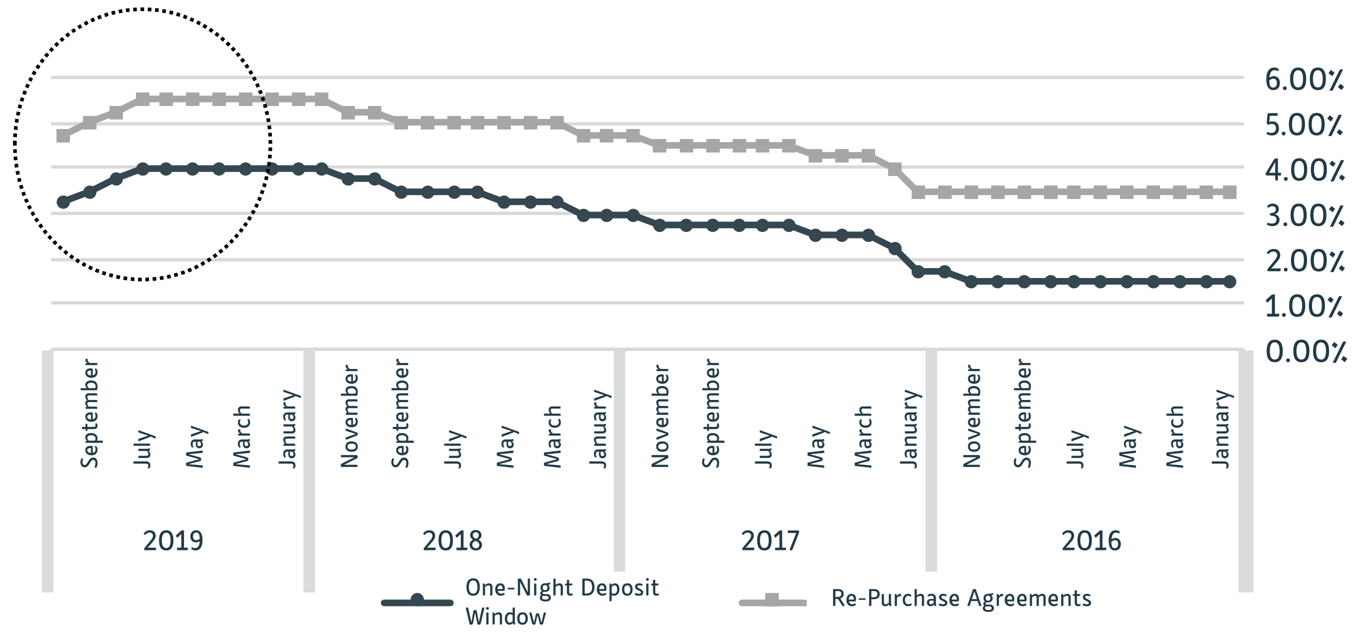


Foreign Reserves ($ Million)



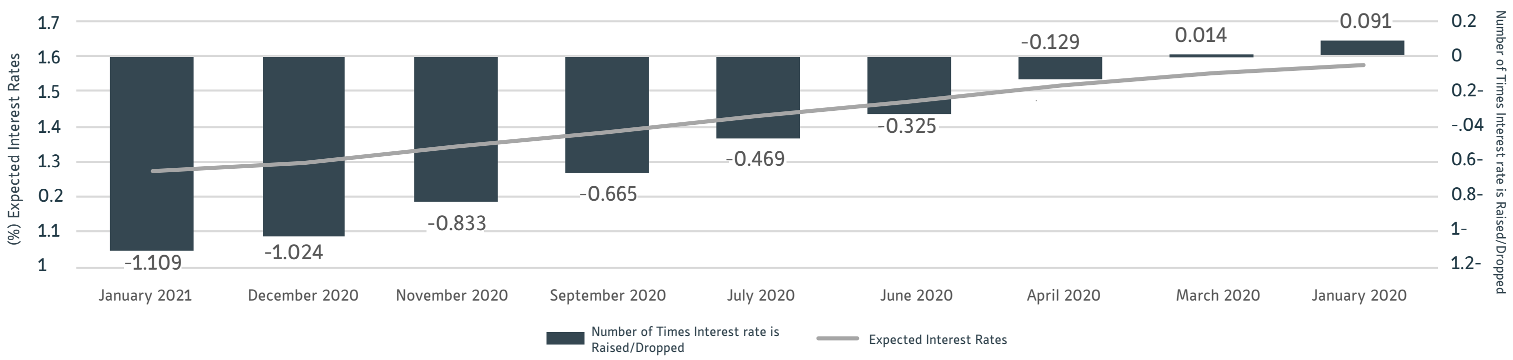
Dollarization Rate

Interest Rates on



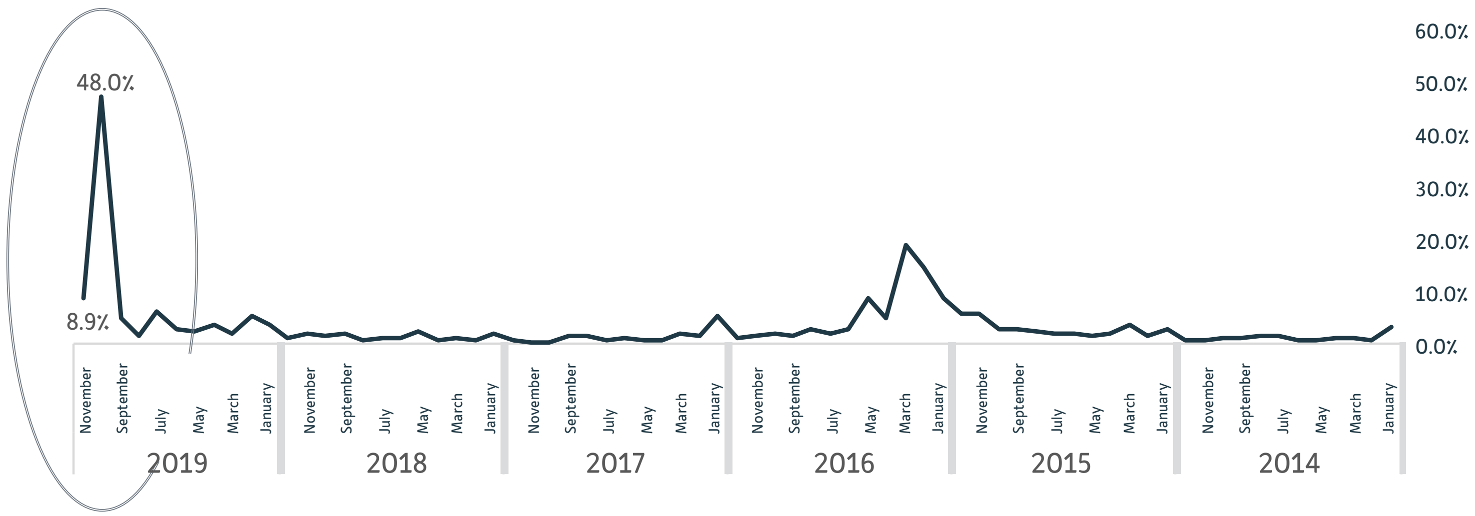
Forecasts from US markets indicate that the US Federal Reserve will not change interest rates in 2020 particularly that the potential of an economic recession has receded. The Jordanian Central Bank will follow the suit of its US counterpart.

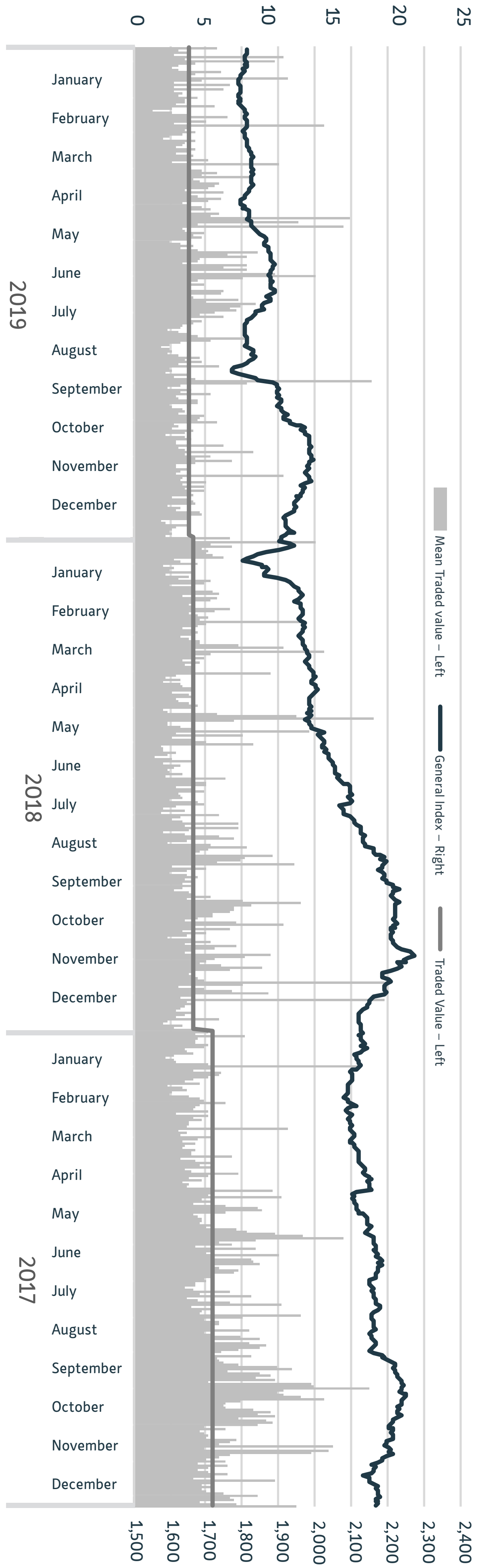
US Interest Rate Expectations according to Futures Markets Forecasts



As on 7 January 2020

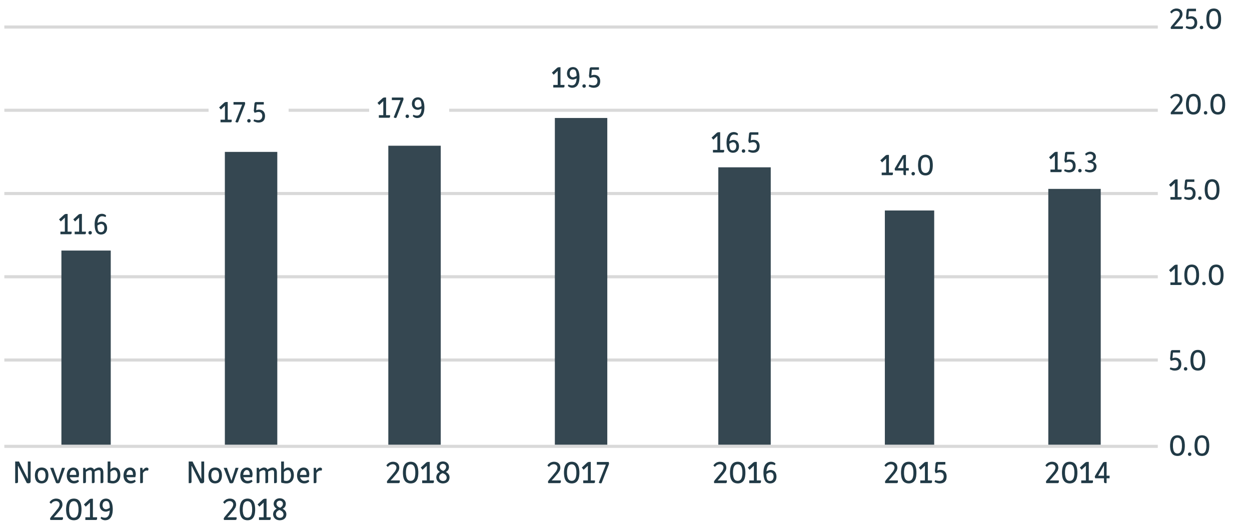
Potential for the US Market to Slide into a Recession according to Bloomberg Agency



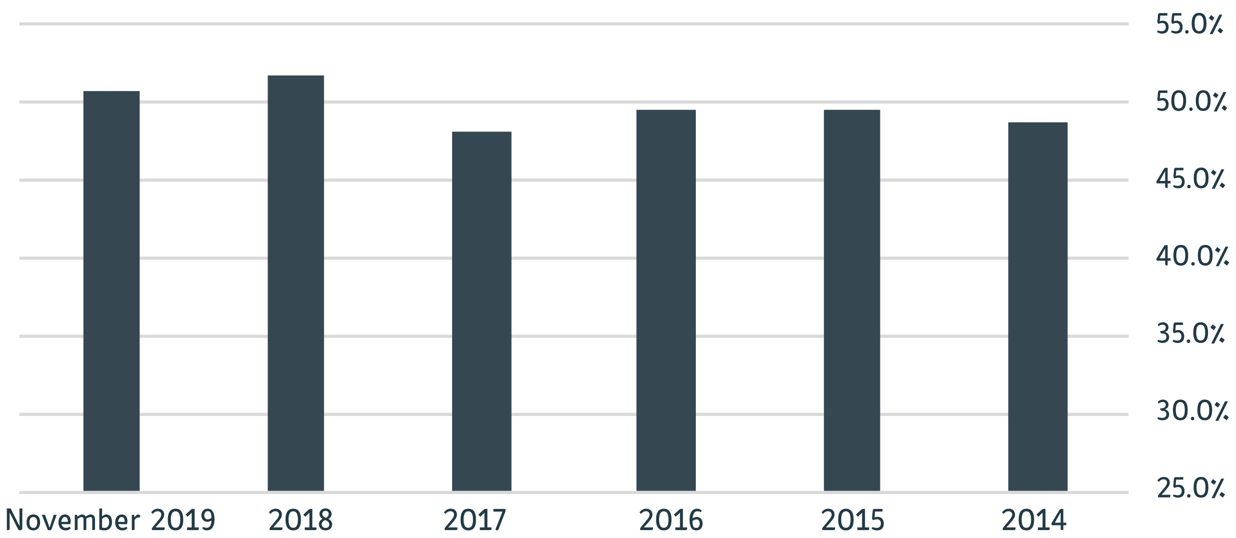


Amman Stock Exchange Index at its lowest historical level amid continued poor liquidity. The Income Tax Law dropped the market to 1,770 points in May. The market sustained a narrow price level although the tac regulation was less stringent than expected.

Recurrent Profitability

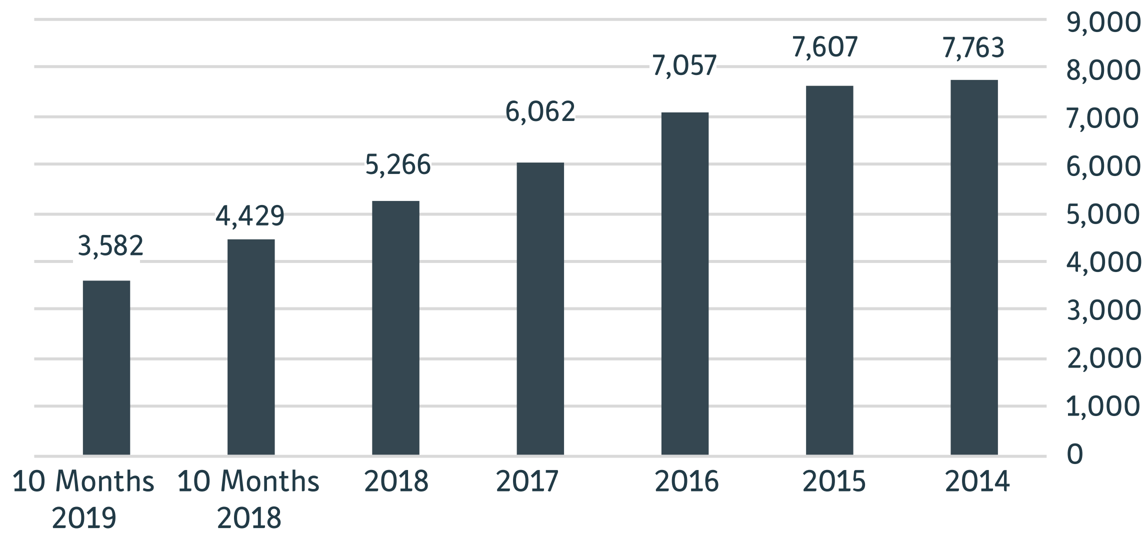


Percentage of Non-Jordanian Ownership

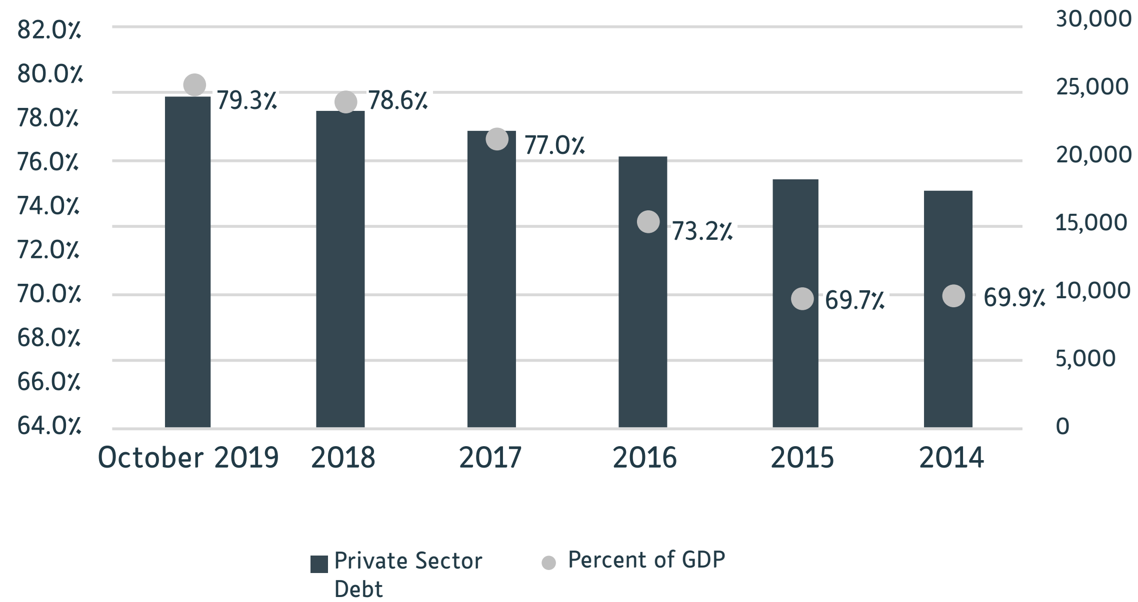


Slowdown in real estate activity in view of the increased individual indebtedness, decrease in foreign demand, and the increase of Jordanians' demand for real estate in neighboring countries such as Turkey. Decrease in interest rates and government incentives will provide a push for the sector but uncertainty will continue to overshadow the scene.

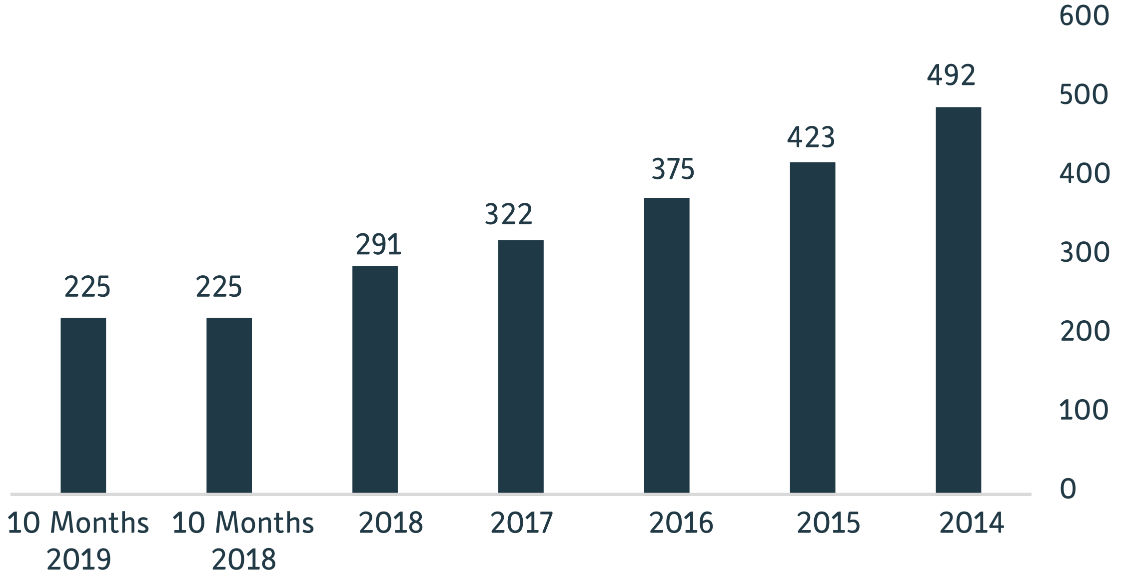
Trade Volume in the Real Estate Market (JD million)



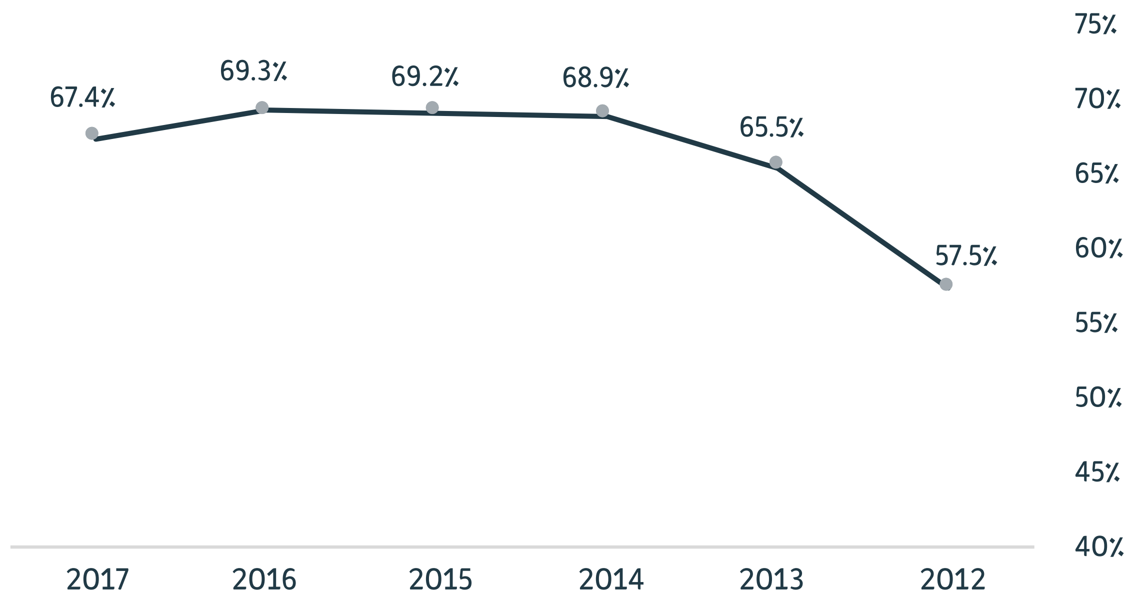
Private Sector Debt (JD million) as a Percentage of GDP



Value of Real Estate Sold to Non-Jordanians (JD million)

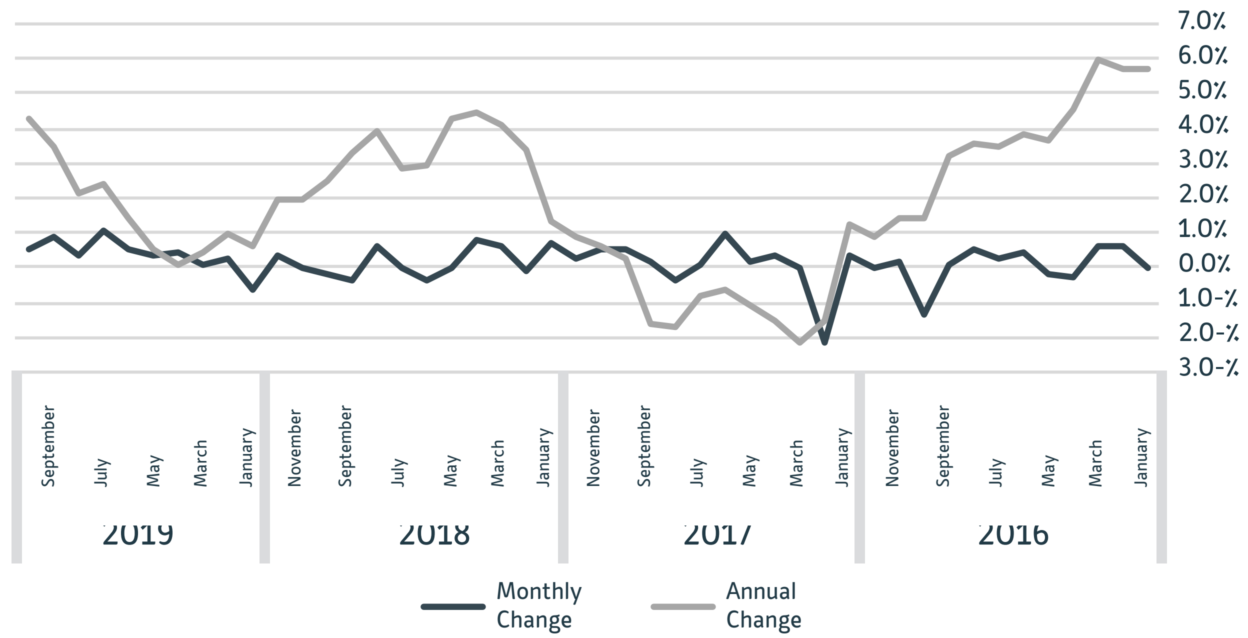


Individual Debt as a Percentage of Individual Income

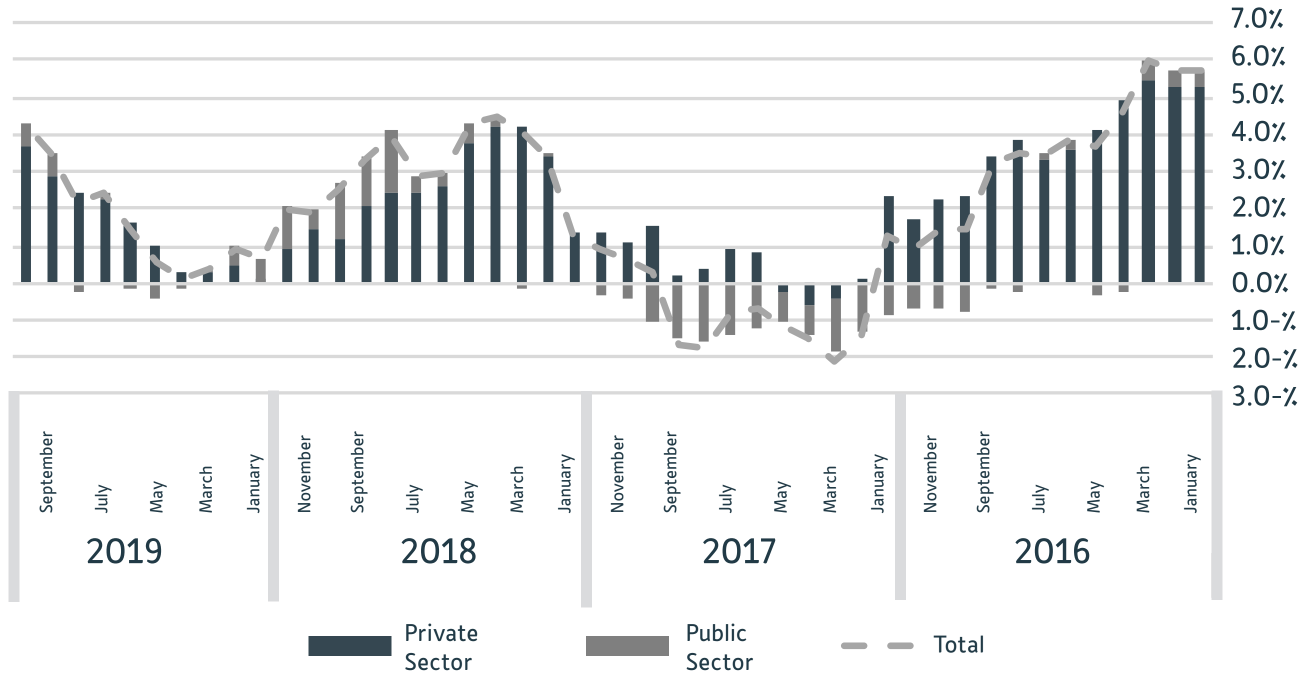


Deposits show a large annual growth as a result of a number of factors: 1) The government paid late dues in favor of companies and contractors. 2) Improvement in the balance of trade in its two parts, imports and exports. 3) Increase in travel receipts.

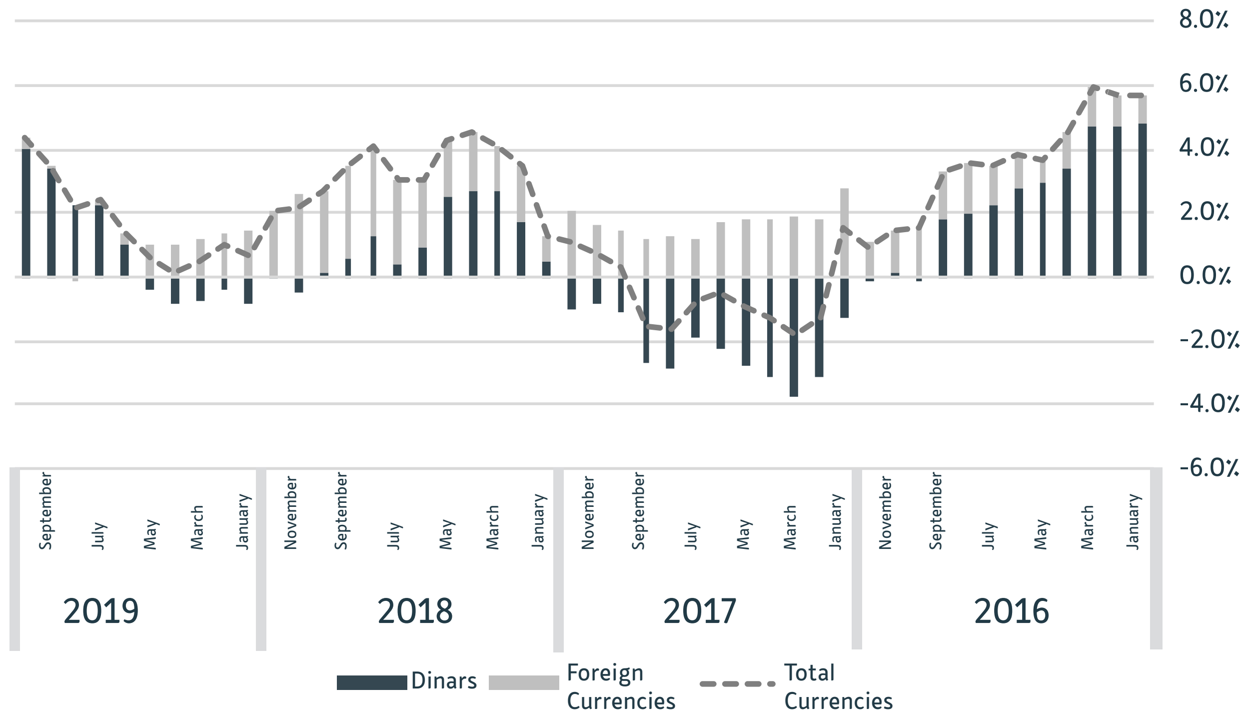
Growth of Deposits



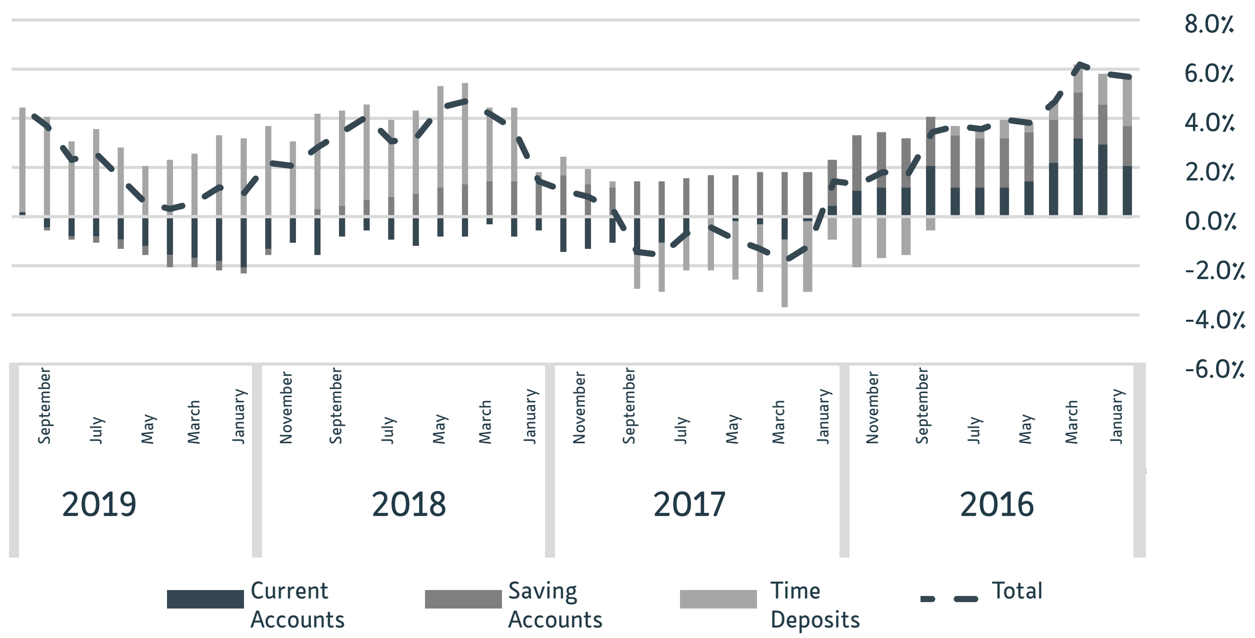
Annual Growth in Deposits by Depositing Party



Annual Growth in Deposits by Currency

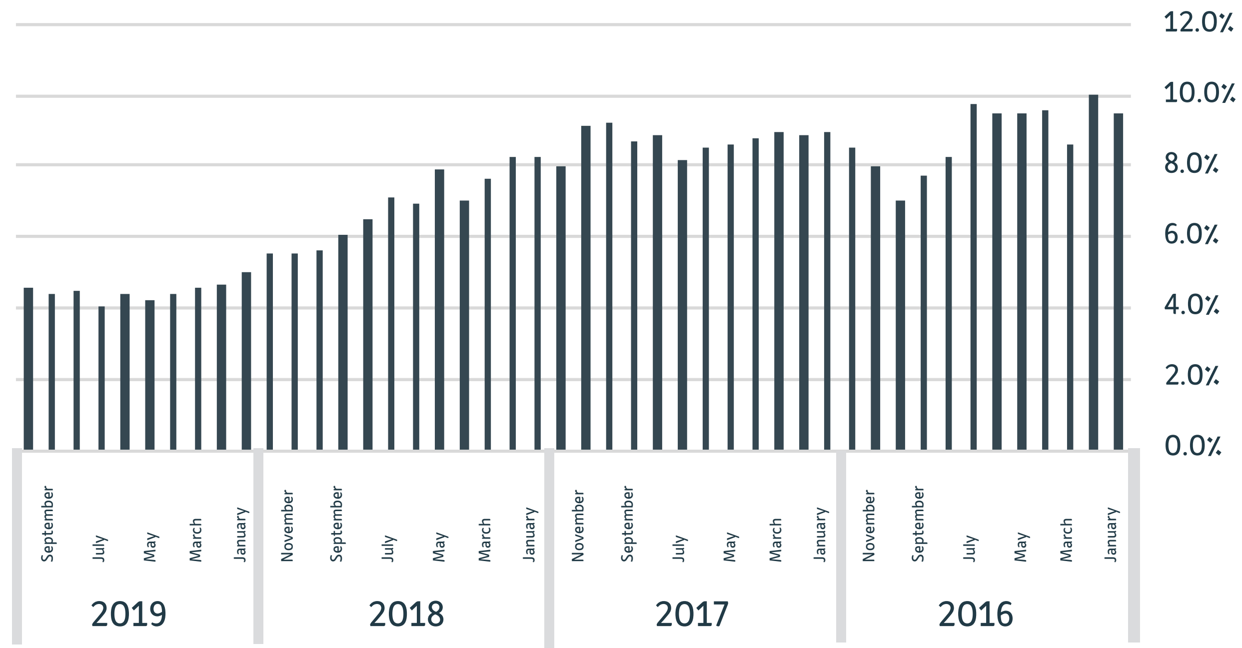


Annual Growth in Deposits by Type of Deposit

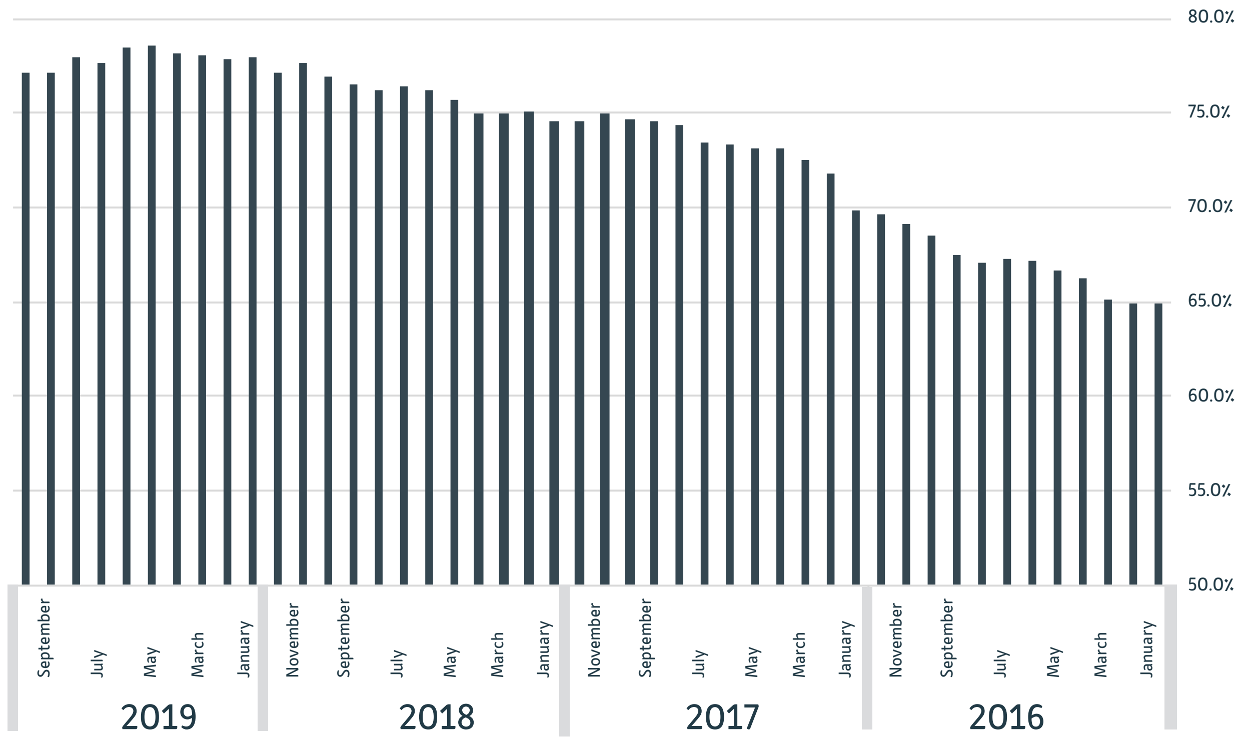


Loans continued their relatively slow growth which resulted in an improvement in the liquidity levels compared to deposits. This improvement provides the banks the ability to expand lending. The desire to lend, however, will continue to suffer under the burden of uncertainty.

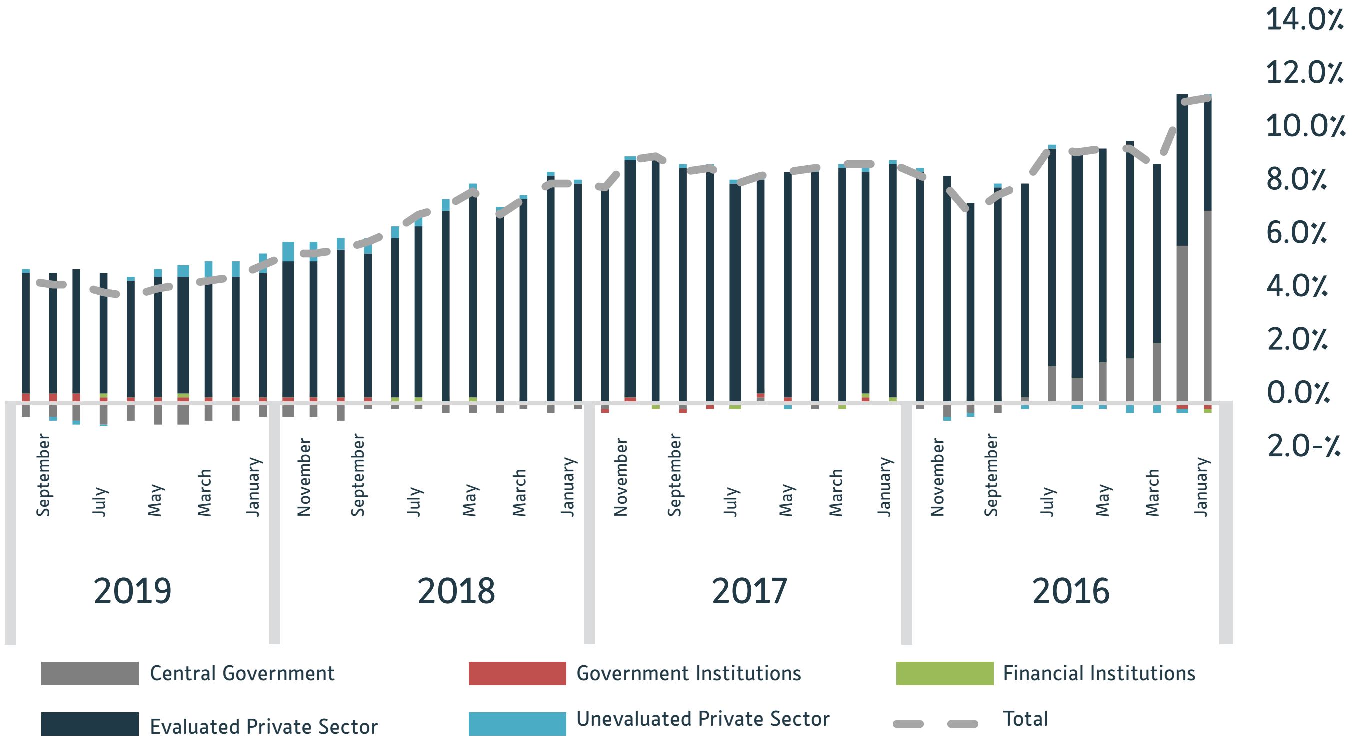
Annual Growth in Lending



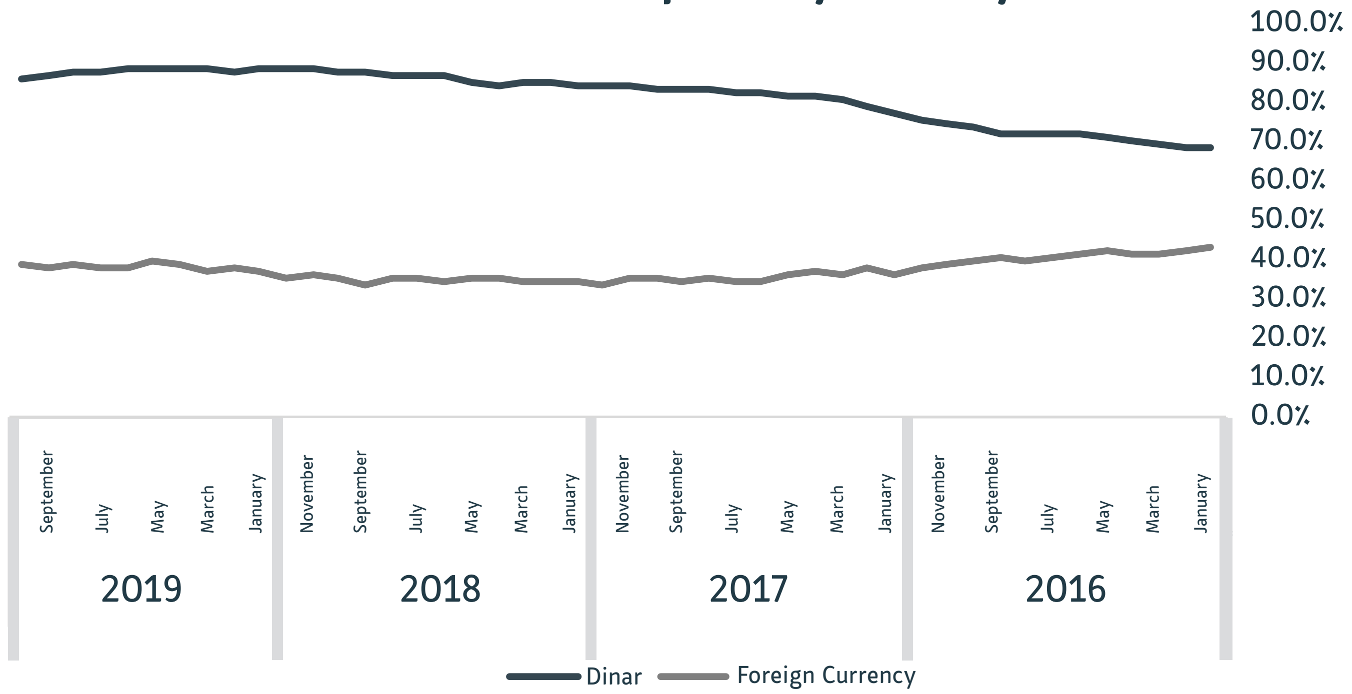
Ratio of Loans to Deposits



Ratio of Loans to Deposits by Currency



Ratio of Loans to Deposits by Currency



Institutional Governance Code

Dear Shareholders,
We would like to inform you that Capital Bank's new Corporate Governance Code has been issued and can be accessed through the link below:

https://bit.ly/2EXf1No

This updated code has been approved and adopted by the Board of Directors and is pending final approval by the Central Bank of Jordan.

Consolidated Financial Statements 31 December 2019

Independent auditor's report
To the shareholders of Capital Bank of Jordan
Public Shareholding Company
Amman– the Hashemite Kingdom of Jordan

Report on the Audit of the Consolidated Financial Statements

Our opinion

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

What we have audited

The Group's consolidated financial statements comprise:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report.

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

Independence

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

Our audit approach

Overview

Key Audit Matters	Measurement of Expected Credit Losses
	Provision for investment risk in Iraq

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.
We have designed the scope of the audit to perform sufficient procedures that enable us to express an opinion on the consolidated financial statements as a whole, taking into account the Groups structure, accounting processes, controls and business segments.

Key audit matters

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

Independent auditor's report to the shareholders of Capital Bank of Jordan (continued)

Key audit matter	How our audit addressed the key audit matter
Measurement of Expected Credit Losses The Group applies the Expected Credit Loss model (ECL) on all its financial instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income and financial guarantee contracts including financing commitments in accordance with International Financial Reporting Standards as amended by the Central Bank of Jordan instructions. The Group exercises significant judgement and makes a number of assumptions in developing its ECL models, which includes probability of default computation separately for retail and corporate portfolios, determining loss given default and exposure at default for both funded and unfunded exposures, forward looking adjustments and staging criteria. For defaulted exposures, the Group exercises judgements to estimate the expected future cash flows related to individual exposures, including the value of collateral. The Group's impairment policy under IFRS 9 is presented in Notes 3 to the consolidated financial statements. Measurement of ECL is considered as a key audit matter as the Group applies significant judgments and makes a number of assumptions in the staging criteria applied to the financial instruments as well as in developing ECL models for calculating its impairment provisions.	We performed the following audit procedures on the computation of the ECL included in the Group's consolidated financial statements for the year ended 31 December 2019: • We assessed and tested the design and operating effectiveness of the controls over impairment data and calculations. • We tested the completeness and accuracy of the data used in the calculation of ECL. • For a sample of exposures, we checked the appropriateness of the Group's application of the staging criteria. • We involved our internal specialists to assess the following areas: - Conceptual framework used for developing the Group's impairment policy in the context of its compliance with the requirements of IFRS 9. - ECL modelling methodology and calculations used to compute the probability of default (PD), loss given default (LGD), and exposure at default (EAD) for the Group's classes of financial instruments. - Reasonableness of the assumptions made in developing the modelling framework including assumptions used for estimating forward looking scenarios and significant increase in credit risk. - Recalculation of the expected credit losses for a sample of the impaired financial assets at each stage.

Independent auditor's report to the shareholders of Capital Bank of Jordan (continued)

Key audit matter	How our audit addressed the key audit matter
	•In addition, for the Stage 3 corporate portfolio, the appropriateness of provisioning assumptions were independently assessed for a sample of exposures selected on the basis of risk and the significance of individual exposures. An independent view was formed on the levels of provisions recognised, based on the detailed loan and counterparty information available in the credit file. For the Stage 3 retail portfolio, assumptions were independently assessed for each product category and an independent view was formed on the levels of provisions recognised at each category level. •We recalculated the provision for non-performing loans in accordance with the Central Bank of Jordan Instructions Number (47/2009). •We assessed the consolidated financial statement disclosures to ensure compliance with IFRS 7 and IFRS 9 as amended by the Central Bank of Jordan Instructions. We have also ensured completeness and accuracy of the disclosures by verifying the information to accounting records.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Investment risks in Iraq The Bank's Subsidiary, National Bank of Iraq (NBI), faces operational risks imposed by the political and economic situation in Iraq, particularly the regulations related to the banking sector in Iraq that may impact NBI's operational results. The bank's inability to utilize the deposited balances at the Central Bank of Iraq (CBI) in Irbil and Sulaymaniyah, which amounted to JD 10,707,611 as at 31 December 2019 compared to JD 36,921,211 as at 31 December 2018, is considered as a significant risk. As a result of the agreement that took place in 2018 between the Central Bank of Iraq and the Bank regarding the payment of the amount, the Bank collected JD 26,213,600 during the year, and based on the discounted cash flow model and as a result of the adoption of IFRS 9, management did not book any provisions for investment risk in Iraq as at 31 December 2019 and as disclosed in note 22 to the consolidated financial statements. The measurement of the provision against investment risk in Iraq is a key audit matter because the Group applies significant judgement and makes a number of assumptions about the economic situation in Iraq, measures taken by the Bank to improve results, the business model and the proposed budget for the next five years.	Our audit procedures included reviewing correspondence with CBI in relation to NBI's operations, and correspondence with CBI branches at Irbil in relation to the balances maintained at these branches. We have reviewed management's assumptions and estimation of the recoverable amount of balances deposited with CBI as at 31 December 2019, including the adequacy of the expected credit loss provision calculated under IFRS 9. Additionally, we have assessed and reviewed the methodology and the appropriateness of key assumptions applied by management, including the discount rate and timing of estimated future cash flows used in the expected credit loss calculation for these amounts. We have also reviewed management's sensitivity analysis calculations to assess the impact of reasonable possible changes in key assumptions. We assessed compliance of the consolidated financial statement disclosures with the requirements of the International Financial Reporting Standards as amended by the Central Bank of Jordan instruction. We have also ensured completeness and accuracy of the disclosures by verifying the information to accounting records.

Other information

The directors are responsible for the other information. The other information comprises all the other information included in the Group's annual report for the year 2019 (but does not include the consolidated financial statements and our auditor's report therein), which is expected to be made available to us after the date of this auditor's report.

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

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

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as modified by the Central Bank of Jordan instructions. and with other identified applicable laws in the Hashemite Kingdom of Jordan, 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 consolidated financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

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

Hazem Sababa
License No. (802)

Amman, Jordan
27 March 2019

Consolidated Statement of Financial Position
As at 31 December 2019

	Notes	2019	2018
		JD	JD
Assets			
Cash and balances with central banks	5	205,186,455	237,778,658
Balances at banks and financial institutions	6	98,268,335	81,646,989
Deposits with banks and financial institutions	7	403,875	-
Financial assets at fair value through statement of income	8	3,054,812	3,729,007
Financial assets at fair value through other comprehensive income	9	61,550,820	49,818,663
Loans valued at fair value through the income statement	10	108,831,500	-
Direct credit facilities, net amortized cost	11	983,024,041	890,959,403
Financial assets at amortized cost	12	482,827,092	540,993,467
Pledged Financial Assets	13	47,490,484	-
Property, plant and equipment, net	14	33,151,390	32,105,667
Intangible assets, net	15	20,002,960	10,649,739
Deferred tax assets	23	14,845,952	14,791,131
Other assets	16	124,041,194	102,285,300
Leased assets	A - 3	3,695,089	-
Total Assets		**2,186,373,999**	**1,964,758,024**
Liabilities And Equity			
Liabilities			
Banks and financial institutions' deposits		113,793,443	44,638,873
Customers' deposits		1,306,022,582	1,247,883,147
Margin accounts		169,009,566	143,540,333
Loans and borrowings		165,319,524	124,552,032
Income tax provision		6,850,303	6,500,757
Deferred tax liabilities		2,616,165	1,212,993
Sundry provisions		4,922,010	8,783,281
Expected credit losses provision against off balance sheet items		3,606,009	3,923,935
Other liabilities		34,607,470	29,165,346
Leased assets		3,787,881	-
Subordinated loans		28,360,000	17,725,000
Total Liabilities		**1,838,894,953**	**1,627,925,697**
Equity			
Equity attributable to the Bank's shareholders			
Paid in capital	25	200,000,000	200,000,000
Additional paid in capital		709,472	709,472
Statutory reserve	27	41,201,491	38,588,144
Foreign currency translation adjustments	28	(5,223,143)	(5,223,143)
Fair value reserve	29	1,636,797	20,961
Retained earnings	31	55,404,849	52,694,717
Net equity attributable to the Bank's shareholders		**293,729,466**	**286,790,151**
Non-controlling interest		**53,749,580**	**50,042,176**
Net Equity		**347,479,046**	**336,832,327**
Total Liabilities and Equity		**2,186,373,999**	**1,964,758,024**

Consolidated Statement of Financial Position
As at 31 December 2019

	Notes	2019 JD	2018 JD
Interest income	32	114,725,887	104,795,285
Less: Interest expense	33	59,831,061	52,567,426
Net interest income		**54,894,826**	**52,227,859**
Commission income		26,854,658	24,239,348
Less: commission expense		1,808,679	1,887,101
Net commission income	**34**	**25,045,979**	**22,352,247**
Gain from foreign currencies	35	2,541,112	654,959
Loss from financial assets at fair value through income statement	36	305,547	(163,746)
Dividends income from financial assets at fair value through other comprehensive income	9	230,086	251,929
Gain from sale of financial assets at fair value through other comprehensive income -debt instruments	9	608,362	32,337
Other income	37	10,035,130	4,980,680
Net Income		**93,661,042**	**80,336,265**
Employees' expenses	38	23,492,944	23,018,122
Depreciation and amortization	3,14,15	6,056,762	4,993,075
Other expenses	39	18,091,797	16,652,639
Loss on sale of seized property		528,369	98,036
Expected credit losses	46-1-B	7,009,726	784,461
Impairment on seized assets, net	16	1,253,887	916,182
Other Sundry provisions (Reversed from other sundry provisions)	22	98,700	(3,525,243)
Total expenses		**56,532,185**	**42,937,272**
Income before tax		**37,128,857**	**37,398,993**
Less: Income tax expense	23	8,312,080	7,050,717
Net profit for the year		**28,816,777**	**30,348,276**

Attributable to:			
Bank's shareholders		25,100,836	30,798,175
Non - controlling interest		3,715,941	(449,899)
		28,816,777	30,348,276
Basic and diluted earnings per share		JD/Fils	JD/Fils
	40	0.126	0.154

Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2019

	2019 JD	2018 JD
Income for the year	28,816,777	30,348,276
Add: items that may be reclassified to profit or loss in subsequent periods after excluding the imapct of tax :		
Exchange differences on translation of foreign operation	-	1,327,138
Change in the fair value of debt instruments at fair value through other comprehensive income - debt instruments	1,534,086	(839,287)
Add: items that will not be reclassified to profit or loss in subsequent periods after excluding the imapct of tax :		
Change in the fair value of equity instruments at fair value through other comprehensive income-equity instruments	497,055	867,338
Total other comprehensive income for the year net of tax	2,031,141	1,355,189
Total comprehensive income for the year	**30,847,918**	**31,703,465**
Attributable to:		
Bank's shareholders	**27,120,022**	**29,574,936**
Non-controlling interest	**3,727,896**	**2,128,529**
	30,847,918	**31,703,465**

Consolidated Statement of Changes in Owners Equity
For the Year Ended 31 December 2019

31 December 2019	Issued and Paid in Capital	Additional paid in capital	Reserves: Statutory	Reserves: General banking risk	Foreign currency translation adjustments	Fair value reserve	*Retained earnings	Equity attributable to the Bank's shareholders	Non-controlling interest	Total equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at 01 January 2019 as previously stated	**200,000,000**	**709,472**	**38,588,144**	**-**	**(5,223,143)**	**20,961**	**52,694,717**	**286,790,151**	**50,042,176**	**336,832,327**
Changes on initial application of IFRS 16	-	-	-	-	-	-	(180,707)	(180,707)	(20,492)	(201,199)
Restated balance at 1 January 2019	**200,000,000**	**709,472**	**38,588,144**	**-**	**(5,223,143)**	**20,961**	**52,514,010**	**286,609,444**	**50,021,684**	**336,631,128**
Profit for the year	-	-	-	-	-	-	25,100,836	25,100,836	3,715,941	28,816,777
Change in financial assets at fair value through other comprehensive income	-	-	-	-	-	2,019,186	-	2,019,186	11,955	2,031,141
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**2,019,186**	**25,100,836**	**27,120,022**	**3,727,896**	**30,847,918**
Realized (gains) losses from selling financial assets at fair value through other comprehensive income (Notes 9, 29)	-	-	-	-	-	(403,350)	403,350	-	-	-
Transferred from reserves	-	-	2,613,347	-	-	-	(2,613,347)	-	-	-
Cash dividends (Note 26)	-	-	-	-	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)
Balance at 31 December 2019	200,000,000	709,472	41,201,491	0	(5,223,143)	1,636,797	55,404,849	293,729,466	53,749,580	347,479,046
	-	-	-	-	-	-	-	-	-	-

31 December 2018	Issued and Paid in Capital	Additional paid in capital	Reserves: Statutory	Reserves: General banking risk	Foreign currency translation adjustments	Fair value reserve	*Retained earnings	Equity attributable to the Bank's shareholders	Non-controlling interest	Total equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at 01 January 2019 as previously stated	200,000,000	709,472	34,689,204	8,840,593	(4,082,668)	416,990	50,994,187	291,567,778	57,826,685	349,394,463
Changes on initial application of IFRS 16	-	-	-	-	-	-	(14,352,563)	(14,352,563)	(5,367,097)	(19,719,660)
Restated balance at 1 January 2019	**200,000,000**	**709,472**	**34,689,204**	**8,840,593**	**(4,082,668)**	**416,990**	**36,641,624**	**277,215,215**	**52,459,588**	**329,674,803**
Profit for the year	-	-	-	-	-	-	30,798,175	30,798,175	(449,899)	30,348,276
Change in financial assets at fair value through other comprehensive income	-	-	-	-	(1,140,475)	(82,764)	-	(1,223,239)	2,578,428	1,355,189
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(1,140,475)**	**(82,764)**	**30,798,175**	**29,574,936**	**2,128,529**	**31,703,465**
Realized (gains) losses from selling financial assets at fair value through other comprehensive income (Notes 9, 29)	-	-	-	-	-	(313,265)	313,265	-	-	-
Transferred from reserves	-	-	3,898,940	(8,840,593)	-	-	4,941,653	-	-	-
Cash dividends (Note 26)	-	-	-	-	-	-	(20,000,000)	(20,000,000)	(4,545,941)	(24,545,941)
Balance at 31 December 2019	**200,000,000**	**709,472**	**38,588,144**	**-**	**(5,223,143)**	**20,961**	**52,694,717**	**286,790,151**	**50,042,176**	**336,832,327**

* Retained earnings include JD 14,845,952 which represents deferred tax assets as at 31 December 2019 against JD 14,791,131 as at 31 December 2018, according to the Central Bank of Jordan's regulations these balances are restricted.

* Retained earnings include JD 927,971 as at 31 December 2019 against JD 1,054,642 as at 31 December 2018, this amount represents unrealized gain as a result of early adoption of IFRS9 related to classification and measurement. This amount is not available for distribution according to the Securities and Exchange Commission regulations until the amount becomes realized .

_ An amount equal to the negative balance of fair value reserve is restricted within retained earning and cannot be utilized.
_ Losses from revaluation of assets at fair value through income statement amounted to JD 12,405 as at 31 December 2019 against an amount of JD 228,272 as at 31 December 2018 which is restricted from utilization within the retained earnings, according to the Jordan Securities Commission.

_ The general banking risks reserve is a restricted reserve that cannot be utilized without prior approval of the Central Bank of Jordan. Regarding the implementation of IFRS 9 the Central Bank of Jordan issued Circular No.10/1/1359 on 25 January 2018 , allowing banks to transfer the balance of general banking risk reserve to retained earnings to reflect the impact of IFRS 9 on the opening balance of retained earnings as at 1 January 2018. The Circular also stipulates that the balance of a general bank risk reserve item is a restricted balance. Dividends may not be distributed as dividends to shareholders and may not be used for any other purpose except with the approval of the Central Bank of Jordan. The unutilized balance amounted to 8,840,593

Consolidated Statement of Cash Flows For the Year Ended 31 December 2019

	Notes	2019 JD	2018 JD
Operating Activities			
Profit before income tax		37,128,857	37,398,993
Adjustments for Non-Cash Items			
Depreciation and amortization	3,14,15	6,056,762	4,993,075
Impairment loss on direct credit facilities		7,009,726	784,461
Loss from revaluation of financial assets at fair value through Income statement		12,405	393,422
Impairment on assets seized by the bank		1,253,887	916,182
Impairment losses (gains) and other sundry provisions		98,700	(3,525,243)
Net accrued interest (receivable) payable		3,813,697	(1,027,102)
Effect of exchange rate changes on cash and cash equivalents		213,141	(924,702)
Cash flows from operating activities before changes in assets and liabilities		**55,587,175**	**39,009,086**
Changes in assets and liabilities –			
Restricted balances		(27,095)	(15,741)
Restricted balances at central banks		13,332,612	60,401,055
Banks and financial institutions' deposits		5,000,000	0
Financial assets at fair value through Income statement		661,790	(861,369)
Direct credit facilities at amortized cost		(208,780,279)	18,318,699
Other assets		(27,916,217)	(23,440,195)
Banks and financial institutions' deposits maturing in more than three months		(404,385)	-
Customers' deposits		58,139,435	25,687,613
Margin accounts		25,469,233	(4,468,986)
Other liabilities		6,719,470	2,156,954
Paid sundry provisions		(3,959,971)	(4,713,408)
Net cash flow (used in) from operating activities before income tax		**(76,178,232)**	**112,073,708**

Income tax paid	23	(7,376,775)	(3,631,530)
Net cash flow (used in) from operating activities		(83,555,007)	108,442,178
Investing Activities			
Purchase of financial assets at fair value through other comprehensive income		(34,656,996)	(26,028,914)
Sale of financial assets at fair value through other comprehensive income		24,543,069	12,821,279
Purchase of financial assets at amortized cost		(75,627,108)	(153,782,868)
Sale / maturity of financial assets at amortized cost		86,383,441	51,989,891
Purchase of property and equipment	14	(4,195,060)	(4,552,627)
Sale of property and equipment	14	-	13,604
Purchase of intangible assets	15	(11,261,692)	(6,659,909)
Net cash flow used in investing activities		**(14,814,346)**	**(126,199,544)**
Financing Activities			
Proceeds from loans and borrowings		82,994,447	40,919,900
Repayment of loans and borrowings		(42,226,956)	(35,191,977)
Repayment of secondary loans		10,635,000	-
Cash dividends		(19,639,907)	(24,265,913)
Net cash flow (used in) from financing activities		**31,762,584**	**(18,537,990)**
Net cash and cash equivalents		(66,606,769)	(36,295,356)
Effect of exchange rate changes on National Bank of Iraq		-	(3,385,657)
Effect of exchange rate changes on cash and cash equivalents		(213,141)	924,702
Cash and cash equivalent at the beginning of the year	42	231,548,826	270,305,137
Cash and cash equivalent at the end of the year		**164,728,916**	**231,548,826**

(1) General Information

The Bank is a public shareholding company registered and incorporated in Jordan on 30 August 1995 in accordance with the Companies Law No. 1 of (1989). Its registered office is in Amman.

The Bank provides its banking services through its thirteen branches located in Amman - Jordan and its subsidiaries Capital Investment and Brokerage Company in Jordan Ltd, National Bank of Iraq in Iraq, Capital Investment Fund Company in Bahrain, and Capital Bank Corporate Advisory (Dubai International Finance Center) Ltd.
The Bank has subsequently increased its capital during prior years from JD 20 million to reach JD 200 million. The increases in capital were effected through capitalizing its distributable reserves, retained earning and private placements to shareholders, in addition to the participation of International Finance Corporation (IFC) which became a strategic partner.

Capital Bank of Jordan shares are listed at Amman Stock Exchange - Jordan.

The consolidated financial statements were approved by the bank's board of directors at its meeting No. 2020/1 on February 6, 2020 and are subject to the approval of the Central Bank and the General Assembly of Shareholders.

(2) Basis of the preparation of the consolidated financial statements

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

The Jordanian Dinar is the currency used for the presentation of the consolidated financial statements.
The main differences between the IFRSs as they must be applied and what has been approved by the Central Bank of Jordan are the following:

Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan (No. 13/ 2018) "Application of the IFRS (9)" dated 6 June 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter. The significant differences are as follows:

Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit losses.

When calculating credit losses against credit exposures, the calculation results are compared according to the IFRS (9) under the instructions of the Central Bank of Jordan No. (47/2009) of 10 December 2009 for each stage separately and the stricter results are taken.
Interest and commissions are suspended on non-performing credit facilities granted to clients in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter.

Assets that have been reverted to the Bank appear in the consolidated statement of financial position within other assets at the amount of which they were reverted to the Bank or the fair value, whichever is less, and are reassessed on the date of the consolidated financial statements individually. Any impairment in their value is recorded as a loss in the consolidated statement of profit or loss and the increase is not recorded as revenue. The subsequent increase is taken to the consolidated statement of profit or loss to the extent that it does not exceed the value of the previously recorded impairment. As of the beginning of 2015, a gradual provision was made for real estate acquired for more than 4 years against debts according to the Circular of the Central Bank of Jordan No. 4076/1/15 dated 27 March 2014 and No. 2510/1/10 dated 14 February 2017. 'Noting that the Central Bank of Jordan issued Circular No. 13967/1/10 dated 25 October 2018, in which the Circular No. 16607/1/10 dated 17 December 2017was approved for extension.

The Central Bank of Jordan also confirmed postponing the calculation of the provision until the end of the year 2019. According to the Central Bank's Circular No. 16239/1/10 dated 21 November 2019, deduction of the required provisions against real estate acquired is made at the rate of (5%) of the total book values of these properties (regardless of the period of violation) as of the year 2021, so that the required percentage of 50% of these properties are reached by the end of the year 2029.

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

The consolidated financial statements have been prepared in accordance with the historical cost principle, with the exception of financial assets at fair value through the consolidated income statement and financial assets at fair value through other comprehensive income that appear at fair value at the date of the consolidated financial statements, as well as financial assets and liabilities that have been hedged against the risks of change in their value at fair value.

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

The accounting policies used in preparation of the consolidated financial statements for the year ended 31 December 2019 are consistent with the accounting policies adopted for the year ended 31 December 2018 except as mentioned in Note 3 or 3-b.

The stand alone financial statements are the first to be applied using IFRS 16 "leases", the main changes in the regulations being clarified in note 3-a.

The foundations of unifying the consolidated financial statements

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries (together the "The Group"). Control exists when the bank controls the subsidiaries and relevant activities, and is exposed, or has right, to variable returns from its involvement with the subsidiaries, and has the ability to affect those returns.

All intra-company balances, transactions, income and expenses and profits and losses resulting from intra-company transactions that are recognized in assets or liabilities, between the Bank and the following subsidiaries are eliminated in full:

1- Capital Investment and Brokerage Company Limited; of which the Bank owns 100% of its paid-in-capital amounted to JD 10,000,000 as at 31 December 2019. The company provides Brokerage services. The company was established on 16 May 2005.

2- National Bank of Iraq (NBI); of which the Bank owns 61.85% of its paid-in-capital of IQD 250 billion equivalent to JD 148,949,580 as at 31 December 2019. The Bank provides banking services, National Bank of Iraq was acquired effective 1 January 2005.

3- Capital Investment Fund Company Bahrain; of which the Bank owns 100% of its paid-in-capital of BHD 1,000 equivalent to JD 1,888 as at 31 December 2019. The purpose of the company is to manage mutual funds and it has not started its operations as of the date of preparing these consolidated interim condensed financial statements.

4- Capital Investments (DIFC) UAE; of which the bank owns 100% of its paid in capital of USD 250,000 (JD 177,250) as at 31 December 2019. The purpose of the company is to offer financial consulting services.The company was registered and incorporated on 23 February 2015.

The financial statements of the subsidiaries are prepared under the same reporting period as the Bank, using consistent accounting policies. If different accounting policies were applied by the subsidiaries, adjustments shall be made to their financial statements in order to comply with those of the Bank.

The result of operations of the subsidiaries are consolidated in the consolidated statement of income from the acquisition date which is the date on which control over the subsidiaries is gained by the Bank. The results of operations of the disposed subsidiaries are consolidated in the consolidated statement of income up to the disposal date which is the date the bank loses control over the subsidiaries.

Non-controlling interests represent the portion of shareholdres' equity not owned by the Bank in the subsidiaries.

When preparing separate financial statements, investment in subsidiaries is recorded at cost, less impairement if any.

Segment information

The geographical segment provides services and products in a certain economic environment that is subject to returns and risks that differ from other segments that operate in other economical environments.

Revenue recognition

Interest income and expense

Interest income and expense for all financial instruments with the exception of those classified as held for trading or measured at fair value is recognized through the consolidated statement of profit or loss in “net interest income” as interest income and interest expense using the Effective interest method. Interest on financial instruments measured at fair value through the consolidated statement of profit or loss is also included in the fair value movement during the period.

An effective interest rate is the rate at which the estimated future cash flows of a financial instrument are discounted during the expected life of the financial instrument or, when appropriate, for a shorter period, to the net carrying amount

of the financial asset or financial liabilities. Future cash flows are estimated by taking into account all contractual terms for the instrument.
Interest income / interest expense is calculated by using the effective interest rate principle and the total book value of the non-credit financial assets (i.e. on the basis of the amortized cost of the financial asset prior to settlement for any provision for expected credit loss) or to the amortized cost of the financial liabilities. For credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the amortized cost of credit-impaired financial assets (i.e. total book value minus the provision for expected credit losses). As for the financial assets that have been created or acquired and are low in credit, the effective interest rate reflects the expected credit losses in determining the future cash flows expected to be received from the financial asset.

Interest income and expense in the bank's consolidated statement of profit or loss also includes the effective portion of fair value changes to derivatives that are designated as hedging instruments in the cash flow hedges of interest rate risk. With regard to fair value hedges of interest rate risk around interest expenses and income, the effective portion of fair value changes for specific derivatives are also included, and fair value changes to the specific risk for the hedged item are also included in interest income and expense, and interest expense also includes the value of interest versus rental contract obligations.

Net commission income

Net commission income and expense includes fees other than the fees that are an integral part of the effective interest rate. The commissions included in this part of the bank's consolidated profit or loss list also include commissions charged for the loan service, non-use commissions related to loan obligations when this is unlikely to result in a specific arrangement for lending and co-financing of loans.

Commission fees for services are calculated when receiving services

For contracts with clients that result in recognition of financial instruments, part of which may be related to IFRS 9 or 15, case commissions are recognized in the part that relates to IFRS 9 and the remainder is recognized according to the International Financial Reporting Standard No. (15).

Net trading income

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

Net income from other financial instruments at fair value through profit or loss statement

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

The fair value movement of derivatives held for economic hedging is presented where hedge accounting is not applied in "net income from other financial instruments at fair value through the statement of profits or losses". However, with respect to the designated and effective fair value hedge relationship, the gains and losses on the hedging instrument are presented on the same line item in the profit or loss statement as a hedged item. With regard to certain and effective cash flows and hedge accounting relationships with respect to net investment, the hedging instrument gains and losses, including any hedging ineffectiveness included in the statement of profit or loss, are included in the same item as a hedged item that affects the statement of profit or loss.

Dividend income

Dividend income from investments is recognised in the consolidated statement of profit or loss when the Group's right to receive dividends has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Dividend income is recognized when the right to receive payment is established, which is the preceding date for listed dividends, and usually the date on which shareholders agree to unquoted dividends.
The distribution of dividends in the consolidated statement of profits or losses depends on the classification and measurement of investment in shares, that is:

- In respect of equity instruments held for trading, dividend income is included in the statement of profit or loss in the statement of financial assets (losses) at fair value through the statement of profit or loss;

- For equity instruments classified at fair value through other comprehensive income, dividends are included in the statement of profit or loss in the item of dividends from financial assets at fair value through other comprehensive income

- For equity instruments not classified at fair value through other comprehensive income and not held for trading purposes, dividend income is recognized as net income from other instruments at fair value through the statement of profit or loss.

Financial instruments

Initial Recognition and Measurement:

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized immediately in the consolidated statement of profit or loss. Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognized for financial assets measured at amortized cost and investments in debt instruments measured at FVTOCI, as described in note (46 - A), which results in an accounting loss being recognized in profit or loss when an asset is newly originated.

If the transaction price differs from the fair value at initial recognition, the bank addresses this difference as follows:

- If the fair value is established at a specified price in an active market for identical assets or liabilities or based on a valuation technique that uses only observable inputs in the market, the difference in profit or loss is recognized using initial recognition (i.e. profit or loss on the first day);

- In all other cases, the fair value is adjusted to match the transaction price (i.e. the first day's profit or loss will be deferred by being included in the initial carrying amount of the asset or liability).

After initial recognition, the deferred profit or loss will be taken to the statement of profit or loss on a logical basis, only to the extent that it arises from a change in a factor (including time) that market participants take into account when pricing the asset or liability or when the recognition is revoked of this tool.

Financial assets

Initial Recognition

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Transaction costs that are directly attributable to the acquisition of financial assets designated at fair value through profit or loss are recognized in the consolidated statement of profit or loss.

Subsequent measurement

All recognized financial assets that fall within the scope of IFRS 9 (later) are required to be measured at amortized cost or fair value based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets, specifically the following:

- The financing instruments maintained in the business model that aims to collect contractual cash flows, and which have contractual cash flows that are only principal and interest payments on the principal outstanding, are subsequently measured at amortized cost;

- Funding instruments held within the business model that aims to both collect contractual cash flows and sell debt instruments, which have contractual cash flows that are only principal and interest payments on the principal amount outstanding, and are subsequently measured at fair value through other comprehensive income

- All other financing instruments (such as debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at fair value through the statement of profit or loss.

However, the bank can choose for that to be irrevocable after initial recognition of the financial asset on a per-asset basis, as follows:

- The bank can make the irreversible selection by including subsequent changes in the fair value of the investment in non-held property rights for trading or a possible replacement recognized by the buyer within the business merger to which the IFRS 3 applies, in other comprehensive income

- The bank can determine indefinitely the financing instruments that meet the amortized cost or fair value criteria through other comprehensive income as measured by the fair value from the statement of profits or losses if that abolishes or significantly reduces the inconsistency in accounting (referred to as the value option Fair).

"Debt instruments at amortized cost or fair value through other comprehensive income The bank evaluates the classification and measurement of the financial asset according to the characteristics of contractual cash flows and the bank's business model for managing the asset."

For the purposes of testing principal and interest principal payments (SPPI), the asset is the fair value of the financial asset upon initial recognition. This principal amount may change over the life of the financial asset (for example, if the principal is repaid). Interest consists of the allowance for the time value of money, the credit risk associated with the principal amount outstanding during a specified period of time and other basic lending options and risks, as well as the profit margin. An evaluation of principal and interest payments is made on the principal amount in the currency in which the financial asset is denominated.

The contractual cash flows that represent principal and interest payments on the principal amount outstanding are consistent with the underlying financing arrangement. Contractual terms that involve exposure to risks or fluctuations in contractual cash flows that are not linked to the primary financing arrangement, such as exposure to changes in stock prices or commodity prices, do not lead to contractual cash flows that are only payments of principal and interest. Also, the granted or acquired financial asset can be a basic financing arrangement regardless of whether it is a loan in its legal form.

Business Model Assessment

Valuation of business models for managing financial assets is essential to classifying a financial asset. The bank defines business models at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. The bank's business model does not depend on the management's intentions regarding a single instrument, and therefore the business model is evaluated at a collective level and not on a per instrument basis.

The bank adopts more than one business model to manage its financial instruments that reflect how the bank manages its financial assets in order to generate cash flows. The bank's business models determine whether cash flows will result from collecting contractual cash flows or selling financial assets, or both.

The bank considers all relevant information available when conducting an evaluation of the business model. However, this assessment is not performed on the basis of scenarios that the bank does not reasonably expect to occur, such as so-called "worst-case" or "stress-case" scenarios. The bank also takes into account all available relevant evidence such as the following:

- The policies and objectives announced for the portfolio and the application of those policies whether the management strategy focuses on obtaining contractual revenue, maintaining a specific rate of profit, and matching the period of financial assets with the period of financial liabilities that finance those assets or achieving cash flows through the sale of assets.

- How to assess the performance of the business model and the financial assets held in this business model and inform key management personnel about this; and

- Risks that affect the performance of the business model (and the financial assets present in that model), and in particular the way those risks are managed.

- How to compensate business managers (for example, whether compensation is based on the fair value of assets under management or on contractual cash flows collected).

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

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

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

Financial assets - assess whether contractual cash flows are payments of principal and interest only:

For the purposes of this evaluation, "principal amount" is defined as the fair value of a financial asset at the date of the initial recognition. “Interest” is defined as the consideration of the time value of money, the credit risk associated with

the principal of the amount outstanding during a specific time period, and other underlying borrowing costs (such as liquidity risk and administrative costs), as well as a profit margin.

In assessing whether contractual cash flows are only payments of principal and interest, the bank has considered the contractual terms of the instrument. This includes assessing whether the financial assets involve a contractual period that can change the timing or amount of contractual cash flows and therefore the condition does not meet payments only for principal and interest. In making this assessment, the bank considers:

- Emergency events that change the amount or timing of cash flows.

- Prepaid features and the possibility to extend.

- Conditions that define the bank's claim for cash flows from a specified asset."

Financial assets at fair value through profit or loss statement

Financial assets at fair value through profit or loss are the following:

- Assets with contractual cash flows that are not principal and interest payments on the principal outstanding, or / and

- Assets held within the business model other than those held to collect contractual cash flows or held for collection and sale; or

- Assets classified at fair value through profit or loss statement using the fair value option."

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

Reclassification

If the business model in which the bank maintains financial assets changes, the financial assets that were affected will be reclassified. The classification and measurement requirements relating to the new category are applied prospectively from the first day of the first reporting period after the change in the business model that results in the reclassification of the bank's financial assets. Changes in contractual cash flows are considered within the framework of the accounting policy related to the amendment and exclusion of the financial assets shown below.

Foreign exchange gains and losses

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

- Financial assets measured at amortized cost that are not part of a specific hedging relationship, it recognizes the difference in currency in the statement of profits or losses; and

- Debt instruments measured at fair value through other comprehensive income that are not part of a specific hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in the statement of profit or loss. Other exchange differences in other comprehensive income are recognized in the investment revaluation reserve; and

- Financial assets measured at fair value through the statement of profits or losses that are not part of a specific hedge accounting relationship, exchange differences from profit or loss are recognized in the statement of profit or loss;

- Equity instruments measured at fair value through comprehensive income, exchange rate differences in other comprehensive income are recognized in the investment revaluation reserve."

Fair value option:

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

"• If the choice leads to the cancellation or substantially reduces accounting mismatch.

- If the financial liabilities are part of a portfolio managed on a fair value basis, according to a documented risk or investment management strategy.

- If there is a derivative that is included in the host financial or non-financial contract and the derivative is not closely related to the host contract."

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

Expected credit losses:

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

- Loans and credit facilities (direct and indirect).
- Debt instruments carried at amortised cost.
- Debt instruments classified at fair value through other comprehensive income.
- Financial guarantees provided in accordance with the requirements of IFRS 9.
- Receivables related to leases are within the requirements of IAS (17) and IFRS (16).
- Trade receivables.
- Credit exposures to banks and financial institutions [excluding current balances used to cover the Bank's transactions such as remittances, guarantees and credits within a very short period of time (days)].

Impairment loss is not recognised in equity instruments.
With the exception and notes Impairment losses are Purchased or Originated rating-Impaired' (POCI) financial assets (which are considered separately below), ECL are required to be measured through a loss allowance at an amount equal to:

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

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL are measured at an amount equal to the 12-month ECL.
ECL are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive, which arise from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

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

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

All other financial assets, with the exception of debt instruments carried at amortized cost, are subsequently measured at fair value.

The Bank measures ECL on an individual basis, or on the portfolio basis that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a portfolio basis.
Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan No. (13/2018) "Application of the International Financial Reporting Standard (9)" dated June 6, 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is greater, that the fundamental differences are as follows :
When calculating credit losses against credit exposures, the calculation results are compared according to the IFRS (9) under the instructions of the Central Bank of Jordan No. (47/2009) of 10 December 2009 for each stage separately and the stricter results are taken.
Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan (No. 13/ 2018) "Application of the IFRS (9)" dated 6 June 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter. The significant differences are as follows:

- Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit losses.
- When calculating credit losses against credit exposures, the calculation results are compared according to the IFRS (9) under the instructions of the Central Bank of Jordan No. (47/2009) of 10 December 2009 for each stage separately and the stricter results are taken.

Credit-impaired financial assets:

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

- Significant financial difficulty faced by borrower or issuer.
- Breach of contract, for example, default or delay in payment.
- The Bank grants the borrower a waiver for economic or contractual reasons related to the borrower's financial difficulty.
- The disappearance of an active market for that financial asset because of financial difficulties.
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

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

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not

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

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

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

Definition of default:

The definition of default is deemed critical to the determination of ECL.

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

The Bank considers the following as an event of default:

- The borrower defaults for more than 90 days on any significant credit obligation to the Bank.
- The borrower is unlikely to pay his credit obligations to the of the Bank in full."

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

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

Significant increase in credit risk:

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

The Bank will not consider that financial assets with 'low' credit risk at the reporting date did not have a significant increase in credit risk. As a result, the Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable,

including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information.

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

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

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

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

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

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

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

Modification and de-recognition of financial assets

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

The bank renegotiates loans with customers who face financial difficulties to increase collection and reduce the risk of default. The terms of repayment of the loan are facilitated in cases where the borrower has made all reasonable efforts to pay under the original contractual terms, and an important risk of default or default has occurred and it is expected that the borrower will be able to fulfil the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due

(principal and interest forgiveness) and amendments to covenants. The bank has a waiting policy that applies to corporate and individual lending.

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

- Qualitative factors, such as the non-existence of contractual cash flows after modification as SPPI, change in currency or change in the counterparty, or extent of change in interest rates, maturity, or covenants. If this does not clearly indicate a fundamental modification

- Conducting a quantitative evaluation to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows in accordance with the revised terms, and deduct both amounts based on the original effective interest

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

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

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

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

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

The Bank derecognises a financial asset only when the contractual rights to the asset's cash flows expire, or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/ loss that had been recognised in OCI and accumulated in equity is recognised in the consolidated statement of income, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/ loss previously recognised in OCI is not subsequently reclassified to the consolidated statement of income.

Write-offs:

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

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

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

Financial liabilities and equity:

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

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

Loans and advances:

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

- Loans and advances measured at amortised cost; initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortised cost using the effective interest method.

- Loans and advances, which are measured at FVTPL or designated as at FVTPL; are measured at fair value with changes recognised immediately in profit or loss."

Lease receivables:

- Interest and commissions are suspended on non-performing credit facilities granted to clients in accordance with the instructions of the Central Bank of Jordan.

- Credit facilities and their suspended interest covered by provisions are transferred entirely off the consolidated statement of financial position, in accordance with the decisions of the Board of Directors in this regard."

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

Equity instruments

Euity instruments are any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. The equity instruments issued by the bank are recognized according to the returns received, after deduction of direct issuance costs.

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

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

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

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

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss statement

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

- It was primarily incurred for the purpose of repurchasing it in the short term; or
- At initial recognition, this is part of the portfolio of specific financial instruments that are managed by the bank and which have a modern pattern of profit taking in the short term; or
- It is a non-specific and effective derivative as a hedging instrument."

A financial liability other than a financial liability held for the purpose of trading or the possible consideration that a buyer may pay as part of a business combination at fair value is determined through the statement of profit or loss upon initial recognition if:

- This classification would substantially eliminate or reduce the inconsistency of the measurement or recognition that might otherwise arise; or
- The financial obligation was part of the group of financial assets, financial liabilities, or both, whose performance is managed and evaluated on a fair value basis, in accordance with the documented risk or investment management strategy of the bank, and information related to the formation of the group was provided internally on this basis; or
- If the financial obligation forms part of a contract that contains one or more derivatives, and IFRS 9 allows a fully hybrid contract (compound) to be determined at fair value through the statement of profit or loss."

Financial liabilities are stated at fair value through the statement of profit or loss at fair value, and any gains or losses arising from re-measurement are recognized in the statement of profit or loss to the extent that they are not part of a specific hedge relationship. The net profit / loss recognized in the statement of profit or loss includes any interest paid on financial liabilities and is included in the item “net profit or loss from other financial instruments at fair value through the statement of profit or loss.

However, in respect of non-derivative financial liabilities designated at fair value through the statement of profit or loss, the amount of the change in the fair value of the financial liabilities that resulted from changes in the credit risk of those liabilities is included in other comprehensive income, unless recognition of the effects of changes in credit risk arises Liabilities in other comprehensive income to create or increase accounting inconsistencies in the consolidated statement of profit or loss. The remaining amount of changes in the fair value of the liability is recognized in the consolidated statement of profit or loss, and changes in the fair value attributable to the credit risk of the financial liabilities recognized in other comprehensive income are subsequently reclassified as profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

With regard to loan obligations issued and financial guarantee contracts classified at fair value through the statement of profit or loss, all gains and losses are included in the consolidated statement of profit or loss.

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

Other financial liabilities:

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

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

Derecognition

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired).

When replacing an existing debt with a new debt from a new lender, the existing debt would be de-recognized in the financial statements, with the difference between the carrying amount and the fair value of the consideration

paid recognized in profit or loss. However, when modifying or exchanging a debt while keeping the original lender, the International Financial Reporting Standards (IFRS) have specific guidance on whether the transaction results in a de-recognition or is accounted for differently. This analysis is driven by the question whether the modification is “substantial” or whether the original debt has been replaced by another debt with “substantially” different terms.

Derivative financial instruments:

The bank enters into a variety of derivative financial instruments, some of which are held for trading while others are maintained to manage exposure to interest rate risk, credit risk, and foreign exchange rate risk. Financial derivatives include foreign currency forward contracts, interest rate swaps, interest rate swaps across currencies and credit default swaps.

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

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

Embedded derivatives:

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

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

Financial guarantee contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.
Financial guarantee contracts issued by the Bank's entity are initially measured at their fair value, and if they are not determined at fair value through the consolidated statement of income that does not result from the transfer of a financial asset, they are subsequently measured:

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

Financial guarantee contracts that are not designated at fair value through the consolidated statement of income are presented as provisions in the

consolidated statement of financial position and remeasurement is presented in other income.
The Bank did not specify any financial guarantee contracts at fair value through the consolidated statement of income.

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

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

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

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

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

Derivative financial instruments

The Group deals with derivatives such as forward foreign exchange contracts, interest rate futures, forward rate agreements, currency and interest rate swaps, currency and interest rate options (both written and purchased). Further details of derivatives financial instruments are disclosed in Note 41. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in consolidated statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the consolidated statement of profit or loss depends on the nature of the hedge relationship. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. Fair values are generally obtained by reference to quoted market prices, discounted cash flow models and recognized pricing models as appropriate.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 Financial Instruments (e.g. financial liabilities) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

*** Fair value hedges**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in the consolidated statement of profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the consolidated statement of profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or

exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to the consolidated statement of profit or loss from that date.

*** Cash flow hedges**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the consolidated statement of comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of profit or loss, and is included in the other income line item.

Amounts previously recognized in the consolidated statement of comprehensive income and accumulated in equity are reclassified to consolidated statement of profit or loss in the periods when the hedged item affects the recognition of a non-financial assets or a non-financial liability, the gains and losses previously recognized in the consolidated statement of comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in the consolidated statement of comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the consolidated statement of profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in the consolidated statement of profit or loss.

* Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in the consolidated statement of comprehensive income and accumulated under the heading of cumulative translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of profit or loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the cumulative translation reserve are reclassified to the consolidated statement of profit or loss on the disposal of the foreign operation.

Offsetting of financial assets and liabilities

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

Accounts managed for the interest of clients

Accounts managed by the bank on behalf of clients are not considered assets of the bank. The fees and commissions for managing these accounts are shown in the statement of profit or loss. A provision is made against the decrease in the value of the portfolios managed for the benefit of clients from their capital.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability

reflects its non-performance risk.

When applicable, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.
The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability, nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk, are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Bank recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Fair value levels are as follows:

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Employees' benefits

Employees' short term benefits

Employee's short term benefits are recognised as expenses when providing related services. The commitment relating to the amount expected to be paid is

recognised when the Bank has a current legal or constructive obligation to pay for the previous services provided by the employee and the obligation can be estimated reliably.

Employees' other long-term benefits

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

Income Tax

Tax expense comprises current tax and deferred taxes.

Current tax is based on taxable profits, which may differ from accounting profits disclosed in the consolidated statement of income. Accounting profits may include non-taxable profits or tax-deductible expenses which may be exempted in the current or subsequent financial years.

Taxes are calculated based on tax rates confirmed under the laws, regulations and instructions of the Hashemite Kingdom of Jordan and the countries which subsidiaries are operating in.
The deferred taxes are taxes expected to be paid or refunded as a result of the temporary differences between assets and liabilities – in the consolidated financial statements and the value of the tax basis profit. Deferred taxes are measured by adhering to the consolidated financial position statement and calculated based on tax rates that are expected to apply in the period when assets are realized or liabilities are settled.

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

Assets seized in settlement of debts

In certain cases, the Bank may close out transactions by acquiring assets in settlement of debts. The asset acquired is recorded at the lower of its fair value less costs to sell and the carrying amount of the loan (net of impairment losses) at the date of exchange. These assets are recorded in "Other assets". It is the Bank's policy to dispose of such repossessed properties in an orderly manner. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

Financial assets pledged as collateral

The financial assets pledged by the Bank are for the purpose of providing collateral for the counterparty to the extent that counterparty is permitted (to sell and /or re-pledge the assets). The method of valuation is related to the financial policies for its original classification.

Repurchase and resale agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognized in the Bank's financial consolidated statements due to the Bank's continuing exposure to the risks and rewards of these assets using the same accounting policies (where the buyer has the right to use these assets (sell or re-lien) they are reclassified as liened financial assets).

The proceeds of the sale are recorded under loans and borrowings. The difference between the sale and the repurchase price is recognized as an interest expense over the agreement term using the effective interest method.

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

Property and equipment

"Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Lands are not depreciated."

Depreciation is recognized so as to write-off the cost of assets, using the straight-line method, over the estimated useful lives of the respective assets, as follows:

	%
Buildings	2
Equipment and furniture	2.5-15
Vehicles	15
Computers	25
Other	10

Intangible assets

Goodwill

Goodwill is recorded at cost which represents the increase in the acquisition or purchase cost of an investment over the fair value of the company's net assets at the acquisition date. Goodwill resulting from investing in subsidiaries is recorded in a separate item as intangible assets. Goodwill resulting from investing in associates appears as part of the investment account in the associate and the cost of goodwill is subsequently reduced by any impairment in the investment value.
Goodwill is allocated to cash-generating unit(s) for the purpose of impairment testing.

Goodwill impairment is tested at the reporting date. Goodwill is written down if there is an indication that it is impaired and if the estimated recoverable amount of cash-generating unit (s) to which the goodwill belongs is lower than the carrying amount of the cash-generating unit (s). Impairment is recognised in the consolidated statement of income.

Other intangible assets

Intangible assets that are acquired through the merger are stated at fair value at the date of acquisition. The intangible assets that are obtained by a method other than the merger are stated at cost.

Intangible assets are classified on the basis of their estimated lifetime for a definite or indefinite period. Intangible assets that have a definite lifetime are amortised during this lifetime and are recognised in the consolidated statement of income. For intangible assets that have a indefinite lifetime, their impairment is reviewed at the date of the consolidated financial statements and any impairment is recognised in the consolidated statement of income.

Intangible assets resulting from the Bank's business are not capitalised and are recognised in the consolidated statement of income in the same period.

Any indications for the impairment of intangible assets are reviewed at the date of the financial statements. The estimate of the useful lives of those assets is reviewed and any adjustments are made for subsequent periods.

Below is the accounting policy for each item of intangible assets at the bank:

Trademarks	Amortized using the straight line method with a fixed ratio of 25%
Computer software and systems	Amortized using the straight line method with a fixed ratio of 25%

Impairment of non-financial assets:

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

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

The recoverable amount is the higher of an asset's fair value -less costs to sale - and the value in use.
All impairment losses are taken to the consolidated statement of profit or loss and other comprehensive income.
The impairment loss for goodwill is not reversed. For other assets, the impairment loss is reversed only if the carrying amount of the asset does not exceed the carrying amount that was determined after the depreciation or amortisation has taken place if the impairment loss is not recognised.

Foreign currencies

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

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

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

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

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

In addition, with regard to partial disposal of a subsidiary that includes foreign operations and does not result in the Bank losing control of the subsidiary, its share of the accumulated exchange differences is reversed to net comprehensive income at a rate that is excluded and is not recognized in the consolidated statement of income. As for all other partial liquidations (such as partial liquidation of associates or joint ventures that do not result in the Bank losing significant influence or joint control), the share of accumulated exchange differences is reclassified to the consolidated statement of income.

Leases

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

Accounting policy applied at 1 January 2019:

The bank used the second option of the retrospective approach which allows not to re-present comparitive figures that are presented under IAS 17 "Lease Contracts" - and permitted under IFRS 16 when applying IFRS 16 for the first time on an operating lease agreement individually (for each lease separately). The right to use the leased assets was generally measured by the amount of the lease obligation to use the interest rate when applying for the first time.

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

The Bank as a lessee

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

The bank recognizes the right to use the obligations of the lease at the beginning of the lease. The right to use is measured at the initial recognition of the cost, which includes the initial value of the rental contract obligation adjusted for the lease payments that took place at the beginning or before the contract, until any initial direct costs are realized or any costs less the impact of any rental incentives received.
The right to use the asset is subsequently depreciated using the straight-line method from the date of the beginning of the contract, considering the lower of useful life of either the lease term or the remaining life of the rental asset. The useful life of the leased asset is estimated on the basis of estimating the useful life of the property and equipment. The value of the right to use the asset is periodically reduced to reflect the lower value (if any) and is modified to reflect the effect of the amendments on the item of obligations related to lease contracts.
The obligations associated with the lease are measured at the initial recognition of the present value of the unpaid lease payments at the date of the lease, deducted using the interest rate presented in the lease, and if it is not possible to determine, the borrowing rate used by the bank is used. Usually the borrowing rate used by the bank is what ends up being used.

The bank determines the borrowing rate by analyzing its loans from various external sources and making some adjustments to reflect the lease terms and the type of leased assets.
The lease payments taken into account for the purposes of calculating the obligations related to the lease include the following:

- Fixed payments, including substantial fixed payments,
- Variable payments that depend on an index or ratio and that are measured upon initial recognition taking into account this indicator or the ratio at the date of the lease,
- The amounts expected to be paid under the residual value guarantee clause; and
- Purchase option price when the bank is confident that it will implement the purchase option disclosure, lease payments when an optional renewal clause exists and the bank has the intention to renew the lease contract, and fines related to early termination of the contract unless the bank is confident that it will not perform early termination."

Obligations related to lease contracts are measured based on amortized cost, using the effective interest rate. The liabilities are re-measured when there is a change in the future rental payments as a result of the change in a specific index or ratio, and when there is a change in the management's estimates regarding the payable amount under the item of the residual value guarantee, or when the bank's plan in relation to exercising the option to buy, renew or terminate the contract changes.
When the obligations related to lease contracts are measured this way, adjustments are recorded in the right to use the asset or in the statement of profit or loss in the case where the carrying amount of the right to use the asset has been fully amortized.
The bank offers the right to use the assets under property and equipment, and the liabilities related to lease contracts are displayed among other liabilities (borrowed funds) in the consolidated statement of financial position.

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

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

The Bank as a lessor

When the bank is lessor, at the start of the lease, it determines whether each lease is a finance lease or an operating lease.

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

Policy applied before 1 January 2019:

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

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

The Bank as a lessee

There were no financing leases with the Bank as per the requirements of IAS (37) “Leases”.
Assets held as other assets are classified as operating leases and are not recognised in the statement of financial position of the Bank. The amounts paid under operating leases are recognised in the statement of profit or loss on a straight-line basis over the term of the lease. The lease incentives recognised were an integral part of the total lease expense, over the term of the lease.

The Bank as a lessor

When the bank is lessor, at the start of the lease, it determines whether each lease is a finance lease or an operating lease.

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

Cash and Cash equivalents

Cash and cash equivalents comprise of cash on hand and cash balances at banks and financial institutions that mature within three months, less banks and financial institutions' deposits that mature within three months from acquisition date and restricted balances.

Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Bank’s shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Bank. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position date.

(3) Changes in accounting policies and disclosures

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

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

– Annual improvements to the IFRSs issued during the years 2015–2017:
Improvements to IFRS (3) include “Business combination”, and IFRS (11) “Joint arrangements” and IAS (12) “Income taxes” and IAS (23) “Borrowing costs”.

– Amendments to IAS 19 ‘Employees’ benefits’
These amendments relate to an amendment to plans, curtailment, or adjustments.

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

– IFRIC 23 ‘Uncertainty over income tax treatments:

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

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

– IFRS 16 “Leases”:

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

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

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

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

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

Bank's lease activities and mechanism of accounting treatment:

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

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

- As of 1 January 2019, leases have been recognised as right of use assets and related obligations on the date when the asset is ready for use by the Group, the value of each lease payment is distributed between the lease obligations

and financing costs. The cost of financing is charged to the consolidated statement of income over the term of the lease to obtain a constant periodic rate of interest payable on the remaining balance of liabilities for each period. Depreciation is calculated on the right of use assets to use over the useful life of the asset or lease term, whichever is shorter, using the straight-line method.

- Assets and liabilities arising from lease contracts are initially measured based on the present value, and the lease obligations include the net present value of the following lease payments:
  - Fixed payments (including embedded fixed payments) less receivable lease incentives.
  - Variable lease payments that do not depend on index or rate.
  - Amounts expected to be paid by the lessee under the residual value guarantees.
  - The purchase option if the lessee is reasonably sure of exercising this option.
  - Payments for lease termination penalties, if the lease terms contain this option.

- Lease payments are discounted using the embedded interest rate or the lessee’s incremental borrowing rate, if the former is not available, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

- Right-of-use assets are measured at cost, that comprises the following:
  - The initial measurement value of the lease obligations.
  - Any lease payments made on or before the starting date less any lease incentives received.
  - Any initial direct costs.
  - Return costs (renewal and restoration).

- Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of income. Short-term leases are leases with a lease term of 12 months or less, while low-value assets comprise equipment such as low-value IT equipment and small items of office furniture.

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

  - Using a single discount rate for a portfolio of leases with reasonably similar properties.
  - Relying on previous valuations of whether the leases are of low-value.
  - Operating leases with a remaining lease term of less than 12 months as at 1 January 2019 are accounted for as short-term leases.
  - Excluding direct initial costs of measuring the right of use assets at the date of initial application.
  - Using the estimates to determine the term of the lease, as the contract contains options for extending or terminating the lease.

- The Bank has also chosen not to reassess whether or not the contract contains a lease on the date of the initial application. Instead, the Bank relied on valuation, for the contracts that were concluded before the date of transition, using the application of IAS No. (17) “Leases” and IFRIC No. (4) “Determining whether an arrangement involves a lease.”

Impact on the consolidated financial statements:

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

- When applying IFRS 16, the Group recognised rights of use assets of JD 3,708,322 and leases obligations of JD 3,909,521. Below are the details of the rights of use assets, lease obligations and the interest rate of borrowing used.

- The impact on the consolidated statement of income is to reduce the lease expense by an amount of JD 738,524, increase the depreciation expense by an amount of JD 998,954, and increase the interest expense by an amount of JD 191,903.

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

Item	As at 1 January 2019
Operating lease obligations as at 31 December 2018	**4,452,613**
Deduction of operating lease obligations, using the additional the lessee’s borrowing rate of xxx	**543,092**
Operating lease obligations as at 1 January 2019	**3,909,521**
Add: Interest expense during the year	**191,903**
Add: New contracts during the year	**591,088**
Less: Obligations settled during the year	**904,631**
Operating lease obligation as at 31 December 2019	**3,787,881**

Movement on the right of use lease assets

Item	كما في 1 كانون الثاني 2019
The present value of the right of use leased assets as at 1 January 2019 using a discount rate of xxx	**3,708,322**
Balance of prepaid rent as at 1 January 2019	**195,564**
Adjusted balance as at 1 January 2019	**3,903,886**
Add: New contracts during the year	**790,157**
Less: Depreciation during the year	**998,954**
Right of use lease assets as at 31 December 2019	**3,695,089**

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

	31 كانون الأول 2019	1 كانون الثاني 2019
	JD	JD
Right of use lease assets	3,695,089	3,903,886
Operating lease obligations	3,787,881	3,909,521

b) New and revised IFRSs issued and not yet in effect:

The Bank did not implement the new and revised IFRSs listed below, which are issued but not yet in effect as at the date of the consolidated financial statements, and their details are as follows:

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

Amendments to IFRS (3) "Businsess combinations"

These amendments clarify the definition of business as the revised International Accounting Standards Board (IASB) published the revised the "Conceptual framework for financial reporting". This includes the revised definitions of assets and liabilities, as well as new guidance on measurement, de-recognition, presentation and disclosure.
In addition to the revised conceptual framework, the IASB issued amendments to the references for the conceptual framework in the IFRSs, as the document contains amendments to IFRSs (2, 3, 6 and 14) and IASs (1, 8, 34, 37 and 38) and the IFRICs (12 and 19, 20 and 22) and SIC (32) in order to update these pronouncements regarding references and quotations from the framework or to indicate what they refer to in a different version of the conceptual framework.

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

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

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

(4) Critical accounting judgements and estimates

In the application of the Group's accounting policies, which are described in Note 3 management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.
Significant areas where management has used estimates, assumptions, or exercised judgements are as follows:

Impairment in seized assets

Impairment of seized assets is calculated based on recent real estate valuations and approved by accredited valuers for the purpose of calculating the impairment of assets seized. The Impairement is reviewed periodically.

Assets useful lives

Useful life for property and equipment is reviewed each year. If expected useful life is different from the previous one, the difference is adjusted prospectively as a change in accounting estimate.

Income Tax provision

The income tax provision is calculated based on the prevailing laws and regulations and International Financial Reporting Standards. Moreover, deferred tax assets and liabilities and the related provisions are recorded.

Legal provision

Legal provisions are taken for lawsuits raised against the Bank based on the Bank legal advisor's opinion.

Assets and liabilities that are stated at cost:

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

Provision for expected credit loss:

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

Business model assessment:

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

Significant increase in credit risk:

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Bank takes into account qualitative and quantitative reasonable and supportable forward looking information. Estimates used by the Bank's management, which are related to the significant change in credit risk that lead to a change in classification within the three stages (1, 2, and 3) are detailed in Note (46).

Establishing groups of assets with similar credit risk characteristics:

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

Re-segmentation of portfolios and movement between portfolios:

Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECL, or vice versa, but it

can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECL but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used:

The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL, as outlined in Note (46). Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

a) Classification and measurement of financial assets and liabilities

The Bank classifies financial instruments or components of financial assets upon initial recognition, either as a financial asset, financial liability, or an equity instrument in accordance with the substance of the contractual agreements and the definition of the instrument. Reclassification of a financial instrument in the consolidated financial statements is subject to its substance rather than its legal form.

The Bank determines the classification upon initial recognition as well as a reassessment of that determination, if possible and appropriate, at the date of each consolidated statement of financial position.

When measuring financial assets and liabilities, some of the Bank's assets and liabilities are remeasured at fair value for the purposes of preparing financial reports. When estimating the fair value of any of the assets or liabilities, the Bank uses the observable available market data. In the absence of Level 1 inputs, the Bank performs the assessments using professionally qualified independent evaluators. The Bank works in close cooperation with qualified external evaluators to develop appropriate valuation techniques and data on the fair value estimation model.

b) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities. The management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

c) Derivative Financial Instruments

The fair value of derivatives measured at fair value is generally obtained by refering to the listed market prices, discounted cash flow models and recognized pricing models, if appropriate. In the absence of market price, fair value is determined using valuation techniques that reflect observable market data. These techniques include comparing similar instruments when there are observable market prices, discounted cash flow analysis, pricing option models and other valuation techniques commonly used by market participants. The main factors that management considers when applying the model are:

- The expected timing and probability of future cash flows of the instrument, as these cash flows are generally subject to the terms of the instrument, although management judgment may be required in cases where the ability of the counterparty to pay the instrument according to the contractual terms is in doubt; and

- An appropriate discount percentage for the instrument. The management determines this percentage based on its assessment of the margin of the ratio for the instrument, which is higher than the risk-free ratio. When evaluating the instrument with reference to comparative tools, management considers the entitlement, structure and degree of classification of the instrument based on the system with which the existing position is compared. When evaluating tools based on the model using the fair value of the main components, management also considers the need to make adjustments to calculate a number of factors such as bid differences, credit status, portfolio services costs and uncertainty about the model

Lease extension and termination options

Extension and termination options are included in a number of leases. These conditions are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are renewable by both the Bank and the lessor.

Determination of lease term

- In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension options (or periods after the termination options) are included only in the term of the lease if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of a significant event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee.

Key sources of estimation uncertainty

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

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

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

Probability of default (PD)

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

Loss given default (LGD)

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

Measurement and assessment procedures of fair value

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

Discounting lease payments

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

(5) Cash and Balances with Central Banks

	2019	2018
	JD	JD
Cash on hand	48,337,681	57,981,407
Balances at Central Banks:		
Current and demand deposits	60,620,435	61,323,303
Time and notice deposit	-	17,873,950
Certificate of deposits	-	17,800,000
Statutory cash reserve	96,228,339	83,275,891
Less: Expected credit loss	-	(475,893)
Total	**205,186,455**	**237,778,658**

- The monetary reserve at the Central Bank of Jordan amounted to JD 78,175,734 as at December 31 2019 compared to JD 69,435,214 as at December 31 2018.

- There are no due balances during the period exceeding three months as at 31 December 2019 and 31 December 2018.

- The value of reserves with restricted withdrawals at the Central Bank of Iraq amounted to JD 18,052,605 as at December 31 2019 compared to the amount of JD 5,171,617 as at December 31 2018, and was excluded from cash and cash equivalents for the purpose of the consolidated cash flow statement.

- National Bank of Iraq balances at the Central Bank of Iraq's Irbil branches amounted to JD 10,707,611 as at 31 December 2019 knowing that Al-sulaymanyah balances were transferred to Irbil, against JD 36,921,211 as at 31 December 2018 which is excluded from cash and cash equivalents for interim consolidated cash flow statement purposes.

Distribution of cash balances with Central banks by categories of the Bank's internal credit rating

	2019				2018
	Stage one	Stage Two	Stage Three	Total	Total
	JD	JD	JD	JD	JD
Low risk / performing	134,112,399	-	-	134,112,399	145,216,621
Acceptable risk / performing	71,074,056	-	-	71,074,056	93,037,930
Total	**205,186,455**	**-**	**-**	**205,186,455**	**238,254,551**

Movements of balances with central banks:

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January	238,254,551	-	-	238,254,551
Add: new balances during the year	31,325,552	-	-	31,325,552
Settled balances	(64,393,648)	-	-	(64,393,648)
Gross balance	**205,186,455**	**-**	**-**	**205,186,455**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
إجمالي الرصيد كما في بداية السنة	188,789,775	93,948,749	-	282,738,524
Add: new balances during the year	10,235,567	-	-	10,235,567
Settled balances	-	(61,685,501)	-	(61,685,501)
Transfer to the first stage during the period				
Adjustments due to change in exchange rates				
Gross balance	**238,254,551**	**-**	**-**	**238,254,551**

Movements of provision for expected credit losses

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	475,893	-	-	475,893
Add: new balances during the year	-	-	-	-
Settled balances	(475,893)	-	-	(475,893)
Net balance	**-**	**-**	**-**	**-**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	583,253	6,303,095	-	6,886,348
Add: new balances during the year	-	-	-	-
Settled balances	(302,214)	(6,566,819)	-	(6,869,033)
Transfer to the first stage during the year	167,072	(167,072)	-	-
Adjustments due to change in exchange rates	27,782	430,796	-	458,578
Net balance	**475,893**	**-**	**-**	**475,893**

The provision for expected credit losses has not been calculated against the balances with the central banks according to the instructions from the central bank of Jordan related to the implementation of IFRS 9.

(6) Balances at banks and financial institutions

	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 demand deposits	4,021,484	5,560,986	94,246,851	76,086,003	98,268,335	81,646,989
Deposits maturing within or less than 3 months	-	-	-	-	-	-
Total	**4,021,484**	**5,560,986**	**94,246,851**	**76,086,003**	**98,268,335**	**81,646,989**

- Non-interest bearing balances at banks and financial institutions amounted to JD 96,221,959 as at 31 December 2019 against JD 81,519,657 as at 31 December 2018.

- Restricted balances amounted to JD 1,172,215 as at 31 December 2019 against JD 1,145,120 as at 31 December 2018. Which will be exluded from the cash and cash equivelent on the consolidated cash flow statement.

Distribution of balances at banks and financial institutions by categories of the Bank's internal credit rating:

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	74,339,035	-	-	74,339,035
Acceptable risk / performing	23,747,668	181,632	-	23,929,300
Total	**98,086,703**	**181,632**	**-**	**98,268,335**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	44,336,387	-	-	44,336,387
Acceptable risk / performing	37,301,513	9,089	-	37,310,602
Total	**81,637,900**	**9,089**	**-**	**81,646,989**

Movements of balances with banks and financial institutions

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	81,637,900	9,089	-	81,646,989
Add: new balances during the year	39,369,396	3,004	-	39,372,400
Settled balances	(22,751,054)	-	-	(22,751,054)
Transfer to second stage during the year	(169,539)	169,539	-	-
Net balance	**98,086,703**	**181,632**	**-**	**98,268,335**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	194,421,910	-	-	194,421,910
Add: new balances during the year	-	9,089	-	9,089
Settled balances	(114,280,123)	-	-	(114,280,123)
Transfer to second stage during the year	1,496,113	-	-	1,496,113
Net balance	**81,637,900**	**9,089**	**-**	**81,646,989**

Movements of provision for expected credit losses during the period

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	-	-	-	-
Settled balances				
Adjustments due to change in exchange rates				
Net balance	**-**	**-**	**-**	**-**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	80,310	-	-	80,310
Settled balances	(86,069)	-	-	(86,069)
Adjustments due to change in exchange rates	5,759			5,759
Net balance	**-**	**-**	**-**	**-**

(7) Deposits with banks and financial institutions

The details of this section are as follows:

	Deposits with banks and financial institutions		Total	
	2019	2018	2019	2018
	JD	JD	JD	JD
Deposits maturing within or less than 6 months	404,130	-	404,130	-
Less: Expected credit loss	(255)	-	(255)	-
Total	**403,875**	**-**	**403,875**	**-**

The distribution of total deposits with banks and financial institutions according to the bank's internal rating categories is as follows:

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low Risk / Performing	404,130	-	-	404,130
مقبولة المخاطر / عاملة	-	-	-	-
Net balance	**404,130**	**-**	**-**	**404,130**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low Risk / Performing	-	-	-	-
مقبولة المخاطر / عاملة	-	-	-	-
Net balance	**-**	**-**	**-**	**-**

Disclosures of the movement on total deposits with banks and financial institutions:

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2019	-	-	-	-
Add: new balances during the year	404,130	-	-	404,130
الإيداعات المسددة	-	-	-	-
Net balance	**404,130**	**-**	**-**	**404,130**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2018	-	-	-	-
Add: new balances during the year	-	-	-	-
الإيداعات المسددة	-	-	-	-
Net balance	**-**	**-**	**-**	**-**

Movements of provision for expected credit losses:

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2019	-	-	-	-
Add: loss on new deposits during the year	255	-	-	255
Net balance	**255**	**-**	**-**	**255**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2018	-	-	-	-
Add: loss on new deposits during the year	-	-	-	-
Net balance	**-**	**-**	**-**	**-**

(8) Financial Assets at Fair Value through statement of income

The details of this section are as follows:

	2019	2018
	JD	JD
Companies' share	3,041,947	3,640,727
Investment funds	12,865	88,280
Total	**3,054,812**	**3,729,007**

(9) Financial Assets at Fair Value through Other Comprehensive Income

The Group has identified some of its equity and bond investments as investments at fair value through other comprehensive income as the Group plans to hold on to them for a long time for strategic reasons.

The details of this section are as follows:

Publicly listed assets	2019	2018
	JD	JD
Treasury bonds	21,770,377	21,482,979
Governmental debt securities and its guarantee's	-	849,260
Bonds, Corporate debt securities	6,465,476	3,456,374
Other government bonds	2,764,095	3,447,740
Quoted shares	4,812,579	5,585,220
Total	**35,812,527**	**34,821,573**

Unlisted assets	2019	2018
	JD	JD
Treasury bonds	3,849,351	-
Governmental debt securities and its guarantee's	7,238,000	7,086,800
Bonds, Corporate debt securities	3,000,000	1,500,000
Unquoted shares	11,678,576	6,440,318
Total	**25,765,927**	**15,027,118**
Less: Expected credit loss	(27,634)	(30,028)
Total Financial Assets at Fair Value through Other Comprehensive Income	**61,550,820**	**49,818,663**
Analysis of bonds and bills:		
Fixed Rate	45,059,665	37,793,125
Total	**45,059,665**	**37,793,125**

- The cash dividends have amounted to JD 230,086 and reflect the shares that the bank owns in other companies during the year ended 31 December 2019 against JD 251,929 during the year ended 31 December 2018.

- Realized gains resulted from sales of financial assets at fair value through other comprehensive Income / equity amounted to JD 403,350 during the year ended December 2019 against realized losses worth JD 313,265 during the year ended 31 December 2018, and that has been transferred to the retained earnings through the consolidated equity statement.

- Realized gains resulted from sales of financial assets at fair value through other comprehensive Income / debt instruments amounted to JD 608,362 during the year ended December 2019 against realized losses worth JD 32,337 during the year ended 31 December 2018, and that has been transferred to the retained earnings through the consolidated equity statement.

Distribution of gross financial Assets at Fair Value through Other Comprehensive Income – debt instrument by categories of the Bank's internal credit rating

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	14,711,759	-	-	14,711,759
Acceptable risk / performing	30,375,540	-	-	30,375,540
Total	**45,087,299**	**-**	**-**	**45,087,299**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	21,482,979			21,482,979
Acceptable risk / performing	16,340,174			16,340,174
Total	**37,823,153**			**37,823,153**

Movements of gross financial assets at fair value through other comprehensive income

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2019	37,823,153	-	-	37,823,153
Add: new balances during the year	31,807,215	-	-	31,807,215
Settled balances	(24,543,069)	-	-	(24,543,069)
Net balance	**45,087,299**	**-**	**-**	**45,087,299**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2018	-	-	-	-
Add: new balances during the year	11,522,321	-	-	11,522,321
Settled balances	(2,592,256)	-	-	(2,592,256)
Change in fair value	839,287	-	-	839,287
Changes due to Adjustments	28,053,801	-	-	28,053,801
Net balance	**37,823,153**	**-**	**-**	**37,823,153**

Movements of provision on financial assets at fair value through other comprehensive income:

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2019	30,028	-	-	30,028
Add: new balances during the year	18,765	-	-	18,765
Settled balances	(21,159)	-	-	(21,159)
Net balance	**27,634**	**-**	**-**	**27,634**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2018	-	-	-	-
Add: new balances during the year	30,028	-	-	30,028
Settled balances	-	-	-	-
Net balance	**30,028**	**-**	**-**	**30,028**

No provision for expected credit losses has been calculated for governmental bonds and bonds guaranteed by the government according to the regulations by the Central Bank of Jordan related to IFRS 9.

(10) Loans valued at fair value through the income statement

	2019	2018
	JD	JD
Loans	108,831,500	-
Total	**108,831,500**	**-**

The group has granted a loan of USD 150,000,000 (JD 106,350,000) with a fixed interest rate of 5.7% on a five-year repayment period and a one-year grace period. The group has decided to hedge the risk of changes in interest rates in the market by entering into forward interest contracts with a correspondent bank on similar contractual terms. The bank has classified the loan at fair value through the income statement, in line with the classification and measurement of the corresponding hedging instrument, which resulted in JD 2,481,500 profit on the income statement.

(11) Direct Credit Facilities – Amortized cost

The details of this section are as follows:

	2019	2018
	JD	JD
Retail customers		
Overdrafts	9,662,239	10,264,913
Loans and bills *	102,485,991	87,494,506
Credit cards	7,956,173	6,377,418
Realestate Mortgages	**155,689,558**	**156,768,973**
Corporate Lending		
Overdrafts	65,832,353	78,699,781
Loans and bills *	440,381,532	392,832,729
Small and medium enterprises “SMEs” facilities		
Overdrafts	39,029,446	37,435,351
Loans and bills *	176,577,669	142,057,891
Government and public sector lending	**49,198,622**	**68,600,726**
Total	**1,046,813,583**	**980,532,288**
Less: Suspended interest	17,935,469	16,749,916
Less: provisions to impairment in direct credit facilities and ECL	45,854,073	72,822,969
Net direct credit facilities	**983,024,041**	**890,959,403**

Net of interest and commissions received in advance amounted to JD 1,747,998 as at 31 December 2019 against JD 1,791,845 as at 31 December 2018.

Non-performing credit facilities amounted to JD 91,662,806 as at 31 December 2019 against JD 99,763,656 as at 31 December 2018 which represents 8.76 % of total direct credit facilities as at 31 December 2019 against 10.17% as at 31 December 2018.

Non-performing credit facilities, net of suspended interest, amounted to JD 74,566,540 as at 31 December 2019 against JD 83,013,740 as at December 2018 which represents 7.25 % as at 31 December 2019 against 8.61 % as at December 2018 of total direct credit facilities after excluding the suspended interest.

Total credit facilities granted to and guaranteed by the government amounted to JD 11,426,000 as at 31 December 2019 against JD 34,284,000 as at 31 December 2018 which represents 1.09 % of total direct credit facilities as at 31 December 2019 against 3.50 % as at 31 December 2018.

Direct credit facilities at amortized cost – Corporate

Distribution of direct credit facilities for Corporate companies by categories of the Bank's internal credit rating

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Performing				
Low risk / performing	85,223,110	740,185	-	85,963,295
Acceptable risk / performing	309,785,800	62,060,237	10,778,216	382,624,253
Non- Performing				
Substandard	-	-	4,532,369	4,532,369
Doubtful	-	-	61,058	61,058
Loss	-	-	33,032,910	33,032,910
Total	**395,008,910**	**62,800,422**	**48,404,553**	**506,213,885**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Performing				
Low risk / performing	55,941,097	-	-	55,941,097
Acceptable risk / performing	282,712,611	40,272,641	20,379,120	343,364,372
Non- Performing				
Substandard	-	-	97,741	97,741
Doubtful	-	-	2,850,532	2,850,532
Loss	-	-	69,278,768	69,278,768
Total	**338,653,708**	**40,272,641**	**92,606,161**	**471,532,510**

Direct credit facilities at amortized cost - Corporate

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	338,653,708	40,272,641	92,606,161	471,532,510
Add: new balances during the year / Additions	102,138,596	37,871,772	4,551,296	144,561,664
Settled balances	(86,383,441)	(21,436,109)	(12,253,841)	(120,073,391)
Transfer to the first stage during the year	13,942,451	(8,744,627)	(5,197,824)	-
Transfer to second stage during the year	(5,695,355)	7,345,315	(1,649,960)	-
Transferred to the third stage during the year	(1,259,571)	(7,000,594)	8,260,165	-
Changes due to Adjustments *	33,612,522	14,492,024	3,007,494	51,112,040
Written off balances	-	-	(40,918,938)	(40,918,938)
Net balance	**395,008,910**	**62,800,422**	**48,404,553**	**506,213,885**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	324,665,832	112,133,794	92,683,594	529,483,220
Add: new balances during the year / Additions	86,895,215	16,058,650	6,829,809	109,783,674
Settled balances	(116,466,068)	(61,725,314)	(20,928,128)	(199,119,510)
Transfer to the first stage during the year	29,546,954	(28,942,658)	(604,296)	-
Transfer to second stage during the year	(877,332)	956,336	(79,004)	-
Transferred to the third stage during the year	(1,882,591)	(14,723,562)	16,606,153	-
Changes due to Adjustments *	15,624,147	14,781,055	8,718,096	39,123,298
Written off balances	-	-	(12,185,905)	(12,185,905)
Adjustments due to change in exchange rates	1,147,551	1,734,340	1,565,842	4,447,733
Net balance	**338,653,708**	**40,272,641**	**92,606,161**	**471,532,510**

The movement of the provision for impairment losses of direct credit facilities for Corporate companies

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	2,372,130	929,107	48,229,157	51,530,394
Impairement loss of direct credit facilities during the period	527,612	628,193	7,787,392	8,943,197
Recoveries	(1,598,365)	(747,347)	(1,833,770)	(4,179,482)
Transfer from the first stage	398,852	(71,883)	(326,969)	-
Transfer from second stage	(278,458)	1,196,259	(917,801)	-
Changes due to Adjustments	180,448	501,109	-	681,557
Written off balances	-	-	(34,813,462)	(34,813,462)
Net balance	**1,602,219**	**2,435,438**	**18,124,547**	**22,162,204**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2018	-	2,716,947	44,483,122	47,200,069
Effect of application of IFRS 9	2,309,102	6,558,534	-	8,867,636
Balance at 1 January 2018, resulted from the applications of IFRS 9	2,309,102	9,275,481	44,483,122	56,067,705
Impairement loss of direct credit facilities during the period	1,383,655	450,479	10,908,861	12,742,995
Recoveries	(1,669,482)	(6,149,939)	(7,164,152)	(14,983,573)
Transfer from the first stage	189,094	(189,094)	-	-
Transfer from second stage	(904)	904	-	-
Transferred from (to) the third stage	-	(2,716,947)	2,716,947	-
Changes due to Adjustments	146,471	125,057	4,629,941	4,901,469
Written off balances	-	-	(7,648,831)	(7,648,831)
Adjustments due to change in exchange rates	14,194	133,166	303,269	450,629
Net balance	**2,372,130**	**929,107**	**48,229,157**	**51,530,394**

Direct credit facilities at amortized cost–small to medium companies

Distribution of direct credit facilities for small to medium companies by categories of the Bank's internal credit rating

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	27,189,392	2,386,527	-	29,575,919
Acceptable risk / performing	95,623,958	49,991,178	4,306,305	149,921,441
Non- Performing				
Substandard	-	-	19,220,252	19,220,252
Doubtful	-	-	2,140,955	2,140,955
Loss	-	-	14,748,548	14,748,548
Total	**122,813,350**	**52,377,705**	**40,416,060**	**215,607,115**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	10,956,936	-	-	10,956,936
Acceptable risk / performing	128,923,165	18,600,324	11,014,995	158,538,484
Non- Performing				
Substandard	-	-	371,864	371,864
Doubtful	-	-	355,431	355,431
Loss	-	-	9,270,527	9,270,527
Total	**139,880,101**	**18,600,324**	**21,012,817**	**179,493,242**

Direct credit facilities at amortized cost -small to medium companies

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	139,880,101	18,600,324	21,012,817	179,493,242
Add: new balances during the year / Additions	49,824,422	6,488,353	2,224,645	58,537,420
Settled balances	(39,225,836)	(5,130,477)	(2,891,841)	(47,248,154)
Transfer from (to) the first stage during the year	2,746,076	(1,786,554)	(959,522)	-
Transfer (from) to second stage during the year	(12,047,592)	13,016,965	(969,373)	-
Transferred (from) to the third stage during the year	(20,187,863)	(655,309)	20,843,172	-
Changes due to Adjustments	1,824,042	21,844,403	1,183,052	24,851,497
Written off balances	-	-	(26,890)	(26,890)
Net balance	**122,813,350**	**52,377,705**	**40,416,060**	**215,607,115**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	105,277,436	31,727,856	11,046,150	148,051,442
Add: new balances during the year / Additions	57,570,266	8,841,626	1,057,563	67,469,455
Settled balances	(37,122,573)	(17,601,929)	(3,522,887)	(58,247,389)
Transfer from (to) the first stage during the year	7,293,206	(7,292,138)	(1,068)	-
Transfer (from) to second stage during the year	(2,721,288)	2,731,571	(10,283)	-
Transferred (from) to the third stage during the year	(681,610)	(7,918,319)	8,599,929	-
Changes due to Adjustments	10,264,664	8,036,091	4,096,040	22,396,795
Written off balances	-	-	(255,659)	(255,659)
Adjustments due to change in exchange rates	-	75,566	3,032	78,598
Net balance	**139,880,101**	**18,600,324**	**21,012,817**	**179,493,242**

The movement of the provision for impairment losses of direct credit facilities for SME's:

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	775,595	559,483	5,264,878	6,599,956
Impairement loss of direct credit facilities during the year	338,545	451,510	7,812,951	8,603,006
Recoveries	(582,485)	(428,960)	(1,101,989)	(2,113,434)
Transfer to (from) the first stage	7,787	(7,787)	-	-
Transfer to (from) second stage	(189,573)	189,573	-	-
Changes due to Adjustments	4,333	345,502	424,284	774,119
Net balance	**354,202**	**1,109,321**	**12,400,124**	**13,863,647**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2018	-	74,479	2,904,220	2,978,699
Effect of application of IFRS 9	431,721	1,261,603	-	1,693,324
Balance at 1 January 2018, resulted from the applications of IFRS 9	431,721	1,336,082	2,904,220	4,672,023
Impairement loss of direct credit facilities during the year	649,795	137,150	2,257,127	3,044,072
Recoveries	(304,904)	(1,114,013)	(619,873)	(2,038,790)
Transfer to (from) the first stage	62,027	(62,027)	-	-
Transfer to (from) second stage	(144,664)	144,664	-	-
Transferred from (to) the third stage	-	(74,478)	74,478	-
Changes due to Adjustments	81,560	192,105	648,837	922,502
Adjustments due to change in exchange rates	60	-	89	149
Net balance	**775,595**	**559,483**	**5,264,878**	**6,599,956**

Direct credit facilities at Amortized cost – Retail

Distribution of direct credit facilities for retail by categories of the Bank's internal credit rating

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	12,971,352	351,710	6,128	13,329,190
Acceptable risk / performing	85,547,639	5,150,336	6,814,660	97,512,635
Non- Performing				
Substandard	-	-	269,223	269,223
Doubtful	-	-	565,675	565,675
Loss	-	-	8,427,680	8,427,680
Total	**98,518,991**	**5,502,046**	**16,083,366**	**120,104,403**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	7,908,258	12,937	-	7,921,195
Acceptable risk / performing	74,492,004	11,495,239	259,444	86,246,687
Non- Performing				
Substandard	-	-	676,937	676,937
Doubtful	-	-	1,618,089	1,618,089
Loss	-	-	7,673,928	7,673,928
Total	**82,400,262**	**11,508,176**	**10,228,398**	**104,136,836**

Direct credit facilities at Amortized cost - Retail

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	82,400,262	11,508,176	10,228,398	104,136,836
Add: new balances during the year / Additions	42,952,046	1,379,523	1,064,222	45,395,791
Settled balances	(26,774,170)	(4,295,755)	(1,005,495)	(32,075,420)
Transfer to the first stage during the year	4,846,709	(4,809,527)	(37,182)	-
Transfer to second stage during the year	(1,051,306)	1,112,023	(60,717)	-
Transferred to the third stage during the year	(4,416,770)	(1,506,757)	5,923,527	-
Transferred to the third stage during the year	562,220	2,114,363	60,904	2,737,487
Written off balances	-	-	(90,291)	(90,291)
Net balance	**98,518,991**	**5,502,046**	**16,083,366**	**120,104,403**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	79,819,140	6,754,386	9,277,426	95,850,952
Add: new balances during the year / Additions	30,610,184	4,235,356	977,032	35,822,572
Settled balances	(22,860,370)	(2,061,997)	(1,801,158)	(26,723,525)
Transfer to the first stage during the year	1,958,026	(1,957,299)	(727)	-
Transfer to second stage during the year	(6,416,979)	6,465,379	(48,400)	-
Transferred to the third stage during the year	(1,403,277)	(2,316,077)	3,719,354	-
Transferred to the third stage during the year	693,538	233,393	-	926,931
Written off balances	-	-	(2,068,067)	(2,068,067)
Adjustments due to change in exchange rates	-	155,035	172,938	327,973
Net balance	**82,400,262**	**11,508,176**	**10,228,398**	**104,136,836**

The movement of the provision for impairment losses of direct credit facilities for Retail

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	548,931	679,749	10,025,366	11,254,046
Impairement loss of direct credit facilities during the period	723,027	113,314	1,053,832	1,890,173
Recoveries	(601,855)	(658,044)	(5,802,322)	(7,062,221)
Transfer from the first stage	7,564	(7,564)	-	-
Transfer (from) to second stage	(8,463)	8,463	-	-
Transferred (from) to the third stage	(8,656)	-	8,656	-
Changes due to Adjustments	1,450	20,273	32,003	53,726
Written off balances	-	-	(39,575)	(39,575)
Net balance	**661,998**	**156,191**	**5,277,960**	**6,096,149**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	-	322,376	8,547,200	8,869,576
Effect of application of IFRS 9	387,710	472,220	-	859,930
Balance at 1 January 2018, resulted from the application of IFRS 9	387,710	794,596	8,547,200	9,729,506
Impairement loss of direct credit facilities during the period	597,086	312,708	4,079,360	4,989,154
Recoveries	(174,992)	(408,704)	(1,896,005)	(2,479,701)
Transfer from the first stage	65,302	(65,302)	-	-
Transfer from second stage	(331,044)	331,044	-	-
Transferred from the third stage	-	(322,377)	322,377	-
Changes due to Adjustments	2,747	20,527	-	23,274
Written off balances	-	-	(1,084,967)	(1,084,967)
Adjustments due to change in exchange rates	2,122	17,257	57,401	76,780
Net balance	**548,931**	**679,749**	**10,025,366**	**11,254,046**

Direct credit facilities fat amortized cost – Real Estate

Distribution of direct credit facilities for real estate by categories of the Bank's internal credit rating

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	20,718,287	497,055	154,307	21,369,649
Acceptable risk / performing	94,190,466	23,820,013	3,204,371	121,214,850
Non- Performing				
Substandard	-	-	437,681	437,681
Doubtful	-	-	2,253,654	2,253,654
Loss	-	-	10,413,724	10,413,724
Total	**114,908,753**	**24,317,068**	**16,463,737**	**155,689,558**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	9,987,814	-	-	9,987,814
Acceptable risk / performing	127,221,831	9,012,684	2,976,805	139,211,320
Non- Performing				
Substandard	-	-	929,779	929,779
Doubtful	-	-	1,456,884	1,456,884
Loss	-	**-**	**5,183,176**	**5,183,176**
Total	**137,209,645**	**9,012,684**	**10,546,644**	**156,768,973**

Direct credit facilities fat amortized cost - Real Estate

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	137,209,645	9,012,684	10,546,644	156,768,973
Impairement loss of direct credit facilities during the period	15,605,875	1,844,668	1,277,344	18,727,887
Recoveries	(17,865,885)	(2,755,149)	(56,735)	(20,677,769)
Transfer from the first stage	2,661,960	(2,661,960)	-	-
Transfer (from) to second stage	(6,504,303)	6,628,865	(124,562)	-
Transferred (from) to the third stage	(3,027,628)	(1,737,400)	4,765,028	-
Changes due to Adjustments	(13,170,911)	13,985,360	60,921	875,370
Written off balances	-	-	(4,903)	(4,903)
Net balance	**114,908,753**	**24,317,068**	**16,463,737**	**155,689,558**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	129,088,771	14,222,110	11,298,343	154,609,224
Impairement loss of direct credit facilities during the period	25,358,841	1,542,713	586,042	27,487,596
Recoveries	(25,110,494)	(834,999)	(5,835,588)	(31,781,081)
Transfer from the first stage	6,617,109	(6,050,572)	(566,537)	-
Transfer (from) to second stage	(1,632,751)	3,030,429	(1,397,678)	-
Transferred (from) to the third stage	(1,801,199)	(3,276,754)	5,077,953	-
Changes due to Adjustments	4,689,368	379,757	1,430,949	6,500,074
Written off balances	-	-	(46,840)	(46,840)
Net balance	**137,209,645**	**9,012,684**	**10,546,644**	**156,768,973**

The movement of the provision for impairment losses of direct credit facilities for Real Estate

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	762,410	452,535	2,223,628	3,438,573
Impairement loss of direct credit facilities during the year	17,134	43,497	2,196,592	2,257,223
Recoveries	(757,788)	(354,351)	(888,556)	(2,000,695)
Transfer to (from) the first stage	97,357	(97,357)	-	-
Adjustments due to changes	43	25,566	7,994	33,603
Net balance	**119,156**	**69,890**	**3,539,658**	**3,728,704**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2018	-	101,646	2,456,036	2,557,682
Effect of application of IFRS 9	370,525	431,295	-	801,820
Balance at 1 January 2018, resulted from the application of IFRS 9	370,525	532,941	2,456,036	3,359,502
Impairement loss of direct credit facilities during the year	379,336	310,456	703,445	1,393,237
Recoveries	(155,594)	(124,243)	(1,369,338)	(1,649,175)
Transfer to (from) the first stage	297,163	(297,163)	-	-
Transfer to (from) second stage	(129,442)	129,442	-	-
Transferred (from) to the third stage	-	(101,646)	101,646	-
Adjustments due to changes	422	2,748	331,839	335,009
Net balance	**762,410**	**452,535**	**2,223,628**	**3,438,573**

Direct credit facilities fat amortized cost – Government

Distribution of direct credit facilities for government sector by categories of the Bank's internal credit rating

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	-	-	-	-
Acceptable risk / performing	49,198,622	-	-	49,198,622
Total	**49,198,622**	**–**	**–**	**49,198,622**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	68,600,726	-	-	68,600,726
Acceptable risk / performing	-	-	-	-
Total	**68,600,726**	**–**	**–**	**68,600,726**

Direct credit facilities fat amortized cost - Government:

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	68,600,726	-	-	68,600,726
Add: new balances during the year / Additions	7,200,276	-	-	7,200,276
Settled balances	(26,602,380)	-	-	(26,602,380)
Net balance	**49,198,622**	**–**	**–**	**49,198,622**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	12,046,780	57,251,863	-	69,298,643
Add: new balances during the year / Additions	22,269,946	-	-	22,269,946
Settled balances	-	(22,967,863)	-	(22,967,863)
Transfer to the first stage during the year	34,284,000	(34,284,000)	-	-
Net balance	**68,600,726**	**–**	**–**	**68,600,726**

The movement of the provision for impairment losses of direct credit facilities for Government and public sector

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	-	-	-	-
Impairment loss of direct credit facilities during the year	3,369	-	-	3,369
Net balance	**3,369**	-	-	**3,369**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	-	-	-	-
Impairment loss of direct credit facilities during the year	-	-	-	-
Net balance	-	-	-	-

No provision for expected credit losses was calculated on the various credit facilities for the Jordanian government and that is according to the regulations by the Central Bank of Jordan related to IFRS 9.

Distribution of cumulative direct credit facilities – amortized cost by categories of the Bank's internal credit rating:

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	146,102,141	3,975,477	160,435	150,238,053
Acceptable risk / performing	634,346,485	141,021,764	25,103,552	800,471,801
Non- Performing				
Substandard	-	-	24,459,525	24,459,525
Doubtful	-	-	5,021,342	5,021,342
Loss	-	-	66,622,862	66,622,862
Total	**780,448,626**	**144,997,241**	**121,367,716**	**1,046,813,583**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	153,394,831	12,937	-	153,407,768
Acceptable risk / performing	613,349,611	79,380,888	34,630,365	727,360,864
Non- Performing				
Substandard	-	-	2,076,321	2,076,321
Doubtful	-	-	6,280,936	6,280,936
Loss	-	-	91,406,399	91,406,399
Total	**766,744,442**	**79,393,825**	**134,394,021**	**980,532,288**

The cumulative movement of direct credit facilities

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	766,744,442	79,393,825	134,394,020	980,532,287
Add: new balances during the year / Additions *	217,721,215	47,584,316	9,117,507	274,423,038
Settled balances	(196,851,712)	(33,617,490)	(16,207,912)	(246,677,114)
Transfer to (from) the first stage during the year		(18,002,668)	(6,194,528)	-
Transfer to (from) second stage during the year		28,103,168	(2,804,612)	-
Transferred to (from) the third stage		(10,900,060)	39,791,892	-
Changes due to Adjustments	22,827,873	52,436,150	4,312,371	79,576,394
Written off balances	-	-	(41,041,022)	(41,041,022)
Net balance	**780,448,626**	**144,997,241**	**121,367,716**	**1,046,813,583**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	650,897,959	222,090,009	124,305,513	997,293,481
Add: new balances during the year / Additions *	222,704,452	30,678,345	9,450,446	262,833,243
Settled balances	(201,559,505)	(105,192,102)	(32,087,761)	(338,839,368)
Transfer to (from) the first stage during the year	79,699,295	(78,526,667)	(1,172,628)	-
Transfer to (from) second stage during the year	(11,648,350)	13,183,715	(1,535,365)	-
Transferred to (from) the third stage	(5,768,677)	(28,234,712)	34,003,389	-
Changes due to Adjustments	31,271,717	23,430,296	14,245,085	68,947,098
Written off balances	-	-	(14,556,471)	(14,556,471)
Adjustments due to change in exchange rates	1,147,551	1,964,941	1,741,812	4,854,304
Net balance	**766,744,442**	**79,393,825**	**134,394,020**	**980,532,287**

* New balances / additions during phase three represent suspended interest during the year

The cumulative movement of the provision for impairment losses of direct credit facilities according to sectors:

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	4,459,066	2,620,874	65,743,029	72,822,969
Impairement loss of direct credit facilities during the period	1,609,687	1,236,514	18,850,767	21,696,968
Recoveries	(3,540,493)	(2,188,702)	(9,626,637)	(15,355,832)
Transfer from the first stage	511,560	(184,591)	(326,969)	-
Transfer (from) to second stage	(476,494)	1,394,295	(917,801)	-
Transferred (from) to the third stage	(8,656)	-	8,656	-
Changes due to Adjustments	186,274	892,450	464,281	1,543,005
Written off balances	-	-	(34,853,037)	(34,853,037)
Net balance	**2,740,944**	**3,770,840**	**39,342,289**	**45,854,073**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	-	3,215,448	58,390,578	61,606,026
Effect of application of IFRS 9	3,499,058	8,723,652	-	12,222,710
Balance at 1 January 2018, resulted from the application of IFRS 9	3,499,058	11,939,100	58,390,578	73,828,736
Impairement loss of direct credit facilities during the period	3,009,872	1,210,793	17,948,793	22,169,458
Recoveries	(2,304,972)	(7,796,899)	(11,049,368)	(21,151,239)
Transfer from the first stage	613,586	(613,586)	-	-
Transfer from second stage	(606,054)	606,054	-	-
Transferred from the third stage	-	(3,215,448)	3,215,448	-
Changes due to Adjustments	231,200	340,437	5,610,617	6,182,254
Written off balances	-	-	(8,733,798)	(8,733,798)
Adjustments due to change in exchange rates	16,376	150,423	360,759	527,558
Net balance	**4,459,066**	**2,620,874**	**65,743,029**	**72,822,969**

The cumulative movement of the provision for impairment losses of direct credit facilities according to sectors:

As of 31 December 2019	Retail	Real estate	Corporate	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
Balance as at 1 January 2019	11,254,046	3,438,573	51,530,394	6,599,956	-	72,822,969
Impairement loss of direct credit facilities during the year	1,890,173	2,257,223	8,943,197	8,603,006	3,369	21,696,968
Recoveries	(7,062,221)	(2,000,695)	(4,179,482)	(2,113,434)	-	(15,355,832)
Transfer (from) to the first stage	(9,555)	97,357	120,394	(181,786)	-	26,410
Transfer from (to) second stage	899	(97,357)	1,124,376	181,786	-	1,209,704
Transferred to (from) the third stage	8,656	-	(1,244,770)	-	-	(1,236,114)
Changes due to Adjustments	53,726	33,603	681,557	774,119	-	1,543,005
Written off balances	(39,575)	-	(34,813,462)	-	-	(34,853,037)
Net balance	**6,096,149**	**3,728,704**	**22,162,204**	**13,863,647**	**3,369**	**45,854,073**

As of 31 December 2018	Retail	Real estate	Corporate	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
Balance at 1 January 2018	8,869,576	2,557,682	47,200,069	2,978,699	-	61,606,026
Effect of application of IFRS 9	859,930	801,820	8,867,636	1,693,324	-	12,222,710
Balance at 1 January 2018 resulted from the aplication of IFRS 9	9,729,506	3,359,502	56,067,705	4,672,023	-	73,828,736
Impairement loss of direct credit facilities during the year	4,989,154	1,393,237	12,742,995	3,044,072	-	22,169,458
Recoveries	(2,479,701)	(1,649,175)	(14,983,573)	(2,038,790)	-	(21,151,239)
Transfer (from) to the first stage	(265,742)	167,721	188,190	(82,637)	-	7,532
Transfer from (to) second stage	265,742	(167,721)	(188,190)	82,637	-	(7,532)
Changes due to Adjustments	23,274	335,009	4,901,469	922,502	-	6,182,254
Written off balances	(1,084,967)	-	(7,648,831)	-	-	(8,733,798)
Adjustments due to change in exchange rates	76,780	-	450,629	149	-	527,558
Net balance	**11,254,046**	**3,438,573**	**51,530,394**	**6,599,956**	**–**	**72,822,969**

Interest in suspense

The movement of interest in suspense is as follow:

As of 31 December 2019	Retail	Real estate	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
Balance as at 1 January 2019	3,672,612	1,364,011	9,971,870	1,741,423	16,749,916
Add: Suspended interest during the year	1,064,222	1,277,344	4,551,296	2,224,645	9,117,507
Less: interest transferred to income	(399,076)	(330,807)	(1,067,645)	(339,580)	(2,137,108)
Less: amounts written off	(50,713)	(4,903)	(5,712,340)	(26,890)	(5,794,846)
Balance at the end of the year	**4,287,045**	**2,305,645**	**7,743,181**	**3,599,598**	**17,935,469**

As of 31 December 2018	Retail	Real estate	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
Balance as at 1 January 2018	3,813,381	1,144,249	8,570,481	1,196,981	14,725,092
Add: Suspended interest during the year	977,033	586,042	6,829,809	1,057,564	9,450,448
Less: interest transferred to income	(202,501)	(319,440)	(1,083,160)	(257,497)	(1,862,598)
Less: amounts written off	(983,101)	(46,840)	(4,537,074)	(255,659)	(5,822,674)
Foreign exchange differences	67,800	-	191,814	34	259,648
Balance at the end of the year	**3,672,612**	**1,364,011**	**9,971,870**	**1,741,423**	**16,749,916**

Direct credit facilities portfolio is distributed as per the following geographical and industrial sectors classification:

	Inside Jordan	Outside Jordan	31 December 2019	31 December 2018
	JD	JD	JD	JD
Financial	14,936,733	-	14,936,733	20,285,903
Industrial	114,446,702	11,908,385	126,355,087	136,131,629
Commercial	179,126,266	62,088,276	241,214,542	192,739,081
Real estate and Construction	284,755,273	7,902,033	292,657,306	258,125,454
Tourism and hotels	31,603,419	-	31,603,419	36,655,902
Agriculture	10,393,071	477,607	10,870,678	7,570,767
Shares	61,825,556	-	61,825,556	58,695,738
Services utilities and public	62,585,308	8,025,580	70,610,888	73,150,335
Transportation services (including air transportation)	14,751,710	-	14,751,710	12,428,680
Government and public sector	49,198,622	-	49,198,622	68,600,726
Retail	86,179,586	25,315,473	111,495,059	93,647,238
Other	21,293,983	-	21,293,983	22,500,835
Total	**931,096,229**	**115,717,354**	**1,046,813,583**	**980,532,288**

(12) Financial Assets At Amortized Cost

This item consists of the following:

	2019	2018
Financial assets at amortized cost with no market prices		
Treasury bonds	-	4,832,334
Governmental debt securities	407,544,154	437,565,976
Governmental debt securities and its guarantee	44,134,322	44,127,926
Bonds, Corporate debt securities	19,245,000	40,545,000
Other government bonds	12,453,583	14,552,640
Total	**483,377,059**	**541,623,876**
Less: Impairment allowance and expected credit losses	(549,967)	(630,409)
Total	**482,827,092**	**540,993,467**
Analysis of bonds and bills:		
Fixed Rate	471,243,075	528,090,467
Floating rate	11,584,017	12,903,000
Total	**482,827,092**	**540,993,467**

Financial Assets At Amortized Cost

Distribution of financial Assets at Amortized Cost by categories of the Bank's internal credit rating:

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	451,678,476	-	-	451,678,476
Acceptable risk / performing	25,998,583	-	5,200,000	31,198,583
Non- Performing				
Loss - Bad debt	-	-	500,000	500,000
Total	**477,677,059**	**-**	**5,700,000**	**483,377,059**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	442,398,310	-	-	442,398,310
Acceptable risk / performing	98,725,566	-	-	98,725,566
Non- Performing				
Loss - Bad debt	-	-	500,000	500,000
Total	**541,123,876**	**-**	**500,000**	**541,623,876**

Movements of Financial Assets at Amortized Cost:

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	541,123,876	-	500,000	541,623,876
Add: new balances during the year	91,009,026	-	-	91,009,026
Settled balances	(101,765,359)	-	-	(101,765,359)
Transferred from (to) the third stage during the year	(5,200,000)	-	5,200,000	-
Changes due to Adjustments	(47,490,484)	-	-	(47,490,484)
Net balance	**477,677,059**	**-**	**5,700,000**	**483,377,059**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	457,839,699	10,045,000	500,000	468,384,699
Add: new balances during the year	212,601,358	-	-	212,601,358
Settled balances	(111,308,380)	-	-	(111,308,380)
Transferred from (to) the first stage during the year	10,045,000	(10,045,000)	-	-
Changes due to Adjustments	**(28,053,801)**	**-**	**-**	**(28,053,801)**
Net balance	**541,123,876**	**-**	**500,000**	**541,623,876**

Movements of provision on of Financial Assets at Amortized Cost:

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	130,409	-	500,000	630,409
Add: new balances during the year	1,655	-	-	1,655
Settled balances	(82,097)	-	-	(82,097)
Net balance as at 31 December 2019	**49,967**	**-**	**500,000**	**549,967**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	118,476	270,563	500,000	889,039
Add: new balances during the year	86,803	-	-	86,803
Settled balances	(102,482)	(242,951)	-	(345,433)
Transfer (from) to the first stage during the year	27,612	(27,612)	-	-
Net balance as at 31 December 2018	**130,409**	**-**	**500,000**	**630,409**

No provision for expected credit losses was calculated on bonds and treasury bills for the Jordanian government and that is according to the regulations by the Central Bank of Jordan related to IFRS 9.

(13) Pledged Financial Assets

Distribution of financial Assets at Amortized Cost by categories of the Bank's internal credit rating:

	December 2019 31		December 2018 31	
	Pledged Financial Assets	Associated Liabilities	Pledged Financial Assets	Associated Liabilities
Financial Assets at Amortized Cost	47,490,484	50,000,000	-	-
Total	**47,490,484**	**50,000,000**	**-**	**-**

No provision for expected credit losses was calculated on bonds and treasury bills for the Jordanian government and that is according to the regulations by the Central Bank of Jordan related to IFRS 9.

(14) Property, plant and Equipment – Net

	Lands	Buildings	Furniture & Fixtures	Vehicles	Computers	*Others	Total
	JD	JD	JD	JD	JD	JD	JD
2019							
Cost: Balance at 1 January 2019	12,953,511	7,214,911	13,361,319	599,454	5,842,771	11,581,194	51,553,160
Additions	-	-	1,807,080	-	521,684	687,618	3,016,382
Disposals	-	-	(830,663)	-	(78,471)	-	(909,134)
Balance at the end of the year	12,953,511	7,214,911	14,337,736	599,454	6,285,984	12,268,812	53,660,408
Accumulated depreciation:							
Balance at 1 January 2019	-	1,294,421	8,476,750	412,326	4,388,805	7,372,246	21,944,548
Depreciation charge for the year	-	101,819	1,467,814	53,264	745,014	781,426	3,149,337
Disposals	-	-	(801,068)	-	(76,868)	-	(877,936)
Balance at the end of the year	-	1,396,240	9,143,496	465,590	5,056,951	8,153,672	24,215,949
Net book value of property and equipment	12,953,511	5,818,671	5,194,240	133,864	1,229,033	4,115,140	29,444,459
Advanced payment to purchase property & equipment	-	-	3,222,273	-	118,947	365,711	3,706,931
Net book value of property and equipment at the end of the year 2019	**12,953,511**	**5,818,671**	**8,416,513**	**133,864**	**1,347,980**	**4,480,851**	**33,151,390**
2018							
Balance as at 1 January 2018	12,711,115	7,166,514	11,418,591	542,773	5,314,878	9,142,212	46,296,083
Additions	-	-	1,934,775	51,381	594,762	2,438,982	5,019,900
Disposals	-	-	(235,374)	(1,456)	(66,869)	-	(303,699)
Foreign exchange differences	242,396	48,397	243,327	6,756	-	-	540,876
Balance at the end of the year	12,953,511	7,214,911	13,361,319	599,454	5,842,771	11,581,194	51,553,160
Accumulated depreciation:							
Balance at 1 January 2019	-	1,184,819	7,057,415	359,400	3,725,704	6,645,087	18,972,425
Depreciation charge for the year	-	101,647	1,492,806	47,560	728,843	727,159	3,098,015
Disposals	-	-	(223,953)	(400)	(65,742)	-	(290,095)
Foreign exchange differences	-	7,955	150,482	5,766	-	-	164,203
Balance at the end of the year	-	1,294,421	8,476,750	412,326	4,388,805	7,372,246	21,944,548
Net book value of property and equipment	12,953,511	5,920,490	4,884,569	187,128	1,453,966	4,208,948	29,608,612
Advanced payment to purchase property & equipment	-	-	1,873,905	-	8,468	614,682	2,497,055
Net book value of property and equipment at the end of the year 2018	**12,953,511**	**5,920,490**	**6,758,474**	**187,128**	**1,462,434**	**4,823,630**	**32,105,667**

- Others represent renovation, interior design and decoration of buildings and branch offices.
- The estimated cost to complete the projects in progress amounted to around JD 2,490,490 as of 31 December 2019 against 3,123,901 as of 31 December 2018.
- Fully depreciated property and equipment amounted to JD 13,521,927 as of 31 December 2019 against JD 10,614,006 as of 31 December 2018.

(15) Intangible Assets, Net

This Item Consists of the following:

Computer Software & Systems	2019	2018
	JD	JD
Balance at 1 January	3,896,230	3,853,254
Additions	1,363,419	1,925,045
Amortization for the year	(1,908,471)	(1,895,060)
Foreign currency differences	-	12,991
Balance at the end of the year	3,351,178	3,896,230
Projects under construction	16,651,782	6,753,509
Balance as of 31 December	**20,002,960**	**10,649,739**

- The estimated cost to complete projects under construction is JD 24,801,554 as of 31 December 2019 against JD 27,374,717 as of 31 December 2018.

- Fully amortized intangible assets amounted to JD 13,110,538 as of 31 December 2019 against JD 11,475,168 as of 31 December 2018.

(16) Other Assets

This Item Consists of the following:

	2019	2018
	JD	JD
Accrued interest and revenue	17,772,860	18,982,225
Prepaid expenses	1,677,658	1,619,137
Collaterals seized by the bank against matured debts* - amotized cost	67,172,269	61,060,034
Purchased banks acceptances - amotized cost	30,109,812	16,220,722
Export documents and bills purchased - amotized cost	317,897	317,897
Assets / derivatives unrealized gain (Note 45)	676,726	-
Refundable deposits	2,744,438	2,884,541
Others - net*	3,569,534	1,200,744
Total	**124,041,194**	**102,285,300**

* According to the regulaions of the Central Bank of Jordan, the bank is required to dispose seized real estate in a maximum period of two years from the acquisition date. The Central Bank may approve an extension up to two executive years at most. According to the Central Bank circular No. 10/1/4076, a provision should be calculated for real estate seized for a period longer than four years .

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

	2019	2018
	JD	JD
Balance at the beginning of the period	61,060,034	45,394,698
Additions	11,219,118	18,603,545
Retirements	(3,852,996)	(2,214,529)
Impairment losses	(1,846,205)	(1,053,934)
Releases from seized real estate	592,318	137,752
Foreign currency translation differences	-	192,502
Balance at the end of the period	**67,172,269**	**61,060,034**

Purchased Banks acceptances – Amortized cost

Distribution of bank acceptences and export documents and bills purchased by categories of the Bank's internal credit rating:

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	238,600	-	-	238,600
Acceptable risk / performing	30,038,520	232,297	-	30,270,817
Total	**30,277,120**	**232,297**	**-**	**30,509,417**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	597,276	-	-	597,276
Acceptable risk / performing	15,974,095	46,972	-	16,021,067
Total	**16,571,371**	**46,972**	**-**	**16,618,343**

Movements of bank acceptances and export documents and bills purchased:

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	16,571,371	46,972	-	16,618,343
Add: new balances during the year	29,959,223	232,297	-	30,191,520
Settled balances	(16,253,474)	(46,972)	-	(16,300,446)
Net balance	**30,277,120**	**232,297**	**-**	**30,509,417**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	-	-	-	-
Add: new balances during the year	16,571,371	46,972	-	16,618,343
Settled balances	-	-	-	-
Net balance	**16,571,371**	**46,972**	**-**	**16,618,343**

Movements of provisions on bank acceptences and export documents and bills purchased:

As of 31 December 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	78,632	1,092	-	79,724
Add: new balances during the year	79,220	2,488	-	81,708
Settled balances	(78,632)	(1,092)	-	(79,724)
Net balance	**79,220**	**2,488**	**-**	**81,708**

As of 31 December 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	-	-	-	-
Add: new balances during the year	78,632	1,092	-	79,724
Settled balances	-	-	-	-
Net balance	**78,632**	**1,092**	**-**	**79,724**

(17) Banks and Financial Institutions' Deposits

The details are as follows:

	2019			2018		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current and demand deposits	42,087	13,511,072	13,553,159	1,478,613	18,148,893	19,627,506
Term deposits under 3 months	79,858,784	15,381,500	95,240,284	23,011,367	2,000,000	25,011,367
Term deposits Maturing between 3 and 6 months	5,000,000	-	5,000,000	-	-	-
Total	**84,900,871**	**28,892,572**	**113,793,443**	**24,489,980**	**20,148,893**	**44,638,873**

(18) Customers' Deposits

The details are as follows:

2019	Retail	Corporate	SMEs	Government" and Public "Sectors	Total
	JD	JD	JD	JD	JD
Current and demand deposits	123,896,387	137,865,415	61,939,116	30,709,641	354,410,559
Saving accounts	68,916,230	2,415	644,525	-	69,563,170
Time and notice deposits	510,929,734	161,387,577	22,671,749	92,579,328	787,568,388
Certificates of deposit	93,110,465	-	1,370,000	-	94,480,465
Total	**796,852,816**	**299,255,407**	**86,625,390**	**123,288,969**	**1,306,022,582**

2018	Retail	Corporate	SMEs	Government" and Public "Sectors	Total
	JD	JD	JD	JD	JD
Current and demand deposits	130,463,673	180,663,284	69,131,947	30,145,929	410,404,833
Saving accounts	61,786,673	8,819	496,865	-	62,292,357
Time and notice deposits	478,008,125	165,404,283	18,208,952	49,019,106	710,640,466
Certificates of deposit	63,545,491	-	1,000,000	-	64,545,491
Total	**733,803,962**	**346,076,386**	**88,837,764**	**79,165,035**	**1,247,883,147**

- The deposits of government and general public sector inside Jordan amounted to JD 123,288,969 representing 9.44 % of the total deposits as at 31 December 2019 against JD 79,165,035 representing 6.34% as at 31 December 2018.
- Non-interest bearing deposits amounted to JD 258,927,721 representing 19.83 % of total deposits as at 31 December 2019 against JD 405,391,804 representing 32.49 % of the total deposits as at 31 December 2018.
- Reserved deposits (restricted withdrawals) amounted JD 5,831,968 as at 31 December 2019, while there was no reserved deposits as at 31 December 2018.
- Dormant deposits amounted to JD 627,848 as at 31 December 2019 against JD 1,016,973 as at 31 December 2018.

(19) Margin Accounts

The details are as follows:

	2019	2018
	JD	JD
Margins on direct credit facilities	53,424,057	45,391,798
Margins on indirect credit facilities	91,120,681	71,913,685
Margin dealings	1,216,118	1,379,959
Others	23,248,710	24,854,891
Total	**169,009,566**	**143,540,333**

(20) Loans and Borrowings

The details are as follows:

2019	Amount	Number of Installments Total	Number of Installments Outstanding	Frequency of Instalments	Collaterals	Interest rate	Re-financed Interest rate
	JD				JD		
Amounts borrowed from central banks	101,491,549	3,726	2,455	Monthly and semi annual payment and payment at maturity	47,490,484	0.70% to 4.00%	3.75% to 4.75%
Amounts borrowed from local banks and financial institutions	55,000,000	6	6	One payment	-	5.25% to 7.00%	4.50% to 12.40%
Amounts borrowed from foreign banks and financial institutions	8,827,975	71	52	Monthly and semi annual payment and payment at maturity	-	1.77% to 6.25%	3.87% to 12.00%
Total	**165,319,524**				**47,490,484**		

2019	Amount	Number of Installments Total	Number of Installments Outstanding	Frequency of Instalments	Collaterals	Interest rate	Re-financed Interest rate
	JD				JD		
Amounts borrowed from central banks	41,774,720	2406	1803	Monthly and semi annual payment and payment at maturity	-	0.70% - 4.42%	3.75% - 5.50%
Amounts borrowed from local banks and financial institutions	70,000,000	7	7	One payment	-	4.95% - 7.00%	4.50% - 12.40%
Amounts borrowed from foreign banks and financial institutions	12,777,312	64	53	Monthly and semi annual payment and payment at maturity	-	1.77% - 5.75%	4.00% - 12.50%
Total	**124,552,032**				**-**		

- Borrowed money from the Central Bank includes JD 51,491,549 that represents amounts borrowed to refinance the customers' loans in the medium term financing programs that have been re-borrowed. These loans mature during 2020 - 2039.
- Borrowed money from the Central Bank of Jordan includes JD 50,000,000 that represents amounts borrowed to refinance a repurchase agreement against pledged (mortgaged) financial assets with a total of JD 47,490,484 as of December 31 2019 (Note 13).
- The amounts borrowed from local institutions are all borrowed from the Jordan Mortgagee Refinance Company with a total amount of JD 55 Million. The loans mature during 2020 - 2023.
- The amounts borrowed from foreign banks/institutions are all borrowed from the European Bank for Reconstruction and Development and amounted to USD 2,857,143 and the last payment falls due during 2020.
- Loans bearing fixed - interest rates amounted to JD 159,393,810 and loans bearing floating - interest rates amounted to JD 5,925,714 as at 31 December 2019 against JD 120,500,603 and JD 4,051,429 respectively as at 31 December 2018.

(21) Subordinated Loans

31 December 2019	Amount	Frequency of instalments	Collaterals	Interest Rate
Subordinated Loan	28,360,000	One payment maturing on 15 March 2026	-	7,00٪
	28,360,000		-	

31 December 2018	Amount	Frequency of instalments	Collaterals	Interest Rate
Subordinated Loan	17,725,000	One payment maturing on 1 March 2020	-	6,85٪
	17,725,000		-	

- The Bank has completed issuing a $40 million bond on March 15 2019, classified as a tier two in accordance with Basel III instructions. The bank has exercised the rights to purchase the previous bond of $25 million that was issued on March 1 2019.

(22) Sundry Provisions

2019	Balance at the beginning of the year	Provided during the period/year	Utilized during the period/ year	Transferred to income	Balance at the end of the period/year
	JD	JD	JD	JD	JD
Provision for lawsuits raised against the bank	4,000	98,700	-	-	102,700
Other provisions	8,706,446	-	(3,887,136)	-	4,819,310
Foreign Currency translation differences	72,835	-	(72,835)	-	-
Total	**8,783,281**	**98,700**	**(3,959,971)**	**-**	**4,922,010**

2018	Balance at the beginning of the year	Provided during the period/year	Utilized during the period/year	Transferred to income	Balance at the end of the period/year
	JD	JD	JD	JD	JD
Provision for lawsuits raised against the bank	3,850,406	63,551	(415,051)	(3,494,906)	4,000
Provision against Iraq risks	12,963,155	-	-	(12,963,155)	-
Other provisions	38,995	12,869,267	(4,201,816)	-	8,706,446
Foreign Currency translation differences	(34,673)	169,376	(96,541)	34,673	72,835
Total	**16,817,883**	**13,102,194**	**(4,713,408)**	**(16,423,388)**	**8,783,281**

The bank has fully hedged against the differences resulting from the currency auctions as requested by the Central Bank of Iraq from the affiliate -National Bank of Iraq- during the year 2018, by which the National Bank of Iraq claimed these amounts from its customers according to the Central Bank of Iraq, in addition to the recourse of the judiciary to collect these amounts. The National Bank of Iraq has collected an amount of JD 2,013,988 during the year ended 31 December 2019 against JD 2,084,140 during the year ended 31 December 2018.

(23) Income Tax

The effect of implementing IFRS 9 on deffered tax assets/liabilities

A– The movement of income tax provision is as follows:

	2019	2018
	JD	JD
Balance at the beginning of the period/year	6,500,757	2,446,732
Income tax paid	(7,376,775)	(3,631,530)
Income tax charge for the year	7,690,574	5,205,343
Income tax charge for previous years	35,748	2,412,735
Foreign exchange translation differences	-	67,477
Balance at the end of the period/year	**6,850,303**	**6,500,757**

Income tax expense presented in consolidated income statement:

	2019	2018
	JD	JD
Current income tax charge for the year	7,690,574	5,205,343
Previous years income tax charges	35,748	2,412,735
Deferred tax assets for the year	(420,274)	(518,141)
Deferred tax liabilities for the year	1,006,033	(37,414)
Foreign exchange translation differences	**-**	**(11,806)**
	8,312,080	**7,050,717**

- Legal income tax rate on the Bank's revenues and brokerage firm is 38% and 28% respectively.
- Legal income tax on the Bank's revenues in Iraq is 15%.
- A final settlement has been made with the Income and Sales tax department regarding the Bank's tax in Jordan till the end of 2015.
- The Income and Sales Tax Department did not commence its review on the Bank's account for the year ended 2016 until the date of these consolidated financial statements.
- The Bank has submitted its financial statements for the years ended 2017 and 2018, and the Income Tax Department has not reviewed these statements until the date of consolidated financial statements.
- A final settlement has been made with the Income and Sales Tax Department regarding the tax on Capital Investment and Brokerage company till the end of 2015.
- Capital Investment and Brokerage company have submitted the tax return for the year 2016, 2017 and 2018. Final settlements are still pending as of the date of the consolidated financial statements.
- A final settlement has been made with the Income Tax Department regarding the tax on National Bank of Iraq till the end of 2014, and the Bank has settled the amounts due until the end of 2018.
- The management and tax consultants believe that the income tax provision recorded is sufficient to meet the tax obligations as at 31 December 2019.

B– Income Tax liabilities
The movement of income tax liability is as follows:

Items Included	2019					2018
	Balance at the beginning of the year	Released	Additions	Balance at the end of the year	Deferred Tax	
	JD	JD	JD	JD	JD	JD
a) Deferred tax assets						
Provision for lawsuits held against the bank	4,000	-	98,700	102,700	39,026	1,520
Impairment loss on seized shares	7,191,841	-	-	7,191,841	2,732,900	2,732,900
Losses from revaluation of financial assets through income statement	412,039	(306,917)	90,340	195,462	65,242	140,051
Provision for watch list facilities	9,523,072	(2,351,968)	1,352,540	8,523,644	3,027,244	3,403,952
Losses from revaluation of financial assets through other comprehensive income	3,608,392	(1,331,983)	97,960	2,374,369	840,972	1,206,425
Additional provision on other credit facilities	13,155,123	(2,389,966)	3,501,150	14,266,307	3,826,955	3,404,705
Impairment of seized assets	8,232,426	(884,000)	2,088,459	9,436,885	3,586,015	3,128,323
Other deferred tax assets	2,040,142	(2,040,142)	1,920,000	1,920,000	727,598	773,255
Total	**44,167,035**	**(9,304,976)**	**9,149,149**	**44,011,208**	**14,845,952**	**14,791,131**
b) Deferred tax liabilities						
Unrealized gains – financial assets at fair value though OCI	3,347,253	-	1,125,020	4,472,273	1,603,621	1,206,483
Unrealized gain from financial assets – at fair value through income statement	18,617	(18,347)	2,664,318	2,664,588	1,012,544	6,510
Total	**3,365,870**	**(18,347)**	**3,789,338**	**7,136,861**	**2,616,165**	**1,212,993**

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

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	14,791,131	1,212,993	10,286,431	679,685
Additions	495,198	1,403,172	5,827,641	570,718
Released	(440,377)	-	(1,322,941)	(37,410)
Balance at the end of the year	**14,845,952**	**2,616,165**	**14,791,131**	**1,212,993**

- The Income tax rates on deferred tax assets and liabilities ranged between 28% - 38% in accordance to the newly issued Income Tax Law number 38, effective 1 January 2019.

– Reconciliation between taxable profit and the accounting profit is as follows:

	2019	2018
	JD	JD
Accounting profit	37,128,857	37,398,993
Non-taxable income	(11,397,059)	(29,321,633)
Non-deductible expenses	9,769,762	7,884,585
Taxable profit	35,501,560	15,961,945
Effective rate of income tax	**22,39%**	**18,85%**

(24) Other Liabilities

	2019	2018
	JD	JD
Accrued interest expense	10,937,623	8,333,291
Accrued expenses	3,294,189	2,999,129
Certified cheques	2,525,168	2,010,243
Cheques payable	631,871	1,690,824
Board of directors' remuneration	65,000	65,808
Brokerage payables	9,186,109	7,829,783
Liabilities / derivatives unrealized gain (Note 43)	-	321,414
Guarantees	659,326	-
Others	7,308,184	5,914,854
Total	**34,607,470**	**29,165,346**

(25) Paid In Capital

The authorized and paid-in-capital amounted to JD 200,000,000 and is divided into shares at a par value of JD 1 per share as of 31 December 2019 and 31 December 2018.

(26) Cash Dividends and Proposed Cash Dividends

In the meeting held on 30 April 2019, the Shareholders' General Assembly have approved to distribute cash dividends equivalent to 10% equivalent to 20 million JD of the Bank's authorized and paid-in capital.

(27) Reserves

– Statutory Reserve –

As required by the Law, 10% of the profit before tax is transferred to the statutory reserve. This reserve is not available for distribution to shareholders according to the banking and company laws.

(28) Foreign currency translation adjustments

The forgeign currency translation differences represents the exchange differences resulted from translation of the net assets of the National Bank of Iraq upon the consolidation of the financial statements.

	2019	2018
	JD	JD
Balance at the beginning of the year	(5,223,143)	(4,082,668)
Net movement	-	(1,140,475)
Balance at the end of the year	**(5,223,143)**	**(5,223,143)**

(29) Fair value reserve

2019	Financial assets at fair value through other comprehensive income
	JD
Balance at the beginning of the year	20,961
Unrealized losses from debt instruments	1,111,463
Realized gain (loss) of sale of debt instruments at fair value through other comprehensive income transferred to income	1,179,926
Unrealized gain from equity instruments	490,387
Realized gain on sale of equity instruments at fair value through other comprehensive income transferred to retained earnings	(403,350)
Deffered tax assets	(365,453)
Deffered tax liability	(397,137)
Balance at the end of the Year	**1,636,797**

2018	Financial assets at fair value through other comprehensive income
	JD
Balance at the beginning of the year	416,990
Change in fair value for financial assets at fair value through other comprehensive income	(1,097,141)
Unrealized gain from equity instruments	893,905
Realized gain on sale of equity instruments at fair value through other comprehensive income transferred to retained earnings	(313,265)
Deferred tax liability	691,189
Deferred tax assets	(570,717)
Balance at the end of the year	**20,961**

(30) Material partially – owned subsidiaries

First: Proportion of equity interest held by non-controlling interests is as follows:

31 December 2019	Country	Nature of activity	Country	Dividends distribution
National Bank of Iraq	Iraq	Banking	٪ 38,15	-
31 December 2019	**Country**	**Nature of activity**	**Country**	**Dividends distribution**
National Bank of Iraq	Iraq	Banking	٪ 38,15	4,545,941

Second: The following is the summarised financial information of these subsidiaries, this information is based on amounts before inter-company eliminations.

A. Summarized statement of financial position before elimination entries as of :

	31 December 2019	31 December 2018
	National Bank of Iraq	National Bank of Iraq
	JD	JD
Cash, balances and deposits	211,723,941	225,273,101
Financial assets through income statement	3,513	-
Financial assets through OCI	22,464,414	1,251,479
Credit facilities, net	101,837,985	45,138,764
Financial assets at amortized cost	12,453,583	14,552,640
Other assets	29,527,873	26,748,941
Total assets	**378,011,309**	**312,964,925**
Banks, customers deposits' and margin accounts	202,130,044	141,052,120
Loans & borrowings	10,154,101	3,098,151
Provisions and other liabilities	16,270,096	28,145,603
Total liabilities	**228,554,241**	**172,295,874**
Shareholders' equity	149,457,068	140,669,051
Total liabilities and shareholders' equity	**378,011,309**	**312,964,925**
Non-Controlling interest	**53,352,926**	**50,042,176**

B. Summarized statement of comprehensive income before elimination entries as of:

	31 December 2019	31 December 2018
	National Bank of Iraq	National Bank of Iraq
	JD	JD
Interest and commission income, net	18,460,834	12,714,541
Other income	4,225,618	(3,191,139)
Total Income	**22,686,452**	**9,523,402**
General and administrative expenses	11,638,820	11,829,877
Provisions	974,782	(11,912,134)
Total expenses	**12,613,602**	**(82,257)**
Profit before tax	**10,072,850**	**9,605,659**
Income tax	**1,372,234**	**1,405,302**
Profit after tax	**8,700,616**	**8,200,357**
Other comprehensive income	126,084	290,473
Total comprehensive income for the year	**8,826,700**	**8,490,830**
Non-Controlling interest	3,715,941	(449,899)

C. Summarized cash flow for National Bank of Iraq:

	31 December 2019	31 December 2018
	National Bank of Iraq	National Bank of Iraq
Cash flows	JD	JD
Operating	15,589,684	33,927,461
Investing	(24,105,638)	(17,599,954)
Financing	(713,112)	(17,899,278)
Net (decrease) / Increase	**(9,229,066)**	**(1,571,771)**

(31) Retained Earnings

	2019
	JD
Balance at 1 January 2019 (as previously stated)	52,694,717
Effect of application of IFRS 9 (reclassified assets)	(180,707)
Balance as at 1 January 2019 (restated)	52,514,010
Gain on sale of financial assets through other comprehensive income	403,350
Transferred to reserves	(2,613,347)
Distributed dividends	(20,000,000)
Profit at end of year	25,100,836
Balance at the end of the year	**55,404,849**

	2018
	JD
Balance at 1 January 2018 (as previously stated)	50,994,187
Impairment losses on assets as a result of application of IFRS 9	(17,430,991)
Effect of application of IFRS 9(reclassified assets)	24,839
Effect of application of IFRS 9 on deffered tax assets/ liabilities	3,053,589
Balance as at 1 January 2018 (restated)	36,641,624
Gain on sale of financial assets through other comprehensive income	313,265
Transferred to reserves	4,941,653
Distributed dividends	(20,000,000)
Profit at end of year	30,798,175
Balance at the end of the year	**52,694,717**

- The balance of retained earnings includes a restricted amount of JD 14,845,952 as at 31 December 2019 against JD 14,791,131 as at 31 December 2018 which represents the deferred tax assets that cannot be utilized according to the Central Bank of Jordan Regulations.

- The balance of retained earnings includes unrealized gain of JD 927,971 as at 31 December 2019 against JD 1,054,642 as at 31 December 2018 which represents the effect of early adoption of IFRS (9) related to classification and measurement. However, this amount is restricted from use except for the amounts that become realized regulations according to Securities and Exchange Commission.

- Amount equal to the negative balance of a fair value reserve is considered a restricted reserve that cannot be utilized.
- Gains from revaluation of financial assets at fair value through income statement amounted to JD 12,405 as at 31 December 2019 against JD 228,272 as at 31 December 2018 is restricted from utilization, according to the Security and Exchange Commission regulations.

- The general banking risks reserve is a restricted reserve that cannot be utilized without prior approval of the Central Bank of Jordan. Regarding the implementation of IFRS 9 the Central Bank of Jordan issued Circular No.10/1/1359 on 25 January 2018 , allowing banks to transfer the balance of general banking risk reserve to retained earnings to reflect the impact of IFRS 9 on the opening balance of retained earnings as at 1 January 2018. The Circular also stipulates that the balance of a general bank risk reserve item is a restricted balance. Dividends may not be distributed as dividends to shareholders and may not be used for any other purpose except with the approval of the Central Bank of Jordan. The unutilized balance amounted to JD 8,840,593.

(32) Interest Income

This item consists of the following:

	2019	2018
	JD	JD
Direct Credit Facilities:-		
Retail		
Overdrafts	1,013,672	944,234
Loans and bills	8,042,699	7,426,024
Credit cards	774,101	702,689
Real estate mortgages	**11,456,396**	**10,552,795**
Corporate		
Overdrafts	7,800,654	7,950,989
Loans and bills	31,332,896	28,317,800
Small and medium enterprises (SMEs)		
Overdrafts	3,406,431	3,359,044
Loans and bills	13,784,275	11,312,325
Government and public sectors	**2,577,745**	**3,800,505**
Balances at central banks	312,052	944,029
Balances at banks and financial institutions	402,414	1,266,589
Financial assets at fair value through other comprehinsive income - debt instruments	2,648,827	1,532,841
Interest on pledged financial assets	2,973,300	-
Financial assets at amortized cost	28,200,425	26,685,421
Total	**114,725,887**	**104,795,285**

(33) Interest Expense

The details are as follow:

	2019	2018
	JD	JD
Banks and financial institutions deposits	2,346,256	415,675
Customers' deposits :		
Current accounts and deposits	2,165,525	2,415,962
Saving deposits	685,278	591,638
Time and notice deposits	40,886,929	37,478,029
Certificates of deposits	4,465,466	3,002,767
Interest on leased asset obligations	191,903	-
Margin accounts	1,046,821	957,373
Loans and borrowings	6,575,196	5,650,522
Deposits guarantee fees	1,467,687	2,055,460
Total	**59,831,061**	**52,567,426**

(34) Net Commission Income

The details are as follow:

	2019	2018
	JD	JD
Commission income :		
Direct credit facilities	3,284,657	2,294,472
Indirect credit facilities	15,032,056	11,356,818
Other commission	8,537,945	10,588,058
Less: Commission expense	(1,808,679)	(1,887,101)
Net Commission Income	**25,045,979**	**22,352,247**

(35) Gain From Foreign Currencies

The details are as follow:

	2019	2018
	JD	JD
Revaluation of foreign currencies	(213,141)	924,702
Revaluation trading in foreign currencies	2,754,253	(269,743)
Total	**2,541,112**	**654,959**

(36) Gain (loss) from financial assets at fair value through income statement

The details are as follow:

2019	Realized Gain(loss)	Unrealized loss	Dividends income	Total
	JD	JD	JD	JD
Equity shares	139,429	(12,405)	178,523	305,547
Total	**139,429**	**(12,405)**	**178,523**	**305,547**

2018	Realized Gain(loss)	Unrealized loss	Dividends income	Total
	JD	JD	JD	JD
Equity shares	56,083	(393,422)	173,593	(163,746)
Total	**56,083**	**(393,422)**	**173,593**	**(163,746)**

(37) Other Income

The details are as follow:

	2019	2018
	JD	JD
Recovery from written - off debts	3,014,526	441,338
Income from loans at fair value through income statement	2,481,500	-
Income and commission from investments and securities	2,143,422	2,210,962
Collection against auction price swaps *	2,013,688	2,084,140
Others	381,994	244,240
Total	**10,035,130**	**4,980,680**

* Based on the instructions of the Central Bank of Iraq, the amount JD 2,013,688 was collected from National Bank of Iraq customers which represents the differences imposed by the Central Bank of Iraq during 2019, compared to JD 2,084,140 during 2018 (Note 22).

(38) Employees' Expenses

The details are as follow:

	2019	2018
	JD	JD
Salaries and benefits	19,497,054	19,133,468
Bank's contribution in social security	1,969,192	1,863,620
Medical expenses	1,207,930	1,107,755
Employees' training	456,390	425,063
Paid vacations	38,528	43,231
Bank's contribution to social activities fund	232,796	286,699
Others	91,054	158,286
Total	**23,492,944**	**23,018,122**

(39) Other Expenses

The details are as follow:

	2019	2018
	JD	JD
Rent and building services	3,067,675	3,671,390
Advertisement	2,586,582	2,316,481
Computer expenses	2,268,309	1,728,433
Consulting and professional fees	2,186,641	1,596,086
Internet	910,909	753,716
Subscriptions	881,747	812,741
Board of Directors' transportation	875,825	843,176
Maintenance	845,695	817,115
Post, telephone, swift	681,863	659,843
Travel and transportation	602,799	525,333
Donations	549,524	372,342
Subscriptions, fees and licenses	535,253	387,972
Security services	463,414	320,042
Operational Loss	33,956	247,766
Insurance	371,492	346,192
Stationary and printing	315,954	326,250
Cash transportation services	227,869	187,477
Reuters' and Bloomberg subscription expense	148,217	162,625
Board of directors' remuneration	133,000	218,314
Hospitality	124,336	114,085
Others	280,737	245,260
Total	**18,091,797**	**16,652,639**

(40) Earnings Per Share

Basic earnings per share:

The details are as follow:

	2019	2018
	JD	JD
Profit for the period attributable to Bank's shareholders	25,100,836	30,798,175
Weighted average number of shares during the period	200,000,000	200,000,000
	JD / Fils	JD / Fils
Basic and diluted earnings per share	0,126	0,154

- The basic earning per share is equivalent to the diluted earning per share, since the bank did not issue any convertible financial instruments.

(41) Fair Value of Financial Assets not Presented at Fair Value in the Financial Statements

	31 December 2019		31 December 2018	
	Book value JD	Fair value JD	Book value JD	Fair value JD
Financial assets at amortized cost	482,827,092	508,024,751	540,993,467	539,977,472
Direct credit facilities, net	983,024,041	983,024,041	890,959,403	890,959,403
Pledged financial assets	47,490,484	51,501,136	-	-

(42) Cash and Cash Equivalents

The details are as follow:

	2019	2018
	JD	JD
Cash and balances with central banks maturing within 3 months	176,426,239	195,685,830
Add: Balances at banks and financial institutions maturing within 3 months	98,268,335	81,646,989
Less: Banks and financial institutions' deposits maturing within 3 months	(108,793,443)	(44,638,873)
Less: Restricted cash balances (Note 6)	(1,172,215)	(1,145,120)
المجمـــوع	**164,728,916**	**231,548,826**

(43) Derivative financial instruments

The table below shows the details of derivative financial instruments at the end of the year.

			Par (nominal) value maturity		
2019	"Positive fair value"	"Negative fair value"	"Total nominal amount"	"Within 3 months"	"3-12 months"
	JD	JD	JD	JD	JD
Currency sale contract	-	8,538	54,738,226	53,993,776	744,450
Currency purchases contract	-	-	54,746,764	54,002,314	744,450
Currency swaps contracts	668,188	-	83,458,555	56,504,680	26,953,875
Interest swap contracts	-	-	106,350,000	-	106,350,000
2018					
Currency sale contract	-	104,265	76,176,287	74,826,522	1,349,765
Currency purchases contract	-	-	76,155,061	74,722,257	1,382,804
Currency swaps contracts	-	321,414	7,347,801	(17,725,000)	25,072,801

The par (nominal) value indicates the value of the outstanding transactions at year end and does not indicate market risk or credit risk.

(44) Related Parties Transactions

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

Company Name	Ownership		Paid in capital	
	2019	2018	2019	2018
	%	%	JD	JD
Capital Investment and Brokerage Company	100%	100 %	10,000,000	10,000,000
National Bank of Iraq	61.85%	61.85%	86,739,856	86,739,856
Bahrain Investment Fund Company	100%	100 %	1,888	1,888
Capital Investment (DIFC) Limited	100%	100 %	177,250	177,250

The Bank has entered into transactions with subsidiaries, Shareholders, directors and senior management within the normal activities of the Bank and using commercial interest rates and commissions.

The following related parties transactions took place during the year:

	Related party				Total	
	"BOD members"	"Executive management"	Subsidiaries*	Major Shareholders	2018	2017
	JD	JD	JD	JD	JD	JD
Statement of financial position items:						
Bank deposits with related parties	-	-	-	-	-	-
Bank deposits	87,757,355	1,200,844	28,911,452	2,723	117,872,374	53,441,415
Margin accounts	27,152	16,626	77,455,505	300	77,499,583	72,326,831
Direct credit facilities	26,023,366	2,020,904	1,765	732,804	28,778,839	34,140,444
Direct credit facilities - watch list	1,922,332	-	-	-	1,922,332	2,918,642
Direct credit facilities-non-performing	-	-	-	-	-	52,899
Off-balance sheet items:						
Indirect credit facilities	6,537,605	1,000	80,728,304	300	87,267,209	100,706,678
Statement of income items:						
Interest and commission income	3,203,651	99,654	550,832	93,239	3,947,376	4,443,288
Interest and commission expense	4,652,882	53,420	1,188,906	15,235	5,910,443	1,910,106

* The effect of balances and movements with affiliate companies for purposes of consolidating financial statements.

• Interest rates on credit facilities in Jordanian Dinar range between 4.50% - 15.00%
• Interest rates on credit facilities in foreign currency range between 3.90% - 7.50%
• Interest rates on deposits in Jordanian Dinar range between 0.50% - 6.38%.
• Interest rates on deposits in foreign currency between 0.50% - 2.05%."

Compensation of the key management personnel benefits for the bank and its subsidiaries as follows:

	2019	2018
	JD	JD
Benefits (Salaries, wages, and bonuses) of executive management for the Group	3,198,167	3,095,484
Total	**3,198,167**	**3,095,484**

(45) Fair Value of Financial Instruments

Financial instruments include cash balances, deposits at banks and the Central Bank of Jordan, direct credit facilities, other financial assets, customers' deposits, banks deposits and other financial liabilities.

There are no material differences between the fair value of financial instruments and their book value.
"The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques by which all inputs significantly effect the recorded fair value may be observed, either directly or indirectly from market information.
Level 3: Other techniques using inputs significantly effecting the recorded fair values; which are not based on observable market data."

The following table shows the breakdown of the financial instruments at fair value and according to the above hierarchy:

2019	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
Financial assets at fair value through income statement	3,041,947	12,865	-	3,054,812
Financial assets at fair value through other comprehensive income	35,804,758	25,746,062	-	61,550,820
Derivative instruments (Note 16)	-	-	676,726	676,726
Loans at fair value	-	108,831,500	-	108,831,500

2018	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
Financial assets at fair value through income statement	3,640,727	88,280	-	3,729,007
Financial assets at fair value through other comprehensive income	34,818,255	15,000,408	-	49,818,663
Derivative instruments (Note 24)	-	-	(321,414)	(321,414)

(46) Risk Management Policies

The Bank follows a comprehensive strategy aimed at maintaining the best practices in risk management relating to (Credit Risk, Operational Risk, Market Risk, Liquidity Risk, Interest Rate Risk, Concentration Risk, Information Security Risk, in addition to Other types of risk) in order to maintain the financial position and profitability of the Bank.

The process of identifying, managing, and mitigating risk, as well as complying with the instructions of regulatory authorities and The Basel Committee is considered an overall shared responsibility throughout the bank. These tasks are carried out by several entities within the Bank; beginning with the Board of Directors and its committees, such as the Risk Committee, the Audit Committee, the Compliance Committee, in addition to other internal committees within the Bank such as the Internal Risk Management Committee, Assets and Liabilities Committee, the various Credit Committees, in addition to all of the Bank's branches and departments.

As an independent and specialized department in the Bank, the Risk Management Department focuses its efforts in accordance with its approved policies, in identifying the existing and potential threats (Financial & Non-Financial). The Risk Management Department designs methods that help in measuring and dealing with such threats and report them to the relevant parties on a regular basis, as well as adapting and complying with instructions set by CBJ and Basel Committee, and keeping up with the best practices in relation to measuring and managing risk.

The Risk Management Department also participates in evaluating the Bank's Capital Adequacy as well as its effectiveness in employing this capital in order to achieve its strategic goals, and determine the requirements needed to manage and control the strategy related risks.

Furthermore, the Risk Management Department at the Bank operates within the general principles and corporate governance code which are consistent with the regulator's instructions, international best practices in relation to the Bank's size, volume of its activities, and complexity of its operations. These principles are as follows:

1. The Board of Directors and its risk committee both review and approve the Bank's Risk Appetite for potential losses associated with the various risk factors, as well as review and approve the Risk Management Policies in order to ensure that these policies keep up with all developments in the banking industry in terms of growing its operations and expansion of its services. In addition the Board of Directors ensures that the Bank's strategies are being implemented in relation to the bank's risk management.
2. The Chief Executive Officer is considered the primary responsible person for implementing risk management recommendations in accordance to the principles of Board of Directors and the Risk Committee . He is also the head of the Internal Risk Management Committee.
3. The risk management philosophy at the Bank is based on knowledge, experience ,the judgment capability of the supervisory management , and the availability of a clear authority matrix set by the Board of Directors.
4. Continuously developing the risk management systems and taking on the necessary steps and measures needed to make sure that the Bank is in compliance with the new international standards, namely the requirements of Basel III and IFRS 9.
5. The Risk Department manages the Bank's risks according to a comprehensive

centralized methodology, with the presence of systems that assist in managing these risks, and by providing various business units at the Bank with the methodologies and tools that are necessary for achieving an efficient and proper management of all types of risks. The Risk Department, which is headed by the Chief Risk Officer, is linked to the Board's Risk Management Committee. There is also a direct link that connects the Chief Risk Officer with the Chief Executive Officer.

6. Risk management is the responsibility of all employees.
7. The role of the Assets and Liabilities Committee is in planning the optimal deployment and allocation of capital, assets and liabilities and the continuous monitoring of liquidity and market risks.
8. The Internal Audit Department provides an independent assurance on the compliance of the Bank's business units with the risk management policies and procedures, and the effectiveness of the Bank's risk management framework.
9. The Chief Financial Officer (CFO) is responsible for identifying the financial risks, as well as monitoring and maintaining the quality and soundness of financial information, and ensuring the accuracy and integrity of the disclosed financial statements.
10. The Chief Compliance Officer is responsible for ensuring that the Bank complies with all the relevant regulations, legislation and laws, especially those issued by the regulatory authorities.

During 2019 the Bank has worked on several primary principles in risk management, mainly on the following:

1. Evaluating business continuity plans for the bank and its subsidiaries.
2. Implementation of an automated anti-fraud system related to credit cards VRM.
3. Full application of CRSA to the bank's work centers.
4. The application of the accounting standard (IFRS 9) at the National Bank of Iraq.
5. Implementing an automated system for calculating expected credit losses according to IFRS 9 standards at the bank.
6. Preparing an internal capital adequacy assessment (ICAAP) and Stress Testing.
7. Updating the risk limits accepted in the bank (Risk Appetite).
8. Strengthening oversight of the bank's investment portfolios by using statistical methods and by subjecting the portfolios to stressful scenarios and assessing their impact on the bank's profitability.

9. Strengthening control over financial derivatives and the market risks involved, using multiple methodologies such as the Monte Carlo approach and the historical approach.
10. Running live stress tests on liquidity to assess the bank's ability to cope with stressful conditions.
11. The implementation of a new treasury system that enhances the efficiency of the middle office in controlling treasury operations
12. Obtaining the PCI DSS certificate for the fourth year for the bank and the second year for the National Bank of Iraq.
13. Your application for information security work under the COBIT 2019.
14. Implementation of some information security-related systems, such as Data Leakage Prevention.

For the year 2020, the Bank is planning to work on several primary principles in risk management, mainly on the following:

1. The application of (CRSA) in full to the National Bank of Iraq cost centers.
2. Working on the necessary preparations for applying the standard method for measuring operating risks in the bank.
3. Activate the use of key risk indicators and link them to the bank's automated systems.
4. Updating the current credit rating system to a new one.
5. Establishing and programming an automated system for business risk management.
6. Completing the application of a loan system or credit application (Loan Origination System).
7. Completing the application of an automated system project for calculating expected credit losses according to the IFRS 9 standard for the National Bank of Iraq.
8. Preparing a matrix to keep up with the most important economic developments occuring locally.
9. Developing an early warning system that helps us deal with risks proactively.
10. Obtaining the PCI DSS certificate for the fifth year for the bank and the third year for the National Bank of Iraq.
11. Implementing the security controls related to the SWIFT system according to the standards and requirements.
12. Security information management system implementation.

13. Cybersecurity application.
14. The application of COBIT 2019, Special Information Security Framework Application.

The following section is an overview of how the group deals with each of its risks

(46–1–A) Credit risk management

Credit risk is the risk of suffering financial loss, should any of the Group's customers fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from loan and advances, loan commitments arising from such lending activities, trade finance and treasury activities but can also arise from financial guarantees, letter of credit, endorsements and acceptances. The Group is also exposed to other credit risks arising from investments in debts instruments, derivatives as well as settlement balances with market counterparties.

Credit risk is the single largest risk from the Group's business of extending Loans and Advances (including loan commitments, LCs and LGs) and carrying out investment in securities and debts; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralized in a risk management department which reports regularly to the Risk Management Committee.
The Bank generally manages Credit Risk through:

- A clear and comprehensive policy for managing credit risk in addition to approved credit policies.
- Setting clear and specific limits for credit risks level that are set by the Board of Directors and then circulated to the different business units.
- Adopting the concept of credit committees to ensure that the credit decisions are not made on individual or subjective basis.
- Having a clear criteria for selecting clients, the target market and the acceptable level of credit.
- A comprehensive and thorough financial and credit analysis covering the various aspects of risk for each clients and/or credit processes.
- The results of Moody's Credit Rating System in determining each client's risk classification.
- Reviewing and analyzing the quality of the credit portfolio periodically, according to specific performance indicators.

- Evaluating and monitoring constantly to avoid high credit concentration, and implementing the required remedial actions.
- Adopting early warning indicators and recognition of possible risks in the credit portfolio while revising them on a regular basis.
- Effective management and follow up of the preservation of the legal documentation process and collateral administration to ensure that there are no negative indicators or regress that may necessitate the undertaking of pre-emptive or safety actions.
- Periodical revision, or when necessary, of all extended credit facilities on individual basis to ensure that there are no negative indicators or regress that necessitate the undertaking of pre-emptive or safety actions.

Key Credit Risk Management Methods:

1– Loans and advances (including loan commitments, LCs and LGs)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using the concept of Expected Loss which requires the following measures:

-Probability of Default (PD)
-Loss Given Default (LGD)
-Exposure at Default (EAD)

Under IFRS 9 expected loss is replaced by expected Credit Loss (ECL), which is based on macro adjusted PD, LGD & EAD measures. Additionally it also captures deterioration and lifetime likelihood of defaults.

2- Credit risk grading

The Group use specific internal rating models tailored to the various industry segments/counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data input into the model.

The credit grades are calibrated such that risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between a 6 and 8 rating grade is higher than the difference in the PD between a 3 and 5 rating grade.

The Risk Rating system for performing assets ranges from 1 to 10, each grade being associated with a Probability of Default ("PD"). Non-performing clients are rated 6, 7, 8, 9, and 10 corresponding to NAUR (Non-accrual under Restructuring), Substandard, Doubtful, Loss classifications and Write-off.

These risk ratings have been mapped into 8 Grades which are defined below:

Stage	CB Grade	Description
1	1	FI rated 1, 2, 3, and 4 possess superior intrinsic financial strength. Typically, they will be institutions with highly valuable and defensible business franchises, strong financial fundamentals, and a very predictable and stable operating environment.
	2	
	3	
	4	
	5	FI rated 5 possess strong intrinsic financial strength. Typically, they will be institutions with valuable and defensible business franchises, good financial fundamentals, and a predictable and stable operating environment.
2	6	FI rated 6 possess adequate intrinsic financial strength. Typically, they will be institutions with more limited but still valuable business franchises. These FI will display either acceptable financial fundamentals within a predictable and stable operating environment, or good financial fundamentals within a less predictable and stable operating environment.
	7	FI rated 7 display modest intrinsic financial strength, potentially requiring some outside support at times. Such institutions may be limited by one or more of the following factors: a weak business franchise; financial fundamentals that are deficient in one or more respects; or an unpredictable and unstable operating environment.
3	8	FI rated 8 display very modest intrinsic financial strength, with a higher likelihood of periodic outside support or an eventual need for outside assistance. Such institutions may be limited by one or more of the following factors: a weak and limited business franchise; financial fundamentals that are materially deficient in one or more respects; or a highly unpredictable or unstable operating environment.

Ineternal Credit rating for corporate and SMEs:

Stage	CB Grade	Description
1	1	Obligations rated 1 are judged to be of the highest quality, and carry the lowest level of credit risk.
	2	Obligations rated 2 are judged to be of high quality and very low credit risk.
	3	Obligations rated 3 are judged to be upper-medium grade and carry a low credit risk.
	4	Obligations rated 4 are judged to be medium-grade and carry a Low to moderate credit risk and as such may possess certain speculative characteristics.
	5	Obligations rated 5 are judged to be speculative and carry a moderate credit risk.
	6	Obligations rated 6 are considered speculative with a moderate to High credit risk.

2	7	Obligations rated 7 are judged to be speculative of poor standing and carry a very high credit risk.
	8	Obligations rated 8 are highly speculative and are likely for PDs, with some prospect of recovery of principal and interest/ yield.
	9	Obligations rated 9 are the lowest rated and are typically in default, with no prospect for recovery of principal or interest/ yield.
3	10	Obligations rated 10 are in default, with little prospect for full recovery of principal or interest/ yield.

Ineternal credit rating for retail and real estate:

Stage	CB Grade	Description
1	A	Obligations rated A are judged to be of the highest quality, and carry the lowest level of credit risk.
	B	Obligations rated B are judged to be of high quality and low credit risk.
	C	Obligations rated C are judged to be upper-medium grade and carry a low credit risk.
2	D	"Obligations rated D are judged to be speculative and carry a moderate credit risk."
	E	Obligations rated E are judged to be speculative of poor standing and carry a very high credit risk.
3	F	Obligations rated F are in default, with little prospect for full recovery of principal or interest/ yield.

3– Expected credit loss measurement

IFRS 9 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition of a facility as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in ‘Stage 1’ and has its credit risk continuously monitored by the Group.

- If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired. The identification of SICR is measured via a change in one year probability of default between the date of inception of facility and the date of IFRS 9 ECL run.
- If the financial instrument is credit-impaired, the financial instrument is then moved to ‘Stage 3’.
- Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring the ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).
- All government and government-guaranteed financial instruments have been taken into account in the calculation of total expected credit losses.

4– Significant increase in credit risk (SICR)

The Group considers a financial asset to have experienced a significant increase in credit risk when a significant change in one year probability of default occurs between the origination date of a specific facility and the IFRS 9 ECL run date.

– Quantitative criteria

Corporate loans:

For corporate loans, if the borrower experiences a significant increase in probability of default which can be triggered by the following quantitative factors:

- Operating Performance
- Operating Efficiency
- Debt Service
- Liquidity Assessment
- Capital structure

Retail:

For Retail portfolio, if the borrowers meet one or more of the following criteria:

- Adverse findings for an account/ borrower as per credit department data;
- Loan rescheduling before 30 Days Past Due (DPD);
- Accounts overdue between 60 and 90 days

Treasury:

- Significant increase in probability of default of the underlying treasury instrument;
- Significant change in the investment's expected performance & behavior of borrower (collateral value, payment holiday, payment to income ratio etc.).

– Qualitative criteria:

Corporate Loans:

For corporate loans, if the borrower experiences a significant increase in probability of default, which can be triggered by the following Default Risk Indicator's (DRI):

- Past Due
- Net Worth Erosion
- Fraudulent Activity
- Mandatory Restructure
- Financial Covenants Breach
- Significant Operations Disruption

For corporate loans, if the borrower experiences a significant increase in probability of default which can be triggered by the following qualitative factors:

- Management
- Industry Outlook
- Financial Conduct
- Income Stability
- Lifecycle Stage
- Auditor Information

The Group has not used the low credit exemption for any financial instruments in the year ended 31 December 2018.

Backstop:

If the borrower is more than 30 days past due on its contractual payments a backstop is applied and the financial asset is considered to have experienced a significant increase in credit risk.

5- Definition of default and credit-impaired assets

The Group defines a financial corporate, retail and investment instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

– Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

– Qualitative criteria:

According to the Basel definition, default is considered to have occurred with regard to particular obligors when either one of the following events have taken place:

- The Bank considers that the obligor is unlikely to pay its credit obligation to the Group in full without recourse by the Bank to actions like realizing security (if held).
- The Bank puts the credit obligation on a non-accrued status.
- The Bank makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Bank taking on the exposure.
- The Bank sells the credit obligation at a material credit-related economic loss.
- The Bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness or postponement of principal, interest and other fees.
- The Bank has filed for the obligor's bankruptcy or similar order in respect of the obligor's credit obligation to the Banking Group.
- The obligor is past due more than 90 days on any material credit obligation to the Banking Group.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of twelve months. This period of twelve months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different cure definitions.

The Bank applies a three-stage approach to measuring ECL on financial instruments accounted for at amortised cost and FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

i) Stage 1: 12-months ECL
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

ii) Stage 2: Lifetime ECL – not credit impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

iii) Stage 3: Lifetime ECL – credit impaired
Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. This uses the same criteria as under IAS 39, the Bank's methodology for specific provisions remains unchanged. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount."

6- Measuring ECL – Explanation of inputs, assumptions and estimation techniques

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

Below is the PD matrix for Corporate and SMEs customers :

Risk/ Rating	Low Risk	Low to Medium Risk	Medium Risk	Medium to High Risk	High Risk
1	0,05%	0,06%	0,09%	0,19%	0,30%
2+	0,06%	0,08%	0,11%	0,24%	0,37%
2	0,08%	0,10%	0,14%	0,30%	0,47%
2-	0,09%	0,13%	0,18%	0,38%	0,59%
3+	0,12%	0,17%	0,23%	0,49%	0,75%
3	0,15%	0,21%	0,29%	0,62%	0,95%
3-	0,19%	0,26%	0,37%	0,78%	1,20%
4+	0,24%	0,33%	0,47%	0,99%	1,51%
4	0,31%	0,42%	0,59%	1,24%	1,91%
4-	0,39%	0,53%	0,74%	1,57%	2,40%
5+	0,49%	0,67%	0,94%	1,98%	3,02%
5	0,62%	0,84%	1,19%	2,49%	3,79%
5-	0,79%	1,07%	1,50%	3,14%	4,75%
6+	0,99%	1,35%	1,89%	3,93%	5,93%
6	1,25%	1,70%	2,38%	4,93%	7,39%
6-	1,58%	2,14%	3,00%	6,16%	9,17%

7	1,99٪	2,70٪	3,77٪	7,67٪	11,31٪
8	2,51٪	3,40٪	4,72٪	9,52٪	13,87٪
9	3,16٪	4,26٪	5,90٪	11,74٪	16,90٪
10	100,00٪	100,00٪	100,00٪	100,00٪	100,00٪

Below is the PD matrix for retail and real estate customers :

Risk /Rating	PD Upside	PD Base Case	PD Down Side	WA PD
A	0,03٪	0,04٪	0,05٪	0,04٪
B	0,12٪	0,14٪	0,18٪	0,14٪
C	0,51٪	0,61٪	0,77٪	0,61٪
D	2,25٪	2,70٪	3,38٪	2,70٪
E	9,29٪	11,15٪	13,94٪	11,15٪
F	100,00٪	100,00٪	100,00٪	100,00٪

Below is the PD matrix for financial assets at amortized cost and at fair value through other comprehensive income:

Risk /Rating	Medium Risk
AAA	0,09٪
AA+	0,11٪
AA	0,14٪
AA-	0,18٪
A+	0,23٪
A	0,29٪
A-	0,37٪
BBB+	0,47٪
BBB	0,59٪
BBB-	0,74٪
5+	0,94٪
5	1,19٪
5-	1,50٪
6+	1,89٪
6	2,38٪

6-	3,00٪
7	5,66٪
8	7,08٪
9	8,85٪
10	100,00٪

– Loss given default (LGD):

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

The Bank estimates the following haircuts for its main collaterals:

Collateral Type	LGD%
Cash Margin, Government Guaranteed, Qualified Banking Guarantees, Other external qualified guarantors	0%
Stocks and financial Assets	16%
Real Estate	25%
Cars	50%
Machines	53%

– Exposure at default (EAD):

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Bank measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the effective interest rate or an approximation thereof.

Lifetime expected credit losses are expected credit loss resulting from all probable default events over the expected lifetime of the financial instrument. Expected credit losses are the probability-weighted average of credit losses and the weighing factor is the Probability of Default (PD) for a lifetime.

The Group has implemented a risk rating model since 2014 which has enabled the Bank to collect historical risk ratings since 2014 and build point in time credit transition matrices for the last 12 years.

This has enabled the bank to derive a credit index using the historical transition matrices. The credit index correlates with specific macro-economic factors, which have been statistically, established through regression models.

These models were used to forecast future credit transitions using Moody's research macro-economic forecast under the IFRS 9 scenarios i.e. upwards and downwards.

- The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.
- For amortizing products and bullet repayments loans, this is based on the contractual repayments owed by the borrower over a 12 month period or lifetime basis.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining committed limit by the time of default.

The Group has adopted a workout methodology for LGD computation. For the Corporate segment, the Bank has developed the LGD framework using more than 10 years of data.

- The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.
- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies, including contracted debt sales and prices.
- Forward-looking economic information is also included in determining the 12-month and lifetime PD.
- There have been no significant changes in estimation techniques or significant assumptions made during the year.

7- Importance of staging criteria

- Staging is based on the assessment of relative movement in the credit quality of the loans from the time of initial recording.
- Loans in stage 3 are those loans for which the bank has objective evidence of impairment. Accordingly, specific provision is recorded for such exposures.
- Stage transfer is triggered by assessing the relative change in credit risk (measured using lifetime risk of default) and not by the absolute credit risk at the reporting date.
- 60 days past due is the last resort.

Bank management's main definition and criteria for significant increase in credit risk (stage 2) includes the following parameters:

For exposures (credit facilities) to corporate customers

- 49 days past due, which is the maximum time allowed during 2019.
- Downgrade by 7 notches of the risk rating scale of 20 points.
- Customer is classified as (7,8,9).
- Customer is classified under watchlist, restructured, rescheduled.

For exposures (credit facilities) to retail customers

- 49 days past due, which is the maximum time allowed during the year 2019.
- Customer is classified under watchlist, restructured, rescheduled.
- Customer is classified as (D,E).

*** For exposures (Deposits balances) with banks and financial institutions**

- Current risk rate is 6 or 7

For exposures to (Financial assets) at amortized cost and at fair value through the statement of comprehensive income

- current risk rate ranges from CCC to C

The Bank's definition and criteria for the significant increase in credit risk (stage 3) include the following criteria:

For exposures (credit facilities) to corporate customers

- 90 days past due.
- Customer is classified as (10).
- the customer is facing liquidity difficulties
- Customer is classified under non-performing.

For exposures (credit facilities) to retail customers

- 60 days past due.
- Customer is classified under watchlist, restructured, rescheduled.
- Customer is classified as (F).

*** For exposures (Deposits balances) with banks and financial institutions**

- Current risk rate is 8

For exposures to (Financial assets) at amortized cost and at fair value through the statement of comprehensive income

- current risk rate ranges from D

8- Forward looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables (the “base economic scenario”) are provided by the Group’s Economics team on a quarterly basis and provide the best estimate view of the economy over the next five years. After five years, to project the economic variables out of the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to either a long run average rate (e.g. for unemployment or a long run average growth rate (e.g. GDP) over a period of two to five year). The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

9- Sensitivity analysis

The Group has calculated ECL at an individual financial instrument level, hence does not require any grouping of financial instruments in the process of loss calculation.

The most significant assumptions affecting the ECL allowance in respect of retail and wholesale credit portfolios are as follows:

- Interest rate
- Unemployment
- Inflation

The Group has performed a sensitivity analysis on how ECL on the credit portfolio will change if the key assumptions used to calculate ECL change by a certain percentage. The impact on ECL due to a relative change in the forecasted Gross Domestic Product (GDP) and Gross Fixed Investment Growth (GFIG) rate by +10% / -10% in each of the base, upside and downside scenarios would result respectively in an ECL reduction by JD (2,662,427) and an ECL increase of JD 2,662,427. These changes are applied simultaneously to each probability weighted scenarios used to compute the expected credit losses. In reality there will be interdependencies between the various economic inputs and the exposure to sensitivity will vary across the economic scenarios.

10– IFRS 9 Governance

This section describes the roles and responsibilities of the Committees and groups, specific to the IFRS 9 process at the Bank.

– BOARD OF DIRECTORS (“BOARD” or “BoD”)

The Board will be responsible for:

- Approving the IFRS 9 Framework, that has been recommended by RMC,
- Maintaining ECL allowances at an appropriate level and to oversee that CBJ has appropriate credit risk practices for assessment and measurement processes, including internal controls in place to consistently determine allowances in accordance with the stated policies and procedures, the applicable accounting framework and relevant supervisory guidance.

The BOD may delegate the responsibility of reviewing the detailed IFRS 9 related policies to the RMC.

– RISK MANAGEMENT COMMITTEE (“RMC”)

The Risk Management Committee will be responsible for:

- Reviewing and recommending the IFRS 9 framework to the BoD,
- Reviewing the implementation of IFRS 9 and ensuring the appropriate steps for compliance,
- Reviewing and approving the periodic disclosures in accordance to the Standard.
- Recommending adjustments to the business models, framework, methodology and policies and procedures

– INTERNAL AUDIT DEPARTMENT (“IAD”)

Internal Audit Department will be responsible for independently:

- Ensure the Bank’s overall compliance with the Standard
- Reviewing the methodology and assumptions to ensure compliance
- Ensure appropriate levels of expected credit losses relative to the Bank’s profile.

– INTERNAL RISK MANAGEMENT COMMITTEE (“IRMC”)

The Internal Risk Management Committee will be responsible for:

- Overlooking and approving the periodic reporting’s according to the standards.
- making the necessary recommendations to the Risk Committee of the Board of Directors
- Recommending adjustments to the business models, framework, methodology and policies and procedures to the RMC.

– RISK MANAGEMENT DEPARTMENT (“RMD”)

The Head of Risk Management and his/her respective personnel in the RMD will be responsible for:

- Coordinate between the different departments and units to manage the implementation of IFRS 9.
- Assist in creating and reviewing the framework and methodology to be implemented by the Bank.
- Creating the expected credit loss models in compliance with the standard.
- Evaluate the impact of the ECL on the capital adequacy ratio.

– FINANCIAL CONTROL DEPARTMENT (“FCD”)

FCD will be responsible for:

- Creating the business models
- Classifying and measuring the financial assets
- Reflecting the IFRS 9 impact on the Bank’s financials.

– CREDIT CONTROL DEPARTMENT

- Identifying the stages of each customer
- Review the calculation for each customer
- Updating customer information for IFRS 9 calculations

(46-1-B) Expected credit loss for net recovered expenses

December 31, 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Cash and balances with the Central Bank	(475,893)	-	-	(475,893)
Balances with banks and financial institutions	255	-	-	255
Debt instruments at fair value through other comprehensive income	(2,394)	-	-	(2,394)
Direct credit facilities - net	(1,718,122)	1,149,966	8,452,297	7,884,141
Debt instruments at amortized cost	(80,442)	-	-	(80,442)
Other financial assets measured at amortized cost	588	1,396	-	1,984
Letters of guarantee	(75,804)	13,226	20,145	(42,433)
Unutilized direct credit limits	13,208	48,831	-	62,039
Letters of credit	(669,852)	41,390	-	(628,462)
Bank acceptances	913,867	(622,936)	-	290,931
Total	**(2,094,589)**	**631,873**	**8,472,442**	**7,009,726**

December 31, 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Cash and balances with the Central Bank	(135,142)	(6,733,891)	-	(6,869,033)
Balances with banks and financial institutions	(86,069)	-	-	(86,069)
Debt instruments at fair value through other comprehensive income	30,028	-	-	30,028
Direct credit facilities - net	943,632	(9,468,649)	15,725,490	7,200,473
Debt instruments at amortized cost	11,933	(270,563)	-	(258,630)
Other financial assets measured at amortized cost	78,632	1,092	-	79,724
Letters of guarantee	631,047	(2,489,002)	-	(1,857,955)
Unutilized direct credit limits	102,977	129,363	-	232,340
Letters of credit	1,530,410	(366,868)	-	1,163,542
Bank acceptances	391,971	758,070	-	1,150,041
Total	**3,499,419**	**(18,440,448)**	**15,725,490**	**784,461**

(46–1–C) Credit Risk Exposures
(after impairment provisions and suspended interest and before collateral held or other mitigation factors):

	2019	2018
	JD	JD
Statement of financial position items:		
Balances at Central Banks	156,848,774	179,811,150
Balances at banks and financial institutions	98,268,335	81,646,989
Deposits at banks and financial institutions	403,875	-
Financial assets at fair value through income statement		
Direct credit facilities	110,941,186	90,262,752
Retail	151,173,989	154,480,513
Real estate		
Corporate & SMEs	478,111,017	413,321,053
Corporate	200,118,607	173,010,874
Small and medium enterprises (SMEs)	49,536,929	69,358,020
Governmental and public sector	110,128,087	-
Direct credit facilities through income statement		
Bonds and treasury bills:		
Financial assets at at fair value through other comprehensive income statement , net	45,390,804	38,500,061
Financial assets at amortized cost , net	491,087,032	549,703,100
Pledged financial assets	48,404,587	-
Other assets	30,541,113	16,616,568
Total statement of financial position Items	**1,970,954,335**	**1,766,711,080**
Off - statement of financial position items		
Letters of guarantee	135,868,875	134,241,169
Export Letters of credit	48,218,430	124,244,193
Confirmed Import Letters of credit	1,386,789	1,500,912
Issued acceptances	146,497,351	69,301,782
Unutilized credit facilities	140,142,500	105,691,897
Forward purchase contracts	138,205,319	76,176,286
Forward interest contracts	106,350,000	-
Total off – statement of finanacial position items	**716,669,264**	**511,156,239**
Total	**2,687,623,599**	**2,277,867,319**

- The table above represents the maximum limit of the Bank's credit risk exposure as of 31 December 2019 and 2018, without taking into consideration the collateral and the other factors which will decrease the Bank's credit risk.
- For the statement of financial position items, the exposure in the above table is based on the balances as appeared on the consolidated statement of financial position, in addition to the related accrued interests.

(46–1–D) Credit risk management disclosure
1) Distribution of credit exposure

Internal credit rating	Classification According to instruction number (2009/47)	Total Exposures	Expected credit loss (ECL)	Probability of Default (PD)	Classification by external classification institutions	Exposure at default (EAD)	Loss given default (LGD) %
Balances at Central Banks	Low risk	85,774,718	-	1,50%	BB-	85,775	-
	Acceptable risk	71,074,056	-	10,00%	B-	-	-
Balances at banks and financial institutions	Low risk	74,339,035	-	0,14%	AA- / BB-	74,339	-
	Acceptable risk	23,929,300	-	1,35%	AA- / Ba1	23,929	
Deposits at banks and financial institutions	Low risk	404,130	255	0,14%	AA- / BB-	404	45%
	Acceptable risk	-	-	1,35%	AA- / Ba1	-	
Financial assets at fair value through income statement	Low risk	108,831,500	-	-	Unrated	108,832	-
	Acceptable risk	-	-	-	Unrated	-	-
Direct credit facilities-amortized cost:							
Corporate companies	Low risk	85,963,295	108,742	0,61%	Unrated	85,963	22,58%
	Acceptable risk	382,624,253	3,928,915	4,66%	Unrated	382,624	35,06%
Small to medium companies	Low risk	29,575,919	23,269	0,22%	Unrated	29,576	22,79%
	Acceptable risk	149,921,441	1,440,254	0,42%	Unrated	149,921	20,55%
Retail	Low risk	13,329,190	2,154	0,31%	Unrated	13,329	22,79%
	Acceptable risk	97,512,635	816,035	3,73%	Unrated	97,513	20,55%
Real estate	Low risk	21,369,649	12,539	0,97%	Unrated	21,370	9,53%
	Acceptable risk	121,214,850	176,507	2,05%	Unrated	121,215	4,75%
Government and public sector	Acceptable risk	49,198,622	3,369	-	BB-	49,199	-
Financial Assets At Amortized Cost - Debt instruments	Low risk	451,678,476	-	1,31%	BB-	451,678	-
	Acceptable risk	31,198,583	49,967	22,98%	BB-/Unrated	31,199	18,74%
Financial Assets at Fair Value through Other Comprehensive Income - Debt instruments	Low risk	14,711,759	-	1,89%	B+	14,712	-
	Acceptable risk	30,375,540	27,634	0,92%	A+ / BB-/Unrated	30,376	43,20%

Internal credit rating	Classification According to instruction number (2009/47)	Total Exposures	Expected credit loss (ECL)	Probability of Default (PD)	Classification by external classification institutions	Exposure at default (EAD)	Loss given default (LGD) %
Letters of guarantee	Low risk	47,097,988	65,161	0,30٪	Unrated	47,098	30٪
	Acceptable risk	82,018,415	679,402	2,76٪	Unrated	82,018	28٪
Unutilized direct credit limits	Low risk	36,162,282	35,487	0,17٪	Unrated	36,162	42٪
	Acceptable risk	104,269,070	259,586	3,09٪	Unrated	104,269	8٪
Letters of credit	Low risk	9,898,711	103,356	0,61٪	Unrated	9,899	33٪
	Acceptable risk	40,658,346	848,482	4,13٪	Unrated	40,658	29٪
Acceptances	Low risk	62,549,115	139,170	0,42٪	Unrated	62,549	26٪
	Acceptable risk	85,542,628	1,455,222	1,96٪	Unrated	85,543	24٪
Other	Low risk	238,600	311	0,60٪	Unrated	239	45٪
	Acceptable risk	30,270,817	81,397	0,29٪	Unrated	30,271	45٪
Non-performing exposures Direct credit facilities - amortized cost :							
Corporate companies	Substandard	4,532,369	738,734	100٪	Unrated	4,012	41٪
	Doubtful	61,058	20,761	100٪	Unrated	58	18٪
	Loss	33,032,910	17,365,052	100٪	Unrated	24,348	19٪
Small to medium companies	Substandard	19,220,252	3,526,700	100٪	Unrated	18,964	14٪
	Doubtful	2,140,955	713,890	100٪	Unrated	1,995	12٪
	Loss	14,748,548	8,159,534	100٪	Unrated	11,731	16٪
Retail	Substandard	269,223	119,318	100٪	Unrated	203	30٪
	Doubtful	565,675	420,738	100٪	Unrated	525	28٪
	Loss	8,427,680	4,737,904	100٪	Unrated	5,534	34٪
Real estate	Substandard	437,681	27,882	100٪	Unrated	369	5٪
	Doubtful	2,253,654	314,724	100٪	Unrated	2,090	6٪
	Loss	10,413,724	3,197,052	100٪	Unrated	8,340	12٪
Financial Assets At Amortized Cost - Debt instruments	Loss	500,000	500,000	100٪	Unrated	500	100٪
Letters of guarantee	Substandard	2,791,506	1,893	100٪	Unrated	2,792	43٪
	Doubtful	60,500	-	100٪	Unrated	61	41٪
	Loss	4,665,173	18,252	100٪	Unrated	4,665	29٪
Limits of credit facilites	Substandard	6,153	-	100٪	Unrated	6	45٪
	Loss	68	-	100٪	Unrated	-	45٪

2- Concentration in credit exposures based on economic sectors is as follows:

a) Total distribution of exposures according to financial instruments subject to impairement losses

2019	31 December 2019									
	Financial	Industrial	Commercial	Real estate	Agriculture	Shares	Retail	Governmental and Public Sector	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance sheet items										
Balances at Central Banks	-	-	-	-	-	-	-	156,848,774	-	156,848,774
Balances at banks and financial institutions	98,268,335	-	-	-	-	-	-	-	-	98,268,335
Deposits at banks and financial institutions	403,875	-	-	-	-	-	-	-	-	403,875
Direct Credit facilities at amortized cost	13,936,429	119,850,057	217,535,121	281,011,593	10,432,930	58,232,871	104,776,481	49,619,069	134,487,177	989,881,728
Direct Credit facilities through other comprehensive income	-	110,128,087	-	-	-	-	-	-	-	110,128,087
Bonds and treasury bills :										
Financial assets at fair value through other comprehensive income	9,829,572	718,646	-	-	-	-	-	33,100,985	1,741,601	45,390,804
Financial assets at Amortized cost	3,593,962	-	-	9,989,564	-	-	-	472,221,509	5,281,997	491,087,032
Financial derivatives	-	-	-	-	-	-	-	-	-	-
Pledge financial assets	-	-	-	-	-	-	-	48,404,587	-	48,404,587
Other assets	29,993,406	229,810	-	-	-	-	-	317,897	-	30,541,113
Total 2019	**156,025,579**	**230,926,600**	**217,535,121**	**291,001,157**	**10,432,930**	**58,232,871**	**104,776,481**	**760,512,821**	**141,510,775**	**1,970,954,335**
Off - balance sheet items										
Letter of guarantee	16,569,258	11,734,520	32,092,831	22,389,480	674,259	2,839,937	-	-	49,568,590	135,868,875
Letter of credit	20,971,232	9,980,740	11,989,079	1,199,692	1,608,686	-	-	-	3,855,790	49,605,219
Other Liabilities	306,689,708	4,856,437	126,336,721	2,130,905	19,472,681	7,341,566	-	-	64,367,152	531,195,170
Total	**344,230,198**	**26,571,697**	**170,418,631**	**25,720,077**	**21,755,626**	**10,181,503**	**-**	**-**	**117,791,532**	**716,669,264**

2019	31 December 2019									
	Financial	Industrial	Commercial	Real estate	Agriculture	Shares	Retail	Governmental and Public Sector	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at Central Banks										
Balances at Central Banks	-	-	-	-	-	-	-	179,811,150	-	179,811,150
Balances at banks and financial institutions	81,646,989	-	-	-	-	-	-	-	-	81,646,989
Credit facilities	21,217,373	100,251,610	176,181,379	252,333,762	7,103,703	42,685,012	93,579,814	٢٩,٣٥٨,٠١٩	137,722,540	900,433,212
Bonds and treasury bills:										
Financial assets at fair value through other comprehensive income	3,279,718	565,823	-	1,109,205	-	-	-	٢٩,١٩٤,٩٩٥	4,350,320	38,500,061
Financial assets at Amortized cost	24,666,864	-	-	30,055,966	-	-	-	450,230,312	44,749,958	549,703,100
Other assets	16,256,176	-	-	-	-	-	-	360,392	-	16,616,568
Total 2018	**147,067,120**	**100,817,433**	**176,181,379**	**483,498,933**	**7,103,703**	**42,685,012**	**93,579,814**	**728,954,868**	**186,822,818**	**1,766,711,080**
Off – balance sheet items										
Letter of guarantee	19,212,630	10,519,530	20,075,839	28,653,938	605,284	3,090,541	-	-	52,083,406	134,241,168
Letter of credit	48,094,747	10,570,286	6,589,397	6,012,005	-	-	-	-	54,478,668	125,745,103
Other Liabilities	223,460,256	1,422,017	16,583,379	130,677	-	-	864,236	-	8,709,400	251,169,965
Total	**290,767,633**	**22,511,833**	**43,248,615**	**34,796,620**	**605,284**	**3,090,541**	**864,236**	**-**	**115,271,474**	**511,156,236**

b) Total distribution of exposures according to financial instruments subject to impairement losses

December 31, 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Financial	155,668,077	181,632	175,870	156,025,579
Industrial	191,877,903	30,400,893	8,647,804	230,926,600
Commercial	150,658,376	59,119,973	7,756,772	217,535,121
Real estate*	216,837,211	42,100,810	32,063,136	291,001,157
Agriculture	6,600,662	3,730,358	101,910	10,432,930
Shares	47,209,657	900,305	10,122,909	58,232,871
Retail	97,984,759	5,281,636	1,510,086	104,776,481
Governmental and Public Sector	760,512,821	-	-	760,512,821
Other	125,214,886	6,340,537	9,955,352	141,510,775
Total	**1,752,564,352**	**148,056,144**	**70,333,839**	**1,970,954,335**

December 31, 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Financial	147,016,082	11,790	39,248	147,067,120
Industrial	85,814,162	8,393,699	6,609,572	100,817,433
Commercial	134,171,453	25,009,048	17,000,878	176,181,379
Real estate*	246,171,286	23,952,978	13,374,669	283,498,933
Agriculture	3,227,454	3,191,019	685,230	7,103,703
Shares	41,024,372	748,324	912,316	42,685,012
Retail	81,999,869	8,172,009	3,407,936	93,579,814
Governmental and Public Sector	728,954,868	-	-	728,954,868
Other	163,149,609	13,801,982	9,871,227	186,822,818
Total	1,631,529,155	83,280,849	51,901,076	1,766,711,080

3)Credit Concentration based on geographic distribution is as follows:
a) Total distribution of exposures according to geographic region

2019	Inside Jordan	Other Middle Eastern countries	Europe	Asia*	Africa	America	Other Countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at Central Banks	85,774,718	71,074,056	-	-	-	-	-	156,848,774
Balances at banks and financial institutions	4,021,484	21,897,198	23,676,499	5,886,565	-	42,657,110	129,479	98,268,335
Deposits at banks and financial institutions	-	403,875	-	-	-	-	-	403,875
Direct Credit facilities at amortized cost	887,043,745	102,837,983	-	-	-	-	-	989,881,728
Direct Credit facilities through other comprehensive income	110,128,087	-	-	-	-	-	-	110,128,087
Bonds and treasury bills :								
Financial assets at fair value through other comprehensive income	17,950,698	26,092,311	670,990	377,680	299,125	-	-	45,390,804
Financial assets at Amortized cost	474,650,530	16,436,502	-	-	-	-	-	491,087,032
Pledge financial assets	48,404,587	-	-	-	-	-	-	48,404,587
Other assets	661,110	29,880,003	-	-	-	-	-	30,541,113
Total 2019	**1,628,634,959**	**268,621,928**	**24,347,489**	**6,264,245**	**299,125**	**42,657,110**	**129,479**	**1,970,954,335**
Letter of guarantee	98,609,755	31,666,370	3,738,630	1,851,620	500	2,000	-	135,868,875
Letter of Credit	12,166,970	36,620,724	817,525	-	-	-	-	49,605,219
Other Liabilities	457,432,353	73,762,817	-	-	-	-	-	531,195,170
Total	**568,209,078**	**142,049,911**	**4,556,155**	**1,851,620**	**500**	**2,000**	**-**	**716,669,264**

2018	Inside Jordan	Other Middle Eastern countries	Europe	Asia*	Africa	America	Other Countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at Central Banks	87,248,852	92,562,298	-	-	-	-	-	179,811,150
Balances at banks and financial institutions	5,561,294	33,573,917	21,082,456	8,093,752	-	13,276,754	58,816	81,646,989
Credit Facilities	854,554,433	45,878,779	-	-	-	-	-	900,433,212
Bonds and treasury bills within:								-
Financial assets at fair value through other comprehensive income	31,548,523	2,871,051	3,028,890	-	1,051,596	-	-	38,500,061
Financial assets at Amortized cost	531,569,416	18,133,684	-	-	-	-	-	549,703,100
Other assets	9,168,696	7,447,873	-	-	-	-	-	16,616,569
Total 2018	**1,519,651,214**	**200,467,602**	**24,111,346**	**8,093,752**	**1,051,596**	**13,276,754**	**58,816**	**1,766,711,080**
Letter of guarantee	104,696,238	24,143,383	3,544,376	1,854,171	500	2,500	-	134,241,168
Letter of Credit	60,105,935	65,639,169	-	-	-	-	-	125,745,104
Other Liabilities	207,681,585	43,488,381	-	-	-	-	-	251,169,966
Total	**372,483,758**	**133,270,933**	**3,544,376**	**1,854,171**	**500**	**2,500**	**-**	**511,156,238**

b) Distribution of exposures according to geographic region on stages according to IFRS 9

December 31, 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Inside Jordan	1,446,036,582	118,710,237	63,888,140	1,628,634,959
Other Middle Eastern countries	232,999,861	29,176,368	6,445,699	268,621,928
Europe	24,347,489	-	-	24,347,489
Asia	6,094,706	169,539	-	6,264,245
Africa	299,125	-	-	299,125
America	42,657,110	-	-	42,657,110
Other Countries	129,479	-	-	129,479
Total	**1,752,564,352**	**148,056,144**	**70,333,839**	**1,970,954,335**

December 31, 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Inside Jordan	1,439,214,773	35,437,419	44,999,022	1,519,651,214
Other Middle Eastern countries	145,725,728	47,839,820	6,902,054	200,467,602
Europe	24,110,932	414	-	24,111,346
Asia	8,093,752	-	-	8,093,752
Africa	1,051,596	-	-	1,051,596
America	13,273,558	3,196	-	13,276,754
Other Countries	58,816	-	-	58,816
Total	**1,631,529,155**	**83,280,849**	**51,901,076**	**1,766,711,080**

4- The fair value distribution of collateral against credit exposure (for total credit exposures) is as follows:

2019		Fair value of Collaterals									
	Total Exposure	Interest In Suspense	Cash Collaterals	Listed stocks	Accpeted guarantees	Real estate	Cars and equipements	Others	Total Collateral	Net exposures after collateral	Expected credit loss (ECL)
Cash and balances at central banks	156,848,774	-	-	-	-	-	-	-	-	156,848,774	-
Balances at banks and financial institutions	98,268,335	-	-	-	-	-	-	-	-	98,268,335	-
Deposits at banks and financial institutions	404,130	-	-	-	-	-	-	-	-	404,130	255
Direct credit facilities:											
Retail	121,324,380	4,287,045	9,009,853	14,072,553	-	30,686,521	26,457,312	16,309,569	96,535,808	24,788,572	6,096,149
Realestate Mortgages	157,208,338	2,305,645	1,156,025	-	-	135,346,719	1,578,602	-	138,081,346	19,126,992	3,728,704
Companies											
Corporate	508,016,402	7,743,181	9,921,921	15,522,833	3,537,360	128,221,859	31,788,630	438,365	189,430,968	318,585,434	22,162,204
Small and medium enterprises "SMEs"	217,581,852	3,599,598	16,856,031	1,064,898	-	86,678,920	6,593,292	5,715,292	116,908,433	100,673,419	13,863,647
Government and public sector lending	49,540,298	-	-	-	-	-	-	-	-	-	3,369
Direct credit facilities through other comprehensive income	110,128,087	-	-	-	-	-	-	-	-	110,128,087	-
Debt, subordinate, and treasury bills :											
Financial assets at fair value through other comprehensive income	45,418,438	-		-	-	-	-	-	-	45,418,438	27,634
Financial assets at amortized cost	491,636,999	-	-	3,545,000	-	5,423,085	-	-	8,968,085	482,668,914	549,967
Pledged financial assets	48,404,587	-	-	-	-	-	-	-	-	48,404,587	-
Other assets	30,622,821	-	-	-	-	-	-	-	-	30,622,821	81,708
Total	**2,035,403,441**	**17,935,469**	**36,943,830**	**34,205,284**	**3,537,360**	**386,357,104**	**66,417,836**	**22,463,226**	**549,924,640**	**1,435,938,503**	**46,513,637**
Letters of guarantee	136,633,582	-	42,535,471	165,600	10,504,200	179,000	-	-	53,384,271	83,249,311	764,707
Letters of credit	50,557,057	-	10,770,190	-	649,150	1,917,986	-	-	13,337,326	37,219,731	951,838
Other liabilities	426,734,635	-	84,563,003	-	-	-	-	-	84,563,003	342,171,632	1,889,465
Total	**2,649,328,715**	**17,935,469**	**174,812,494**	**34,370,884**	**14,690,710**	**388,454,090**	**66,417,836**	**22,463,226**	**701,209,240**	**1,898,579,177**	**50,119,647**

2018	Fair value of Collaterals										
	Total Exposure	Interest In Suspense	Cash Collaterals	Listed stocks	Accpeted guarantees	Real estate	Cars and equipements	Others	Total Collateral	Net exposures after collateral	Expected credit loss (ECL)
Cash and balances at central banks	180,287,043	-	-	-	-	-	-	-	-	180,287,043	475,893
Balances at banks and financial institutions	81,646,989	-	-	-	-	-	-	-	-	81,646,989	-
Direct credit facilities:	-	-	-	-	-	-	-	-	-	-	-
Retail	104,136,837	3,672,614	11,930,189	17,972,875	-	44,801,324	16,148,546	-	90,852,934	13,283,903	11,254,046
Realestate Mortgages	156,768,973	1,364,011	31,929	-	-	113,392,121	295,394	-	113,719,444	43,049,529	3,438,573
Companies											
Corporate	471,532,510	9,971,870	11,401,247	83,744,002	-	114,682,455	15,299,993	-	225,127,697	246,404,813	51,530,394
Small and medium enterprises "SMEs"	179,493,242	1,741,422	11,966,760	3,878,664	-	65,227,796	3,452,569	-	84,525,789	94,967,453	6,599,956
Government and public sector lending	68,600,726	-	-	-	68,600,726	-	-	-	68,600,726	-	-
Debt, subordinate, and treasury bills :											
Financial assets at fair value through other comprehensive income	38,530,089	-	-	-	-	-	-	-	-	38,530,089	30,028
Financial assets at amortized cost	550,333,509	-	-	3,545,000	-	5,423,085	-	-	8,968,085	541,365,424	630,409
Other assets	16,696,292	-	-	-	-	-	-	-	-	16,696,292	79,724
Total	**1,848,026,210**	**16,749,917**	**35,330,125**	**109,140,541**	**68,600,726**	**343,526,781**	**35,196,502**	**-**	**591,794,675**	**1,256,231,535**	**74,039,023**
Letters of guarantee	135,048,308	-	23,361,949	347,127	6,814,269	10,977,522	22,290,557	-	63,791,424	71,256,884	807,139
Letters of credit	١٣٧,٣٢٥,٤٠٥	-	81,187,019	-	-	31,243,320	20,000	-	112,450,339	14,875,066	1,580,300
Other liabilities	252,706,460	-	37,880,080	-	-	9,546,150	-	-	47,426,230	205,280,230	1,536,495
Total	**236,310,383**	**16,749,917**	**177,759,173**	**109,487,668**	**75,414,995**	**395,293,773**	**57,507,059**	**-**	**815,462,668**	**1,547,643,715**	**77,962,957**

5 – The fair value distribution of collateral against credit exposure (for total credit exposures) is as follows(for exposures under stage three):

2019	Fair value of Collaterals										
	Total Exposure	Interest In Suspense	Cash Collaterals	Listed stocks	Accpeted guarantees	Real estate	Cars and equipements	Others	Total Collateral	Net exposures after collateral	Expected credit loss (ECL)
Direct credit facilities:											
Retail	16,294,163	4,287,045	101,160	6,624,923	-	1,932,063	23,636	134,708	8,816,490	7,477,673	5,277,960
Real estate Mortgages	16,810,695	2,305,645	472,027	-	-	12,356,948	21,900	-	12,850,875	3,959,820	3,539,658
Companies											
Corporate	47,499,798	7,743,181	2,090,178	5,833,678	-	14,112,336	791,767	386,035	23,213,994	24,285,804	18,124,547
Small and medium enterprises "SMEs"	41,722,250	3,599,598	4,613,378	179,971	-	8,439,734	-	30,443	13,263,526	28,458,724	12,400,124
Debt, subordinate, and treasury bills :											
Financial assets at amortized cost	5,700,000	-	-	-	-	5,423,085	-	-	5,423,085	276,915	500,000
المجموع	**128,026,906**	**17,935,469**	**7,276,743**	**12,638,572**	**-**	**42,264,166**	**837,303**	**551,186**	**63,567,970**	**64,458,936**	**39,842,289**
Letters of guarantee	7,748,065	-	668,766	-	-	-	-	-	668,766	7,079,299	20,145
Other liabilities	19,007	-	7,300	-	-	-	-	-	7,300	11,707	-
Total	**135,793,978**	**17,935,469**	**7,952,809**	**12,638,572**	**-**	**42,264,166**	**837,303**	**551,186**	**64,244,036**	**71,549,942**	**39,862,434**

2018	Total Exposure	Interest In Suspense	Fair value of Collaterals: Cash Collaterals	Listed stocks	Accpeted guarantees	Real estate	Cars and equipements	Others	Total Collateral	Net exposures after collateral	Expected credit loss (ECL)
Direct credit facilities:											
Retail	10,228,399	3,672,614	1,445,865	31,016	-	7,545,718	843,279	-	9,865,878	362,521	10,025,366
Real estate Mortgages	10,546,644	1,364,011	-	-	-	9,163,499	15,173	-	9,178,672	1,367,972	2,223,628
Companies											
Corporate	92,606,162	9,971,870	3,457,025	52,281	-	20,165,182	8,352,460	-	32,026,948	60,579,214	48,229,157
Small and medium enterprises "SMEs"	21,012,818	1,741,422	-	-	-	6,849,057	23,059	-	6,872,116	14,140,702	5,264,878
Debt, subordinate, and treasury bills :									-	-	-
Financial assets at amortized cost	500,000	-	-	-	-	-	-	-	-	500,000	500,000
Total	**134,894,023**	**16,749,917**	**4,902,890**	**83,297**	**-**	**43,723,456**	**9,233,971**	**-**	**57,943,614**	**76,950,409**	**66,243,029**
Letters of guarantee	12,222,917	-	871,863	265,637	-	-	7,482,000	-	8,619,500	3,603,417	-
Other liabilities	840,624	-	-	-	-	-	-	-	-	840,624	-
Total	**147,957,564**	**16,749,917**	**5,774,753**	**348,934**	**-**	**43,723,456**	**16,715,971**	**-**	**66,563,114**	**81,394,450**	**66,243,029**

6)Total credit exposures that have been reclassified

The disclosures below are prepared in two phases: the first phase is for total credit exposures and the second phase is for the expected credit losses:

a) Total credit exposures that have been reclassified

2019	Stage Two		Stage Three		Total reclassified exposures	Percentage of reclassified exposures
	Total Exposure	reclassified exposure	Total Exposure	Total reclassified exposures		
Balances at banks and financial institutions	181,632	169,539	-	-	-	-
Credit Facilities	141,226,401	26,708,873	82,025,427	31,259,397	57,968,270	26%
Bonds and treasury bills within:						
Financial assets at Amortized cost	-	-	5,200,000	5,200,000	5,200,000	100%
Other assets	229,809	-	-	-	-	
Total	**141,637,842**	**26,878,412**	**87,225,427**	**36,459,397**	**63,168,270**	**28%**
Letters of guarantee	5,940,363	3,194,958	7,727,920	2,347,880	5,542,838	41%
Letters of Credit	268,098	234,574	-	-	234,574	87%
Bank acceptances	1,680,126	1,841,143	-	-	1,841,143	110%
Unutilized credit facilities	2,565,731	-	19,007	-	-	
Total	**10,454,318**	**5,270,675**	**7,746,927**	**2,347,880**	**7,618,555**	**42%**

2018	Stage Two		Stage Three		Total reclassified exposures	Percentage of reclassified exposures
	Total Exposure	reclassified exposure	Total Exposure	Total reclassified exposures		
Balances at banks and financial institutions	9,089	-	-	-	-	-
Credit Facilities	76,772,949	12,577,661	68,650,994	9,980,705	22,558,366	16%
Other assets	45,880	-	-	-	-	-
Total	**76,827,918**	**12,577,661**	**68,650,994**	**9,980,705**	**22,558,366**	**16%**
Letters of guarantee	3,913,383	281,015	12,222,917	-	281,015	2%
Letters of Credit	58,323	-	-	-	-	-
Bank acceptances	11,201,416	-	-	-	-	-
Unutilized credit facilities	2,289,385	-	840,624	-	-	-
Total	**17,462,507**	**281,015**	**13,063,541**	**-**	**281,015**	**1%**

b) Expected Credit Loss for the reclassified exposures

2019	Exposures that have been classified			Expected Credit Loss for the reclassified exposures		
	Exposures that were reclassified from stage two	Exposures that were reclassified from stage three	Total reclassified exposures	Stage Two	Stage Three	Total
Credit Facilities	26,708,873	31,259,397	57,968,270	(1,443,127)	(8,532,495)	47,992,648
Financial assets at Amortized cost	-	5,200,000	5,200,000	-	-	5,200,000
Total	**26,708,873**	**36,459,397**	**63,168,270**	**(1,443,127)**	**(8,532,495)**	**53,192,648**
Letters of guarantee	3,194,958	2,347,880	5,542,838	(29,025)	-	5,513,813
Letters of Credit	234,574	-	234,574	(8,684)	-	225,890
Bank acceptances	1,841,143	-	1,841,143	-	-	1,841,143
Total	**5,270,675**	**2,347,880**	**7,618,555**	**(37,709)**	**-**	**7,580,846**

2018	Exposures that have been classified			Expected Credit Loss for the reclassified exposures		
	Exposures that were reclassified from stage two	Exposures that were reclassified from stage three	Total reclassified exposures	Stage Two	Stage Three	Total
Credit Facilities	12,577,661	9,980,705	22,558,366	(606,054)	(6,233,147)	15,719,165
Total	**12,577,661**	**9,980,705**	**22,558,366**	**(606,054)**	**(6,233,147)**	**15,719,165**
Letters of guarantee	281,015	-	281,015	(8,872)	-	272,143
Total	**281,015**	**-**	**281,015**	**(8,872)**	**-**	**272,143**

7- Rescheduled loans

Are defined as loans that were classified as “Non-performing” credit facilities, and subsequently removed and included under “Watch List” based upon a proper rescheduling that complies with the Central Bank of Jordan’s regulations. These loans amounted to JD 34,362,656 as of 31 December 2019, against JD 33,503,010 as of 31 December 2018. The rescheduled loans balances represents the scheduled loans either still classified as watch list or transferred as to performing.

8- Restructured loans

Restructuring is defined as reorganizing credit facilities in terms of installments, extending the term of credit facilities, deferment of installments, or extending the grace period and accordingly are classified as “Watch List” in case of restructuring twice during the year according to the Central Bank of Jordan instructions number 47/2009 issued on 10 December 2009 and its amendments. These debts amounted to JD 93,275,990 as of 31 December 2019 against JD 73,195,864 as of 31 December 2018.

9- Bonds and Treasury Bills

The following table shows the classifications of bonds and treasury bills based on the international credit rating agencies as of 31 December 2019:

Risk Rating Class	Financial assets at fair value through income statement	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Pledged financial assets	Total
Non-rated	-	19,245,000	3,676,948	-	22,921,948
Governmental	-	464,132,059	32,857,728	47,490,484	544,480,271
A / AA) S&P)	-	-	3,235,759	-	3,235,759
A- / A+) S&P)	-	-	3,462,733	-	3,462,733
(A3) S&P	-	-	152,212	-	152,212
B+) S&P)	-	-	324,997	-	324,997
BBB+ /BBB-) S&P)	-	-	654,712	-	654,712
BB) S&P)	-	-	139,219	-	139,219
(B3) S&P	-	-	295,735	-	295,735
(Baa3) S&P	-	-	287,256	-	287,256
Total	**-**	**483,377,059**	**45,087,299**	**47,490,484**	**575,954,842**

2018

Risk Rating Class	Financial assets at fair value through income statement	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Pledged financial assets	Total
Non-rated	-	55,097,640	3,298,919	-	58,396,559
Governmental	-	486,526,236	29,419,038	-	515,945,274
A- / A+) S&P)	-	-	5,105,196	-	5,105,196
BBB+ /BBB-) S&P)	-	-	-	-	-
Total	**-**	**541,623,876**	**37,823,153**	**-**	**579,447,029**

(46 – 2) Market Risk

"Market Risk is the risk of fluctuations and changes in the fair value or the cash flow of financial instruments, due to changes in market prices such as interest rates, exchange rates, and stock prices. Market risk arises from open positions in interest rates, currency rates and equity and security investments. These risks are monitored through specific policies and procedures by specialized committees and concerned business units. The risks include the following:

1. Interest Rate Risk
2. Exchange Rate Risk
3. Equity Price Risk

The Bank manages the expected market risk by adopting financial and investment policies within a specific strategy, and through the Assets and Liabilities Committee, which is tasked with the supervision of market risk and providing advice regarding the acceptable risks and the policy that is being followed. The Market Risk Unit has been established and staffed by qualified and trained personnel to manage this type of risk according to the following:

1. Policies and procedures that are approved by the Board of Directors and the Central Bank of Jordan.
2. Market Risk Policy that includes principles of identifying, managing, measuring and monitoring this type of risk and having it approved by the relevant committees.
3. Monitoring reports for managing and monitoring market risk.
4. Developing tools and measures to manage and monitor market risk through:

    a. Sensitivity Analysis
    b. Basis Point Analysis
    c. Value at Risk (VaR)
    d. Stress Testing
    e. Stop-Loss Limit Reports
    f. Monitoring the Bank's investment limits
    g. Monitoring the Bank's investment portfolio at fair value through other comprehensive income and conducting revaluations of the portfolio on a regular basis.

5. The Middle Office Unit is tasked with monitoring, on a daily basis, all the investment limits in the money market and the foreign exchange transactions.

1– Interest Rate Risk:

Interest rate risk arises from the possible impact of changes in interest rates on the Bank's profits or the fair value of financial instruments. The Bank is exposed to interest rate risk due to the possible interest rate mismatch or gap between assets and liabilities valued at different time intervals, or the revision of the interest rates at a given time interval. The Bank manages these risks by reviewing the interest rates on assets and liabilities on a regular basis.

The Assets and Liabilities Management Policy includes limits for interest rate sensitivity. The Asset and Liability Committee evaluates the interest rate risk through periodic meetings and examines the gaps in the maturities of assets and liabilities and the extent by which it is affected by the current and expected interest rates, while comparing it with the approved limits, and implementing hedging strategies when needed.

The Bank uses hedging instruments such as Interest Rate Swaps to curb the negative impact of fluctuations in interest rates.

Interest Rate Risk Reduction Methods:

The Asset and Liability Committee, through periodic meetings convened for this purpose, evaluates the assets and liabilities maturity gaps, and the extent of their exposure to the impacts of current and expected interest rates are examined. In addition, solutions are proposed to reduce the impact of these risks.

Balancing due dates of assets and liabilities; the management of the Bank seeks to harmonize the impact of interest rates changes within the assets and liabilities maturity categories to mitigate any negative impact that may arise from fluctuations in interest rates.

Interest Rate Gaps:

The Bank mitigates any gaps in interest rates through a circular that adjusts interest rates on its assets and liabilities that links and balances the maturities and interests.

Interest Rate Hedging:

The Bank acquires long-term financing to meet its long-term investments using fixed interest rates as much as possible to avoid interest rate fluctuations. Conversely, the Bank invests in short-term investments to meet any possible fluctuations. :

The sensitivity of statement of income is represented by the effect of the possible expected changes in interest rates on the Bank's profits for one year. It is calculated based on the financial assets and liabilities that carry a variable interest rate as at 31 December 2019:

2019

Currency	Increase in interest rate	Sensitivity of interest income (profit and loss)	Sensitivity of equity
	٪	JD	JD
US Dollar	1	319,738	-
Euro	1	(20,618)	-
Pound Sterling	1	34,301	-
Japanese Yen	1	(12)	-
Other Currencies	1	(373)	-

2018

Currency	Increase in interest rate	Sensitivity of interest income (profit and loss)	Sensitivity of equity
	٪	JD	JD
US Dollar	1	227,929	-
Euro	1	38,882	-
Pound Sterling	1	(519)	-
Japanese Yen	1	4,037	-
Other Currencies	1	5,709	-

The sensitivity of the interest rates is as follows:

The following analysis shows interest rate re-pricing or maturity dates, whichever is earlier.

31 December 2019	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 years or more	Non-interest bearing	Total
Assets	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at Central Banks	-	-	-	-	-	-	205,186,455	205,186,455
Balances at banks and financial institutions	3,542,095	-	-	-	-	-	94,726,240	98,268,335
Deposits at banks and financial institutions	-	403,875	-	-	-	-	-	403,875
Direct credit facilities through amortized cost	172,897,098	92,381,686	70,338,698	80,538,556	277,258,751	220,895,141	68,714,111	983,024,041
Financial assets at fair value through income statement	-	-	-	-	-	-	3,054,812	3,054,812
Direct credit facilities through income statement	-	-	-	-	-	108,831,500	-	108,831,500
Financial assets at fair value through other comprehensive income	-	-	-	3,178,801	10,551,225	31,329,639	16,491,155	61,550,820
Financial assets at amortized Cost - net	-	-	-	27,653,583	128,082,572	327,090,937	-	482,827,092
Pledge financial assets	-	-	-	-	-	47,490,484	-	47,490,484
Property and equipment - net	-	-	-	-	-	-	33,151,390	33,151,390
Intangible assets - net	-	-	-	-	-	-	20,002,960	20,002,960
Deferred tax assets	-	-	-	-	-	-	14,845,952	14,845,952
The right to use leased contracts				206,186	561,034	2,927,869	-	3,695,089
Other assets	8,868,386	7,776,261	7,435,009	15,661,006	4,861,601	6,066,959	73,371,972	124,041,194
Total Assets	**185,307,579**	**100,561,822**	**77,773,707**	**127,238,132**	**421,315,183**	**744,632,529**	**529,545,047**	**2,186,373,999**

31 December 2019	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 years or more	Non-interest bearing	Total
Assets	JD	JD	JD	JD	JD	JD	JD	JD
Banks and financial institution deposits	15,381,500	79,858,784	5,000,000	-	-	-	13,553,159	113,793,443
Customers' deposits	135,023,630	120,689,214	248,937,693	315,351,416	221,028,908	6,064,000	258,927,721	1,306,022,582
Cash Margin accounts	27,619,134	14,635,676	11,478,848	11,285,867	48,274,331	35,738,143	19,977,567	169,009,566
Loans and borrowings	60,464,110	14,049,235	12,205,615	7,088,481	25,920,189	45,591,894	-	165,319,524
Income tax provisions	-	-	-	-	-	-	6,850,303	6,850,303
Deferred tax liabilities	-	-	-	-	-	-	2,616,165	2,616,165
Other provisions	-	-	-	-	-	-	4,922,010	4,922,010
Expected credit losses provision against off balance sheet items	-	-	-	-	-	-	3,606,009	3,606,009
Obligations for lease contracts	-	-	-	244,232	562,541	2,981,108	-	3,787,881
Other liabilities	1,750,439	1,509,742	3,230,376	4,091,893	520,162	79,608	23,425,250	34,607,470
Bond loans	-	-	-	-	-	28,360,000	-	28,360,000
Total liabilities	**240,238,813**	**230,742,651**	**280,852,532**	**338,061,889**	**296,306,131**	**118,814,753**	**333,878,184**	**1,838,894,953**
Interest rate sensitivity gap	**(54,931,234)**	**(130,180,829)**	**(203,078,825)**	**(210,823,757)**	**125,009,052**	**625,817,776**	**195,666,863**	**347,479,046**
31 December 2018								
Total Assets	242,345,362	93,696,115	80,835,526	180,311,456	286,657,732	638,419,027	442,492,806	1,964,758,024
Total Liabilities	256,101,535	168,772,120	247,436,553	201,817,075	195,946,076	91,910,993	465,941,345	1,627,925,697
Interest rate sensitivity gap	(13,756,173)	(75,076,005)	(166,601,027)	(21,505,619)	90,711,656	546,508,034	(23,448,539)	336,832,327

2- Currency Risks

The currency risk is the risk of change in the value of financial instruments due to change in exchange rates. The Jordanian Dinar is the base currency of the Bank. The Board of Directors imposes limits for the financial position of each currency at the Bank. The foreign currency positions are monitored on a daily basis, and hedging strategies are implemented to ensure the maintenance of foreign currencies' positions within the approved limits.

The Bank's investment policy states that it is possible to hold positions in major foreign currencies, provided that they do not exceed 5% of shareholders' equity for each currency, and that the gross foreign currencies position does not exceed 15% of shareholders equity. Also, the foreign currency positions are monitored on a daily basis. In addition, complex market instruments can be used to hedge against fluctuations in currency exchange rates according to limits that ensure the Bank is not exposed to additional risks.

The following table illustrates the possible effect on the statement of income as a result of fluctuations in exchange rates against the Jordanian Dinar, assuming that all other variables remain constant:

Currency	Change in currency exchange rate	Effect on profit and loss
2019	%	JD
Euro	5	127,971
Pound Sterling	5	22,678
Japanese Yen	5	4,792
Other currencies	5	3,962,080

Currency	Change in currency exchange rate	Effect on profit and loss
2018	%	JD
Euro	5	(129,395)
Pound Sterling	5	10,953
Japanese Yen	5	20,877
Other currencies	5	2,262,350

In the event of negative change in the indicator, the effect will remain constant but with an opposite sign.

Concentration in Foreign currency risk:						
	US Dollar	Euro	Pound sterling	Japanese Yen	Other	Total
2019						
Assets						
Cash and balances at Central Bank of Jordan	56,118,062	1,735,991	457,335	-	68,056,563	126,367,950
Balances at banks and financial institutions	66,442,620	16,350,500	2,083,774	5,052,348	3,809,777	93,739,018
Deposits at banks and financial institutions	403,875	-	-	-	-	403,875
Financial assets at fair value through income statement	-	-	-	-	3,513	3,513
Financial assets at fair value through other comprehensive income	13,984,794	219,750	363,717	-	23,989,806	38,558,067
Direct credit facilities through income statement	108,831,500	-	-	-	-	108,831,500
Credit facilities at amortized cost	126,737,111	530,647	29,712	-	71,918,113	199,215,583
Financial assets at amortized cost - net	71,905,083	-	-	-	12,453,583	84,358,666
Leased assets	-	-	-	-	1,175,117	1,175,117
Property and equipment - net	2,123,450	1,255,681	-	-	8,424,504	11,803,635
Intangible assets - net	2,971,883	-	-	-	2,090,556	5,062,439
Deferred tax assets	-	-	-	-	1,039,723	1,039,723
Other assets	32,608,091	2,181,992	-	-	13,212,136	48,002,219
Total Assets	**482,126,468**	**22,274,561**	**2,934,537**	**5,052,348**	**206,173,392**	**718,561,306**
Liabilities						
Banks and financial institution deposits	74,646,067	8,047,068	186,746	-	1,341,861	84,221,742
Customers' deposits	301,672,857	10,954,463	11,422,079	2,599,886	95,978,480	422,627,766
Cash Margin accounts	69,190,068	28,293,273	137,573	54,614	5,026,666	102,702,194
Loans and borrowings	8,772,867	-	-	-	10,154,101	18,926,968
Income tax provision	-	-	-	-	1,307,261	1,307,261
Other provisions	38,995	-	-	-	4,780,315	4,819,310
Expected credit losses provision against off balance sheet items	-	-	-	-	2,458,308	2,458,308
Other liabilities	7,031,190	1,534	3,125	-	3,496,971	10,532,820
Bond loans	28,360,000	-	-	-	-	28,360,000
Lease obligations	-	-	-	-	1,226,255	1,226,255
Total Liabilities	**489,712,043**	**47,296,338**	**11,749,523**	**2,654,500**	**125,770,218**	**677,182,624**

Net concentration in the statement of financial position	(7,585,575)	(25,021,777)	(8,814,986)	2,397,848	80,403,174	41,378,684
Forward contracts	(8,868,146)	27,581,189	9,268,546	(2,302,002)	(1,161,576)	24,518,010
Net concentration in foreign currency	**(16,453,721)**	**2,559,412**	**453,560**	**95,845**	**79,241,598**	**65,896,694**
2018						
Total Assets	**365,174,202**	**12,702,914**	**10,007,960**	**6,005,783**	**147,263,009**	**541,153,868**
Total Liabilities	**409,591,568**	**58,788,325**	**9,788,901**	**6,992,889**	**100,582,125**	**585,743,808**
Net concentration in the statement of financial position	(44,417,366)	(46,085,411)	219,059	(987,106)	46,680,884	(44,589,940)
Forward contracts	50,359,804	43,497,521	-	1,404,649	(1,433,875)	93,828,099
Net concentration in foreign currency	**5,942,438**	**(2,587,890)**	**219,059**	**417,543**	**45,247,009**	**49,238,159**

3– Equity Price Risk

Equity price risk arises from the change in the fair value of equity investments. The Bank manages this risk by distributing its investments over various geographic and economic sectors. Most of the Bank's equity investments are listed in Amman Stock Exchange.

The following table illustrates the statement of income sensitivity and the cumulative change in fair value as a result of possible reasonable changes in the equity prices, assuming that all other variables remain constant:

Indicator	Change in indicator	Effect on profit and loss	Effect on equity
2019	٪	JD	JD
Amman Stock exchange	5	98,871	287,209
Regional Markets	5	-	108,706

Indicator	Change in indicator	Effect on profit and loss	Effect on equity
2018	٪	JD	JD
Amman Stock exchange	5	186,450	401,674
Regional Markets	5	-	172,926

In the event of negative change in the indicator, the effect will remain constant but with an opposite sign.

(46 – 3) Liquidity Risk

Liquidity risk refers to the risk arising from the probability of the Bank being unable to raise adequate funds in any geographical region, currency and time, to meet its obligations when they are due, or to finance its activities without bearing high costs or incurring losses because of resorting to:

1. Selling Bank assets at low prices; leading to a decrease in the expected returns and the financial profits of the Bank.
2. Acquiring high-cost obligations in order to meet its commitments, which would lead to an increase in the costs and a consequent decrease in the expected profits of the Bank.

The impact of a liquidity risk is identified by ascertaining the extent of the liquidity of its assets and the ability of the Bank to convert liquid and semi-liquid assets into cash with the least amount of losses if the prices decrease. The Bank should provide the assets that can be sold at a price that is close to its fair value. Accordingly, the liquidity risk which the Bank may be subject to can be divided into the following:

A- Funding Liquidity Risk: the inability of the Bank to convert assets into cash such as accounts receivable, or obtain financing to meet commitments
B- Market Liquidity Risk: the inability of the Bank to sell assets in the market or the sale of these assets at a large financial loss due to the poor liquidity or demand in the market.

The treasury and Investment department is resposible for managing the Bank's liquidity, while the Asset and Liability Committee (ALCO) manages, measures and monitors the liquidity risk which are governed by pre-set policies and procedures as well as the Contingency Funding Plan. The Committee is tasked with monitoring and controlling liquidity and ensuring the optimum strategic distribution of the Bank assets and liabilities, whether in the on/off-statement of financial position items of it in coordination with the head of Treasury and Investment Department. The management of liquidity risk is conducted within the following group of inputs:

1-A set of policies and procedures approved by the committees which determine principles, definition, management, measurement and monitoring of liquidity risk.

2- Contingency Funding Plan, which includes:

a. Specific procedures for liquidity contingency management.
b. A specialized committee for liquidity contingency management.
c. Liquidity Contingency Plan.
d. Analysis of the liquidity position of the Bank based on the following liquidity reports:
   - Duration gap analysis of assets and liabilities
   - Legal liquidity ratio, liquidity according to maturity ladder (in Jordanian dinar and foreign currencies).
   - Certificate of Deposits (CDs) issued by Capital Bank (in Jordanian dinar and foreign currencies).
   - Customers Deposits (in Jordanian dinar and foreign currencies)
   - Liquidity Indicators Report
   - Stress testing

The Treasury and Investment Department, in coordination with the Market Risk Unit, diversifies funding sources and matches its maturity dates, and maintains sufficient liquid assets, in order to mitigate liquidity risk. Accordingly, this is accomplished through:

Analysis and monitoring of assets and liabilities maturity dates:
The Bank examines the liquidity of its assets and liabilities as well as any changes that may occur on a daily basis. Through the Asset and Liability Committee, the Bank seeks to achieve a balance between the maturity dates of the assets and liabilities, and monitors the gaps in relation to those specified by the policies of the Bank.

Liquidity Contingency Plan:
Assets and Liabilities Risk Management Committee submits its recommendations regarding the liquidity risk management and its procedures and sets necessary orders to apply the effective monitoring controls and issues reports regarding liquidity risk and the ability to adhere to the policies and controls. In addition to providing analytical resources to top management including monitoring all the technical updates related to the measurements and liquidity risk and its application.

Geographical and sectorial distribution:

The assets and liabilities of the Bank are distributed regularly into local and foreign investments depending on more than one financial and capital market. The facilities are also distributed among several sectors and geographical regions while maintaining a balance between providing customer and corporate credit. Furthermore, the Bank seeks to diversify the sources of funding and their maturity dates.

Cash reserves at the banking monitoring authorities:

The Bank maintains a statutory cash reserve at the banking monitoring authorities amounting to JD 96,228,339.

First: The table below summarizes the undiscounted cash flows of the financial liabilities:

Liabilities	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 years or more	No fixed maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
31 December 2019								
Banks and financial institution deposits	28,972,002	80,440,428	5,072,834	-	-	-	-	114,485,264
Customers' deposits	575,515,804	121,894,582	253,910,161	327,949,547	44,774,477	7,275,269	-	1,331,319,840
Margin accounts	42,742,334	14,666,703	11,562,828	11,458,362	50,468,488	43,700,358	-	174,599,073
Loans and borrowings	60,710,920	14,259,885	12,571,629	7,513,610	30,583,855	59,335,326	-	184,975,225
Income tax provision	-	6,850,303	-	-	-		-	6,850,303
Deferred tax liabilities	-	2,616,165	-	-	-	-	-	2,616,165
Sundry provisions	-	-	-	4,819,310	-	-	102,700	4,922,010
Provisions against off - balance sheet items	-	-	3,606,009	-	-	-	-	3,606,009
The rights to use leased contracts	-	-	-	244,232	562,541	2,981,107	-	3,787,880
Other liabilities	14,460,511	1,484,546	3,238,960	4,115,544	554,334	89,609	-	23,943,504
Subordinated loans	-	-	-	-	-	34,328,659	-	34,328,659
Total Liabilities	**722,401,570**	**242,212,612**	**289,962,421**	**356,100,605**	**126,943,695**	**147,710,328**	**102,700**	**1,885,433,932**
Total Assets	**283,240,648**	**105,247,593**	**78,474,807**	**127,077,439**	**420,785,293**	**723,586,321**	**447,961,897**	**2,186,373,999**

31 December 2018								
Liabilities	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 years or more	No fixed maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Banks and financial institution deposits	44,747,247	-	-	-	-	-	-	44,747,247
Customers' deposits	600,618,931	135,931,671	225,141,732	186,178,617	111,508,870	11,798,358	-	1,271,178,179
Cash Margin accounts	32,645,374	21,148,047	13,392,431	11,346,838	29,708,475	36,969,737	-	145,210,902
Loans and borrowings	204,500	11,222,034	12,458,307	7,960,534	50,501,440	57,980,346	-	140,327,161
Income tax provision	2,456,834	-	4,043,923	-	-	-	-	6,500,757
Deferred tax liabilities	-	1,212,993	-	-	-	-	-	1,212,993
Sundry provision	365,970	731,940	1,097,910	2,195,820	4,391,640	-	-	8,783,280
Other liabilities	-	-	3,923,935	-	-	-	-	3,923,935
Subordinated loans	10,779,854	1,768,108	3,014,348	2,463,301	1,438,525	154,621	-	19,618,757
Secondary loans	-	-	-	-	21,425,980	-	-	21,425,980
Total Liabilities	**691,818,710**	**172,014,793**	**263,072,586**	**210,145,110**	**218,974,930**	**106,903,062**	**-**	**1,662,929,191**
Total Assets	**302,228,839**	**175,877,269**	**75,805,503**	**330,706,175**	**305,080,159**	**622,984,070**	**152,076,009**	**1,964,758,024**

Second: The table below summarizes the maturities of financial derivatives as of the date of the consolidated financial statements:

Financial derivatives / liabilities which are settled in net include: foreign currency derivatives, off-the statement of Financial position items market currency options, currency futures, and on-statement of financial position foreign currency swap contracts:

Foreign Currency Derivatives

2019	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	Total
	JD	JD	JD	JD	JD
Derivatives held for trading:					
Outflows	89,366,129	7,148,334	41,083,196	767,334	138,364,993
Inflows	89,374,668	7,174,983	40,853,258	802,410	138,205,319

2018	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	Total
	JD	JD	JD	JD	JD
Derivatives held for trading:					
Outflows					
Inflows	74,664,352	162,170	453,834	895,931	76,176,287
التدفق الداخل	74,609,896	162,361	450,709	932,095	76,155,061

Third: Off-the statement of Financial position items:

2019	Up to 1 year	1 – 5 years	Total
	JD	JD	JD
Acceptances and Letters of Credit	167,449,307	31,199,493	198,648,800
Unutilized credit limits	-	140,437,573	140,437,573
Letters of guarantee	136,633,582		136,633,582
Foreign Currency Forward Deals	138,205,319	-	138,205,319
Interest Forward Deals	-	106,350,000	106,350,000
Total	**442,288,208**	**277,987,066**	**720,275,274**
2018	Up to 1 year	1 – 5 years	Total
	JD	JD	JD
Acceptances and Letters of Credit	140,266,049	57,664,599	197,930,648
Unutilized limits credit	-	105,924,931	105,924,931
Letters of guarantee	135,048,308	-	135,048,308
Foreign Currency Forward Deals	76,176,286	-	76,176,286
Total	**351,490,643**	**163,589,530**	**515,080,173**

(46-4) Operational risk:

Operational risk is defined as the risk of loss arising from inadequate or failure of internal processes, human factor or systems, or resulting from external events. From a management perspective, this definition also includes legal risk, strategic risk and reputational risk for the purposes of managing these types of risk.

Due to the continuous change in the working environment and the management's desire to remain in-sync with all the technological advancements and to introduce new banking services and products. Operational Risk

Policy has been designed and developed the Bank's departments, branches and its subsidiary, whereby the main principles are included and the policy's objectives are aligned with the Bank's strategic objectives. As a result Bank's strategies has been implemented to enhance the role of operational risk management which is represented by Operational Risk Management Framework, which includes all the bank's divisions, branches and subsidiaries. This requires determining, evaluating, supervising and rendering the operational risk to each branch separately as it is outlined in Basel committee accords through which control Risk Self Assessment (CRSA) made by:

1. Holding "Workshops" based on adopted analysis procedures and audit reports thus identifying risks, controls, and determine the regulatory gap through the matrix of risk, In this context, a model of "regulatory examinations" manager of the unit/ department/ branch or his representative "coordinator or responsible".
2. Building key risk indicator to cover all Bank and its branches.
3. Provide a mechanism to collect operational events and calculate expected losses based on the events using "Actuarial Model" thus determine the carrying capacity" Risk Appetite" at every level all alone.
4. Supervising over the renovation and development of a business continuity plan in the Bank and its subsidiaries.

From this point, the continuity and effectiveness of operational risk management is an integral part of the responsibilities of all those concerned in the applications in the Bank and on all levels through:

1- Adherence to regulatory examinations conducted by their schedules and without delay.
2- Showing the result of regulatory tests with transparency and accuracy.
3- Reporting and disclosing any losses or operating events without delay or hesitation.
4- Adopt and implement the recommendations "Remedial Actions/ Recommendations/ Mitigations" that are put forward by the operational risk unit, that would mitigate the risks identified through workshops/ Reporting of events or operating losses/ Regulatory examinations.
5- The role of the board of directors, Risk and compliance committee, Senior management, Audit department to activate the importance of operational risk and make it an integral part of the daily activities.

To ensure that the above is implemented, the operational risk management unit is keen on spreading knowledge and increasing awareness about operational risk management by conducting training courses and workshops for all Bank departments and by creating an effective work environment between the operational risk management unit and the concerned parties from each department. In addition, the operational risk management unit is responsible for raising reports to the Internal Risks Committee concerning any short comings or violations. This will ultimately lead to the development of risk profile at each department / unit level and the Bank level as a whole.

In addition to the above, the operational risk management unit is concerned with the following:

1 - Reviewing the Bank's internal policies and procedures to highlight the associated risks and work on minimizing such risks prior to implementation.
2 - Conducting stress testing and observing the results.
3 - Internal assessment of capital with respect to operational risks in accordance with Central Bank of Jordan instructions.
4 - Continuous development of the systems used to manage.
5 - Continue the development of the integrated program for business continuity plans.

Information Security :

The responsibility of the Information Security / Risk management unit lies in ensuring security, availability and accuracy of the Banks information through the following:

1. Developing an Information security program based on leading International standards (ISO 27k, PCI DSS), that is in line with the Bank's strategy.
2. Providing the tools and means necessary to reduce Information security risks.
3. Developing security policies related to Information systems and resources.
4. Continuous security awareness for the Bank's employees and ensuring their compliance to the security program.
5. Managing security incidents related to Information management systems and raising recommendations to Top Management.

6. Developing security standards for various Information systems.
7. Working on developing a business continuity plan to ensure business continuity in the event of any disaster.
8. Identifying the appropriate controls to mitigate the risks faced by the bank through analyzing various Information security risks.
9. Preparing and developing security measures related to Information systems security incidents.
10. Managing Information systems security incidents and raising relevant recommendations to Top Management.
11. Ensuring the security and Integrity of hardware, software and various applications through risk analysis and periodic testing to ensure safe use of these resources.

(47) Segment Information

1. Information about bank Activities:

For management purposes the Bank is organized into four major segments that are measured according to the reports used by the main decision maker at the Bank:

Retail banking: Includes handling individual customers’ deposits, credit facilities, credit card, and other services.
Corporate banking: Includes monitoring deposits, credit facilities, and other banking facilities provided to corporate customers.
Corporate finance: Principally arranging structured financing, and providing services relating to privatizations, IPOs, and mergers and acquisitions.
Treasury: Principally providing money market, trading and treasury services, as well as the management of the Bank’s funding operations.

	Retail Banking	Corporate Banking	Corporate Finance	Treasury	Other	Total 2019	Total 2018
	JD	JD	JD	JD	JD	JD	JD
Total revenue	28,220,242	68,147,763	328,898	53,283,766	5,320,113	155,300,782	134,790,792
Impairment losses on direct credit facilities	4,828,191	(12,712,332)	-	896,545	(22,129)	(7,009,725)	(784,461)
Segment results	8,904,815	22,094,244	328,898	50,025,376	5,297,984	86,651,317	79,551,804
Unallocated expenses						(49,522,459)	(42,152,811)
Profit before tax						**37,128,857**	**37,398,993**
Income tax						**(8,312,080)**	**(7,050,717)**
Net profit						**28,816,777**	**30,348,276**
Other information							
Segmental assets	145,407,738	943,966,303	-	901,263,372	195,736,586	2,186,373,999	1,964,758,024
Segmental liabilities	796,852,816	678,179,332	-	307,472,967	56,389,838	1,838,894,953	1,627,925,697
Capital expenditure						(15,456,752)	(12,174,828)
Depreciation and amortization						(6,056,762)	(4,993,075)

2. Geographical Information

This segment represents the geographical operations of the bank. The bank operates primarily in Jordan and also operates internationally in the Middle East, Europe, Asia, America and the Far-East.

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

	Inside Jordan		Outside Jordan		Total	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Total revenue	131,535,663	115,732,795	23,765,119	19,057,997	155,300,782	134,790,792
Total assets	1,844,054,623	1,808,412,329	342,319,376	156,345,695	2,186,373,999	1,964,758,024
Capital expenditure	10,335,093	9,127,513	5,121,659	3,047,315	15,456,752	12,174,828

(48) Capital Management

The Bank maintains an appropriate paid-in-capital in order to meet its operational risk, and it regularly monitors its capital adequacy in accordance with BASEL to comply with the Central Bank of Jordan's regulations.

According to Central Bank of Jordan regulations (52/2010), the minimum paid-in-capital of Jordanian banks should be JD 100 million before the end of 2011 and the capital for the foreign banks in Jordan should not be less than half of the capital for the Jordanian banks in accordance to article (12) and article (8) from the Law and Banks number (28) for the year 2000 and its adjustments. In addition, the regulation requires a minimum leverage ratio of 4% as per article 67/2016 CBJ regulations.

Through its operational years; the Bank maintained a capital adequacy ratio in excess of 12%, being the minimum capital adequacy rate required by the Central Bank of Jordan (8% as per Basel). Furthermore, the Bank regularly reviews and complies with the concentration ratios using regulatory capital as an indicator; noting that the instructions impose a ratio of no less than 14%.

The Bank manages and restructures its capital in light of the changes in the business environment. There has been no change on the Bank's capital structure during 2019 and 2018.

– Description of paid-in-capital

According to CBJ regulations regarding Basel III, regulatory capital comprises of:

1- Tier 1 capital, which refers to the Bank's core capital, and consists of:

- Common Equity Tier 1 (CET1) which includes the following: (paid in capital, retained earnings, statutory and voluntary reserves,cumulative change in fair value, foreign currency translation adjustment, minority interest (recognizable under CET1)), it also includes the following deductions (year/ period losses, goodwill and intangible assets, deferred tax assets, treasury stocks, shortage in required provisions, shortages in tier 2 capital, restricted balances, gross insignificant investments (<10%) and significant investments (>10%) in other banks, financial institutions, insurance companies and unconsolidated subsidiaries.
- Additional Tier 1 (AT1), Additional Tier 1 capital consists of the sum of the following elements:
  (convertible bonds, preferred stocks, financial instruments issued by the bank and holds the characteristics of additional capital, minority interest (recognizable under AT1), it also includes the following deductions (gross insignificant investments (<10%) and significant investments (>10%) in other banks, financial institutions, insurance companies, and unconsolidated subsidiaries.

2- Tier 2 capital, which is the supplementary capital, consists of the following elements; subordinated debt, general banking risk reserve and minority interest, and deducts the following; insignificant investments (<10%) and significant investments (>10%) in other banks, financial institution, insurance companies and unconsolidated subsidiaries.

The transition period for the deductions in tier 1 and tier 2 related to the investments in banks, financial institutions, insurance companies and unconsolidated subsidiaries occurs gradually over 5 years according to CBJ regulations. By the end of the year 2020, these deductions will be fully deducted from Tier 1.

Central Bank of Jordan emphasized on the importance of complying with Basel III regulation in building up addition capital as a percentage of risk weighted assets, which restricts cash dividends, through the following buffers:

1- Conservation Buffer
2- Countercyclical Buffer
3- D-SIBs

– Regulatory Requirements for paid in capital

Capital adequacy ratio is calculated based on the simplified approach (standardized approach) in accordance with the regulations of the Central Bank of Jordan, which in turn are based on the verdicts of the Basel committee.
Below are the comparative figures of the capital adequacy ratio:

Primary capital	2019	2018
Paid-in-capital	200,000,000	200,000,000
Statutory reserves	41,201,491	38,588,144
Additional paid in capital	709,472	709,472
Retained earning	54,476,878	51,640,074
Fair value reserve	736,559	9,432
Foreign Currency translation reserve	(5,223,143)	(5,223,143)
Non-controlling interest	21,061,431	25,810,847
Proposed cash dividends	-	(20,000,000)
Less		
Intangible assets	20,002,960	10,649,739
Deferred tax assets	14,845,952	14,791,131
Investments at other financial institutions less than 10%	34,334	-
Balances at Central Bank of Iraq (net)	10,707,611	36,921,212
Total Primary capital	**267,371,831**	**229,172,744**

Supplementary Capital	2019	2018
Impairment losses according to IFRS9 – Stage 1	5,980,252	8,075,095
Non-controlling interest	484,829	584,597
Subordinated loans	28,360,000	3,545,000
Less		
Effective investments in other financial institutions less than 10%	3,815	-
50% of Investments in banks and other financial institutions capital	34,821,266	-
Net Supplementary Capital Tier 2	32,596,280	-
Total Regulatory Capital	**299,968,111**	**241,377,436**
Total Risk weighted assets	**1,629,814,001**	**1,485,530,292**
Capital adequacy (%)	18,41%	16,25٪
Primary Capital (%)	16,41%	15,43٪

(49) Fiduciary Accounts

Investment custody accounts amounted to JD 93,189,461 as of 31 December 2019 compared to JD 49,747,927 in 31 December 2018.
In the normal course of business, the Bank performs investment management services for its clients. Investments and other assets held by the Bank (Horizon fund) in a fiduciary capacity amounting to JD 246,159 as of 31 December 2019 are segregated from the Bank's assets and are not included in the consolidated financial statements.

(50) Maturity analysis of assets and liabilities:

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled:

2019	Up to 1 year	More than 1 year	Total
	JD	JD	JD
Assets			
Cash and balances at CBJ	-	205,186,455	205,186,455
Balances at banks and financial institutions	98,268,335	-	98,268,335
Deposits at banks and financial institutions	403,875	-	403,875
Direct credit facilities at amortized cost, net	458,741,517	524,282,524	983,024,041
Financial assets at fair value through income statement	3,054,812	-	3,054,812
Direct credit facilities at fair value through income statement	**-**	**108,831,500**	**108,831,500**
Direct cerdit facilities at fair value through other comprehensive income	**3,178,801**	**58,372,019**	**61,550,820**
Financial assets at fair value through other comprehensive income	27,653,583	455,173,509	482,827,092
Financial assets at amortized cost - net	-	47,490,484	47,490,484
Property plants and equipment -net	-	33,151,390	33,151,390
Intangible assets -net	-	20,002,960	20,002,960
Deferred tax assets	-	14,845,952	14,845,952
The right to use leased contracts	206,186	3,488,903	3,695,089
Other assets	39,740,662	84,300,532	124,041,194
Total Assets	**631,247,771**	**1,555,126,228**	**2,186,373,999**
Liabilities			
Banks and financial institution deposits	113,793,443	-	113,793,443
Customers' deposits	1,259,975,963	46,046,619	1,306,022,582
Margin accounts	80,066,401	88,943,165	169,009,566
Loans and borrowings	93,752,334	71,567,191	165,319,524
Income tax provision	6,850,303	-	6,850,303
Deferred tax liabilities	2,616,165	-	2,616,165
Sundry provisions	4,922,010	-	4,922,010
Provision against off-balance sheet items	3,606,009	-	3,606,009
Obligations for lease contracts	244,232	3,543,649	3,787,881
Other liabilities	34,022,202	585,268	34,607,470
Subordinated loans	-	28,360,000	28,360,000
Total Liabilities	**1,599,849,061**	**239,045,892**	**1,838,894,953**
Net	**(968,601,290)**	**1,316,080,336**	**347,479,046**

2018	Up to 1 year	More than 1 year	Total
	JD	JD	JD
Assets			
Cash and balances at Central Banks	222,575,806	15,202,852	237,778,658
Balances at banks and financial institutions	81,646,989	-	81,646,989
Direct credit facilities	438,593,911	452,365,492	890,959,403
Financial assets at fair value through income statement	3,729,007	-	3,729,007
Financial assets at fair value through other comprehensive income	2,447,256	47,371,407	49,818,663
Financial assets at amortized cost	112,899,290	428,094,177	540,993,467
Property and equipment (net)	-	32,105,667	32,105,667
Intangible assets (net)	-	10,649,739	10,649,739
Deferred tax assets	-	14,791,131	14,791,131
Other assets	26,454,534	75,830,766	102,285,300
Total Assets	**888,346,793**	**1,076,411,231**	**1,964,758,024**
Liabilities			
Banks and financial institution deposits	44,638,873	-	44,638,873
Customers' deposits	1,136,524,939	111,358,208	1,247,883,147
Margin accounts	78,385,408	65,154,925	143,540,333
Loans and borrowings	31,181,290	93,370,742	124,552,032
Income tax provision	6,500,757	-	6,500,757
Deferred tax liabilities	1,212,993	-	1,212,993
Sundry provisions	4,391,641	4,391,640	8,783,281
Other liabilities	3,923,935	-	3,923,935
Subordinated loans	17,865,694	11,299,652	29,165,346
Secondary loans	-	17,725,000	17,725,000
Total Liabilities	**1,324,625,530**	**303,300,167**	**1,627,925,697**
Net Assets	**(436,278,737)**	**773,111,064**	**336,832,327**

(51) Contingent Liabilities and Commitments (Off statement of financial position)

a) The total outstanding commitments and contingent liabilities are as follows:

	2019	2018
	JD	JD
Letters of credit	49,170,268	125,824,493
Confirmed Export Letters of credit	1,386,789	1,500,912
Acceptances	148,091,743	70,605,243
Letters of guarantee :		
- Payments	35,203,241	32,082,899
- Performance	59,969,364	60,772,701
- Others	41,460,977	42,192,708
Foreign currency forward	138,205,319	76,176,286
Interest rate forward contracts	106,350,000	-
Unutilized direct credit limits	140,437,573	105,924,931
Total	**720,275,274**	**515,080,173**
Less: Expected credit losses	(3,606,009)	(3,923,934)
Contingent Liabilities and Commitments- Net	**716,669,265**	**511,156,239**

b) The contractual commitments of the Bank are as follows:

	2019	2018
	دينــار	دينــار
Intangible assets contracts	27,223,033	27,374,717
Fixed assets contracts	1,626,357	2,648,535
Construction contracts	864,133	475,416
Total	**29,713,523**	**30,498,668**

Annual rent of the Bank's main building and branches amounted to JD 1,732,302 as at 31 December 2019 compared to JD 1,814,892 as at 31 December 2018.

Impairement loss on Letter of Credit

Distribution of letter of credit by categories of the Bank's internal credit rating:

December 31, 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	9,898,711	-	-	9,898,711
Acceptable risk / performing	40,347,010	311,336	-	40,658,346
Total	**50,245,721**	**311,336**	**-**	**50,557,057**

December 31, 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	46,846,626	-	-	46,846,626
Acceptable risk / performing	80,418,608	60,171	-	80,478,779
Total	**127,265,234**	**60,171**	**-**	**127,325,405**

The movement of Contingent Liabilities:

December 31, 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	127,265,234	60,171	-	127,325,405
Add: new balances during the year	30,915,684	32,629	-	30,948,313
Settled balances	(107,691,939)	(24,722)	-	(107,716,661)
Transfer to second stage during the year	(243,258)	243,258	-	-
Net balance	**50,245,721**	**311,336**	**-**	**50,557,057**

December 31, 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	34,701,076	20,429,705	-	55,130,781
Add: new balances during the year	104,361,488	60,172	-	104,421,660
Settled balances	(12,150,904)	(21,429,397)	-	(33,580,301)
Transfer to second stage during the year	353,574	999,691	-	1,353,265
Net balance	**127,265,234**	**60,171**	**-**	**127,325,405**

The movement of the provision for impairment losses of Contingent Liabilities during 2019

December 31, 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	1,578,452	1,848	-	1,580,300
Impairement loss of indirect credit facilities during the year	615,731	34,553	-	650,284
Impairement loss of matured exposures	(1,276,899)	(1,847)	-	(1,278,746)
Transfer to second stage during the period	(8,684)	8,684	-	-
Net balance	**908,600**	**43,238**	**-**	**951,838**

December 31, 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	32,062	351,213	-	383,275
Impairement loss of indirect credit facilities during the year	1,561,444	2,210	-	1,563,654
Impairement loss of matured exposures	(31,034)	(369,078)	-	(400,112)
Adjustments due to change in exchange rates	15,980	17,503	-	33,483
Net balance	**1,578,452**	**1,848**	**-**	**1,580,300**

Impairement loss on Letter of Guarantee

Distribution of letter of guarantee by categories of the Bank's internal credit rating:

December 31, 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	46,739,139	358,849	-	47,097,988
Acceptable risk / performing	76,085,217	5,702,312	230,886	82,018,415
Non- Performing				
Substandard	-	-	2,791,506	2,791,506
Doubtful	-	-	60,500	60,500
Loss	-	-	4,665,173	4,665,173
Total	**122,824,356**	**6,061,161**	**7,748,065**	**136,633,582**

December 31, 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	44,938,001	-	-	44,938,001
Acceptable risk / performing	73,866,435	4,020,955	6,893,398	84,780,788
Non- Performing				
Substandard	-	-	5,320,619	5,320,619
Doubtful	-	-	8,900	8,900
Total	**118,804,436**	**4,020,955**	**12,222,917**	**135,048,308**

The movement of letters of guarantee

December 31, 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	118,804,436	4,020,954	12,222,918	135,048,308
Add: new balances during the year	43,617,180	1,144,361	521,879	45,283,420
Settled balances	(35,750,990)	(1,647,158)	(6,299,998)	(43,698,146)
Transfer to (from) the first stage during the year	948,843	(670,979)	(277,864)	-
Transfer to (from) second stage during the year	(2,457,233)	3,223,983	(766,750)	-
Transferred to (from) the third stage during the year	(2,337,880)	(10,000)	2,347,880	-
Net balance	**122,824,356**	**6,061,161**	**7,748,065**	**136,633,582**

December 31, 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	107,451,115	35,784,003	-	143,235,118
Add: new balances during the year	41,374,860	785,612	-	42,160,472
Settled balances	(25,520,579)	(26,227,502)	-	(51,748,081)
Transfer to (from) the first stage during the year	2,397,732	(2,397,732)	-	-
Transfer to (from) second stage during the year	(289,887)	289,887	-	-
Transferred to (from) the third stage during the year	(7,061,441)	(5,161,477)	12,222,918	-
Adjustments due to change in exchange rates	452,636	948,163	-	1,400,799
Net balance	**118,804,436**	**4,020,954**	**12,222,918**	**135,048,308**

The movement of the provision for impairment losses of letters of guarantee

December 31, 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	699,568	107,572	-	807,140
Impairement loss of indirect credit facilities during the year	127,035	52,665	20,145	199,845
Impairement loss of matured exposures	(175,505)	(66,773)	-	(242,278)
Transfer to (from) the first stage during the year	1,691	(1,691)	-	-
Transfer to (from) second stage during the year	(29,025)	29,025	-	-
Net balance	**623,764**	**120,798**	**20,145**	**764,707**

December 31, 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	54,239	2,583,009	-	2,637,248
Impairement loss of indirect credit facilities during the year	1,050,039	108,765	-	1,158,804
Impairement loss of matured exposures	(418,016)	(2,598,743)	-	(3,016,759)
Transfer to (from) the first stage during the year	7,896	(7,896)	-	-
Transfer to (from) second stage during the year	(8,872)	8,872	-	-
Adjustments due to change in exchange rates	14,282	13,565	-	27,847
Net balance	**699,568**	**107,572**	**-**	**807,140**

Impairment loss on Acceptances

Distribution of acceptances by categories of the Bank's internal credit rating:

December 31, 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	62,549,115	-	-	62,549,115
Acceptable risk / performing	83,701,485	1,841,143	-	85,542,628
Total	**146,250,600**	**1,841,143**	**-**	**148,091,743**

December 31, 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	10,241,652	-	-	10,241,652
Acceptable risk / performing	48,378,222	11,985,369	-	60,363,591
Total	**58,619,874**	**11,985,369**	**-**	**70,605,243**

The movement of acceptances:

December 31, 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	58,619,874	11,985,369	-	70,605,243
Add: new balances during the year	103,676,201	-	-	103,676,201
Settled balances	(14,204,332)	(11,985,369)	-	(26,189,701)
Transfer to (from) second stage during the year	(1,841,143)	1,841,143	-	-
Net balance	**146,250,600**	**1,841,143**	**-**	**148,091,743**

December 31, 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	49,122,605	4,044,451	-	53,167,056
Add: new balances during the year	46,830,511	11,985,368	-	58,815,879
Settled balances	(38,890,177)	(4,044,450)	-	(42,934,627)
Adjustments due to change in exchange rates	1,556,935	-	-	1,556,935
Net balance	**58,619,874**	**11,985,369**	**-**	**70,605,243**

The movement of the provision for impairment losses

December 31, 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	519,508	783,953	-	1,303,461
Impairment loss of indirect credit facilities during the year	1,337,476	157,134	-	1,494,610
Impairment loss of matured exposures	(423,609)	(780,070)	-	(1,203,679)
Net balance	**1,433,375**	**161,017**	**-**	**1,594,392**

December 31, 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	123,497	25,883	-	149,380
Impairment loss of indirect credit facilities during the year	519,509	783,953	-	1,303,462
Impairment loss of matured exposures	(127,538)	(25,883)	-	(153,421)
Adjustments due to change in exchange rates	4,040	-	-	4,040
Net balance	**519,508**	**783,953**	**-**	**1,303,461**

Impairment loss on Unutilized direct credit limits

Distribution of unutilized direct credit limits by categories of the Bank's internal credit rating:

December 31, 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	35,856,324	300,000	5,958	36,162,282
Acceptable risk / performing	101,818,185	2,444,057	6,828	104,269,070
Non-performing				
Substandard	-	-	6,153	6,153
Doubtful	-	-	68	68
Total	**137,674,509**	**2,744,057**	**19,007**	**140,437,573**

December 31, 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	14,726,034	69,829	-	14,795,863
Acceptable risk / performing	87,939,393	2,349,051	840,624	91,129,068
Total	**102,665,427**	**2,418,880**	**840,624**	**105,924,931**

The movement of unutilized direct credit limits

December 31, 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	102,665,427	2,418,880	840,624	105,924,931
Add: new balances during the year	45,645,819	1,849,324	19,007	47,514,150
Settled balances	(10,637,660)	(1,523,224)	(840,624)	(13,001,508)
Transfer to (from) the first stage during the year	923	(923)	-	-
Net balance	**137,674,509**	**2,744,057**	**19,007**	**140,437,573**

December 31, 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
new balances during the year	102,665,427	2,418,880	840,624	105,924,931
Settled balances	-	-	-	-
Net balance	**102,665,427**	**2,418,880**	**840,624**	**105,924,931**

The movement of the provision for impairment losses of unutilized direct credit limits

December 31, 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	103,539	129,495	-	233,034
Impairement loss of indirect credit facilities during the year	74,183	134,231	-	208,414
Impairement loss of matured exposures	(60,990)	(85,385)	-	(146,375)
Transfer to (from) the first stage during the period	15	(15)	-	-
Net balance	**116,747**	**178,326**	**-**	**295,073**

December 31, 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	-	-	-	-
Impairement loss of indirect credit facilities during the year	102,977	129,363	-	232,340
Adjustments due to change in exchange rates	562	132	-	694
Net balance	**103,539**	**129,495**	**-**	**233,034**

Expected credit loss on indirect credit facilities

Distribution of indirect credit facilities subject to IFRS 9 by categories of the Bank's internal credit rating:

December 31, 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	155,043,289	658,849	5,958	155,708,096
Acceptable risk / performing	301,951,897	10,298,848	237,714	312,488,459
Non- Performing				
Substandard	-	-	2,791,506	2,791,506
Doubtful	-	-	66,653	66,653
loss	-	-	4,665,241	4,665,241
Total	**456,995,186**	**10,957,697**	**7,767,072**	**475,719,955**

December 31, 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	116,752,313	69,829	-	116,822,142
Acceptable risk / performing	290,602,658	18,415,546	7,734,023	316,752,227
Non- Performing				
Substandard	-	-	5,320,619	5,320,619
Doubtful	-	-	8,900	8,900
Total	**407,354,971**	**18,485,375**	**13,063,542**	**438,903,888**

The cumulative movement of indirect credit facilities subject to IFRS 9 calculation:

December 31, 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	407,354,971	18,485,374	13,063,542	438,903,887
Add: new balances during the year	223,854,884	3,026,314	540,886	227,422,084
Settled balances	(168,284,921)	(15,180,473)	(7,140,622)	(190,606,016)
Transfer to (from) the first stage during the year	949,766	(671,902)	(277,864)	-
Transfer to (from) second stage during the year	(4,541,634)	5,308,384	(766,750)	-
Transferred to (from) the third stage during the year	(2,337,880)	(10,000)	2,347,880	-
Net balance	**456,995,186**	**10,957,697**	**7,767,072**	**475,719,955**

December 31, 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	191,274,796	60,258,159	-	251,532,955
Add: new balances during the year	295,232,286	15,250,032	840,624	311,322,942
Settled balances	(76,561,660)	(51,701,349)	-	(128,263,009)
Transfer to (from) the first stage during the year	2,397,732	(2,397,732)	-	-
Transfer to (from) second stage during the year	(289,887)	289,887	-	-
Transferred to (from) the third stage during the year	(7,061,441)	(5,161,477)	12,222,918	-
Adjustments due to change in exchange rates	2,363,145	1,947,854	-	4,310,999
Net balance	**407,354,971**	**18,485,374**	**13,063,542**	**438,903,887**

The cumulative movement of the provision for impairment losses of indirect credit facilities:

December 31, 2019	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	2,901,068	1,022,866	-	3,923,934
Impairement loss of indirect credit facilities during the year	2,154,425	378,583	20,145	2,553,153
Impairement loss of matured exposures	(1,937,003)	(934,075)	-	(2,871,078)
Transfer to (from) the first stage during the year	1,706	(1,706)	-	-
Transfer to (from) second stage during the year	(37,709)	37,709	-	-
Net balance	**3,082,487**	**503,377**	**20,145**	**3,606,009**

December 31, 2018	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2018	209,798	2,960,104	-	3,169,902
Impairement loss of indirect credit facilities during the year	3,233,969	1,024,290	-	4,258,259
Impairement loss of matured exposures	(576,587)	(2,993,704)	-	(3,570,291)
Transfer to (from) the first stage during the year	7,896	(7,896)	-	-
Transfer to (from) second stage during the year	(8,872)	8,872	-	-
Adjustments due to change in exchange rates	34,864	31,200	-	66,064
Net balance	**2,901,068**	**1,022,866**	**–**	**3,923,934**

* The expected credit losses for potential contingent liabilities and commitments - stage three, within expected credit losses for direct credit facilities at amortized cost - stage three.

(52) Lawsuits against the Bank

The lawsuits raised against the Bank, as part of the ordinary course of business, amounted to JD 25,371,367 as at 31 December 2019 against JD 24,786,186 as at 31 December 2018. According to the Bank's management and legal counselor, the Bank will not be liable in any of these cases, excluding a lawsuit for JD 102,700.

No lawsuits were raised against National Bank of Iraq, as part of the ordinary course of business as at 31 December 2019, as they we all settled by 31 of December 2018.

No lawsuits were raised against Capital Investment and Brokerage Company Ltd/ Jordan, as part of the ordinary course of business as at 31 December 2019, as they were all settled by 31 of December 2018.

(53) Comparative Figures:

Some of 2018 balances were reclassified to correspond with 2019 presentation. The reclassification did not have any effect on profits or equity for 2019.

Statements of the Requirements of the Securities Commission

A. Chairman's Letter

Included in the beginning of the Annual Report

B. Board of Directors' Report

Included in the beginning of the Annual Report

C. Description of the Bank's Main Activities

Capital Bank offers all banking and financial products and services directed towards all economic sectors in Jordan through its branches in the Hashemite Kingdom of Jordan. In addition, the bank provides a number of investment and financial brokerage services through Capital Investments, a subsidiary that is wholly owned by Capital Bank, with a capital of JD10 million. It is also an investor in the National Bank of Iraq, which has a capital of IQD250 billion, 61.85% owned by Capital Bank. Furthermore, Capital Bank owns Capital Investments Ltd., headquartered at the DIFC, which specializes in providing investment and enterprise financing consulting services.

D. Bank Locations and the Number of Employees at Each Location

The number of employees at Capital Bank, Capital Investments in Amman and Dubai, , and the National Bank of Iraq is 979 employees distributed over the following geographic locations:

Location	Address	Number of Employees
Headquarters	Amman	462
Capital Investments	Amman	42
National Bank of Iraq	Iraq	349
Capital Investments DIFC	United Arab Emirates	2
Main Branch	Amman	17
Capital Select - Shmeisani	Amman	10
Capital Select - Abdoun	Amman	8
Al-Madina Al-Munawwarah Branch	Amman	10
Sweifieh Branch	Amman	7
Dabouq Branch	Amman	7
Majdi Mall Branch	Amman	8
Al-Wehdat Branch	Amman	7
Gardens Street Branch	Amman	10
Free Zone Branch	Free Zone – Zarqa	4
Taj Mall Branch	Amman	15
New Zarqa Branch	New Zarqa	6
Irbid Branch	Irbid	7
Aqaba Branch	Aqaba	8
TOTAL	979	

The bank does not operate any branches outside the Kingdom.

1. Capital Bank's Capital Investments:

The bank's capital investments amounted to JD53,154,350 representing a net value of assets, equipment, and non-tangible assets as at December 31, 2019.

2. Subsidiary Companies:

Subsidiary Company	Capital Investments	National Bank of Iraq	Capital Investments (DIFC)	Bahrain Fund Investment Company
Company Type	Limited Liability	Public Shareholding	Limited Liability	Bahrain Shareholding (Closed)
Company Activity	Investments and Financial Brokerage	Banking	Consultancy	Founding of Investment Funds
Company Capital	JD10 Million	IQD250 Billion	$250,000	BHD1,000
Address of Subsidiary	Amman - Shmeisani	Iraq	Dubai, UAE International Financial Center	Bahrain
Other Information	-	-	-	Activities have not yet been initiated

3. Brief Introduction of Chairman and Members of the Board of Directors:

H.E. Mr. Bassem Khalil Salem Al-Salem

Position: Chairman of the Board of Directors
Date of Birth: June 19, 1956
Nationality: Jordanian
Membership Date: April 20, 2010

Education: Mr. Al-Salem holds a Bachelor's degree with honors in Chemical Engineering from Imperial College, United Kingdom.

Current Positions: Chairman of the Board of Directors of King's Academy; General Manager and Chairman of the Board of Directors of Al-Khalil Company for Investments; Chairman of the Board of Directors of Capital Investments and Brokerage Jordan; Chairman of the Board of Directors of the National Bank of Iraq. He is a board member of Al-Quds University, the Orthodox Society, Masader, Canning and Packaging Industries Company, General Mining Company, Royal Jordanian and Capital Investments (DIFC) - Dubai.

Experience: Mr. Al-Salem has extensive experience in the public sector and was a member of the Jordanian Senate. He was also a member of the Board of Directors of the Central Bank of Jordan, Minister of Finance, Minister of Labor from 2005 to 2009, Chairman of the Board of Directors of the Jordanian Association of Banks, and Chairman of the Board of Directors of the Social Security Corporation. He founded and directed the boards of a number of companies in the private sector.

Mr. Mazen Samih Taleb Darwazeh

Position: Vice-Chairman of the Board of Directors
Date of Birth: June 5, 1958
Nationality: Jordanian
Membership date: March 23, 2011

Education: Mr. Darwazeh has a BA in Business Administration from the Lebanese American University in Beirut (LAU), a Diploma in Advanced Management from INSEAD Business School, and a higher diploma in Marketing from Boston University.

Current Positions: Executive Vice Chairman of the Board of Directors and Chief Executive Officer of Hikma Pharmaceuticals Company (Middle East and North Africa), Chairman of the Board of Directors of Trust Pharma Ltd. (Algeria), Chairman of Ixirco Pharma Ltd. (Sudan), Board Member of Darhold, Birzeit University, King's Academy, Economic Policies Council, Ibn Al-Bitar Company (Tunisia), and PromoPharma Company (Morocco).

Experience: Executive Vice Chairman of the Board of Directors and Chief Executive Officer of Hikma Pharmaceuticals Company (Middle East and North Africa), member of the Jordanian Senate from 2010 to 2013, Chairman of Trust Pharma Ltd. (Algeria) and Ixirco Pharma Ltd (Sudan).

Social Security Corporation
Ms. Shaden Ziyad Nabih Darwish Alhaji

Position: Representative of board member the Social Security Corporation
Date of Birth: September 19, 1981
Nationality: Jordanian
Membership Date: August 31, 2009

Education: BA in Financial and Banking from the University of Jordan, Certified Financial Analyst (CFA) from the CFA Institute in USA, and she holds Board of Directors Certificate from JIOD in corporate with International Corporation the member of the World Bank Group.

Current Positions: Director of the Private Shareholder Portfolio Section, Member of the CFA Society in Jordan.

Experience: Numerous positions at the Investment Fund of the Social Security Corporation since 2003. Financial analyst at the Stocks Investment Department between 2003 and 2007, Senior Financial Analyst from 2007 to 2010, Director of the Portfolio Management Section, Stock Investment Department from 2010 to 2019.

Investment and Integrated Industries Co (Holding)
Mr. Omar M. I. Shahrour

Position: Representative of the board member Investment and Integrated Industries Co (Holding)
Date of Birth: April 17, 1967
Nationality: Jordanian
Membership Date: August 31, 2009

Education: Mr. Shahrour has a Bachelor's degree in Accounting from the University of Jordan, an MBA in Finance from Wayne State University in Detroit, Michigan, and he has CPA from Colorado, USA

Current Positions: Financial advisor for Al-Kasih Food Industries Company, board member of Capital Investment & Brokerage - Jordan Ltd Co.

Experience: Mr. Shahrour has held a number of positions throughout his career, including accountant at Haddad Company in the United States, internal auditor and financial controller of Edgo Group, financial manager at Coca-Cola in Jordan, and CFO of Fine Sanitary Paper Company from 2005 to 2018. He was also a financial advisor at Art Line Company in Dubai.

Hitaf Investment Company
Mr. "Mohammed Ali" Khaldoun Sati' Al-Husry

Position: Representative of board member of Hitaf Investment Company
Date of Birth: April 20, 1957
Nationality: Jordanian
Membership Date: August 31, 2009

Education: Mr. Al-Husry has a Bachelor's degree in Mechanical Engineering from the University of Southern California and an MBA from INSEAD Business School in France.
Current Positions: Non-executive member of the Board of Directors of Hikma Pharmaceuticals.
Experience: Mr. Al-Husry served as chairman of the Board of Directors of Capital Bank of Jordan from 1995 to 2007 and he is a member of the Board of Directors of several companies including Hikma Pharmaceuticals, Women's Fund, Darhold, Alcazar Energy, and Endeavor Jordan.

Al-Khalil Company for Investments
Mr. Khalil Hatem Khalil Al-Salem

Position: Representative of board member Al-Khalil Company for Investments
Date of Birth: December 28, 1982
Nationality: Jordanian
Membership Date: August 31, 2009

Education: Mr. Al-Salem has a Bachelor's degree in Economics from Columbia University

Current Positions: Financial director of Al-Majal Energy Services Company, vice CEO of Iraq Logistics Ventures Ltd and secretary general of the West Asian Football Federation

Experience: Mr. Al-Salem previously served as the director of the Office of His Royal Highness Prince Ali Bin Al-Hussein. He began his career as a financial analyst at J.P. Morgan in New York, then as a financial analyst and business development manager at Capital Investment & Brokerage - Jordan Ltd Co. He also worked as a financial analyst for Midrar Investments.

Al-Jadara Company for Real Estate Investment
Mr. Sultan Mohammed M. Elseif

Position: Representative of board member Al-Jadara for Real Estate Investment
Date of Birth: March 3, 1985
Nationality: Saudi Arabian
Membership Date: August 31, 2009

Education: Mr. Elseif has a Bachelor's degree in Finance from Roger Williams University

Current Positions: General Manager of Elseif Corporation

Experience: Mr. Elseif worked as a financial analyst at UME Investment and Morgan Stanley, he is a board member of several companies including Oman Medical Projects Company, Al-Musa'id Elseif Co. and Sons, Care Shield Holding Company and United Medical Enterprises Group.

Mr. Omar Akram Omran Bitar

Position: Member of the Board of Directors
Date of Birth: July 28, 1963
Nationality: Palestinian
Membership Date: June 4, 2015

Education: Mr. Bitar has a Bachelor's degree in Finance and Banking from the University of Missouri in St. Louis

Current Positions: Board Member of the Arab Society for Orphans.

Experience: Mr. Bitar has long experience in auditing at major companies, institutions, banks and as well as various other sectors. He has also worked in international restructuring projects for companies and institutions, running change management and business transformation in major international companies.

Ms. Reem Haitham Jamil Goussous

Position: Member of the Board of Directors
Date of Birth: November 16, 1971
Nationality: Jordanian
Membership Date: June 4, 2015

Education: Ms. Goussous has a Bachelor's degree in Economics and a Master's degree in Economic Development and International Trade from Boston University, USA.

Current Positions: CEO of Endeavor Jordan, board member of the Jordan River Foundation, board member of Capital Investment & Brokerage - Jordan Ltd Co.

Experience: Ms. Goussous has more than 20 years of experience in the economic and financial fields in which she has built a successful record in economic impact analysis. She has formulated economic development policies, strategies, research and market data, investment development and exports. She managed more than 80 projects and consulting tasks and participated in economic feasibility studies of multi-million dollar projects in the financial, manufacturing, mining and renewable energy sectors. She was the first director and chief economic consultant at Al-Jadara Company. She established several specialized research and reporting units and served as policy advisor to the Minister of Planning and International Cooperation.

Mr. Ahmad Qasem Deeb Al-Hanandeh

Position: Member of the Board of Directors
Date of Birth: March 11, 1973
Nationality: Jordanian
Membership Date: January 8, 2017

Education: Mr. Al-Hanandeh has a Bachelor's degree in Finance and Banking from Yarmouk University

Current Positions: Founder and chief executive officer of Zakaf Smart Applications Company, board member of Ma'an Development Company of the King Abdullah Fund, board member of Intaj, and board member of the Jordan Olympic Committee.

Experience: Chief executive officer of Iraq Gateway for Electronic Payments, chief executive officer of Zain Jordan, chief financial officer of Zain Sudan, general manager of the Postal Services and general manager at Aramex, the global provider of transportation services and logistics solutions in several Asian countries.

Mr. Khalid Walid Hussni Nabilsi

Position: Member of the Board of Directors
Date of Birth: February 20, 1972
Membership Date: May 24, 2017

Education: Mr. Nabilsi has a Bachelor's degree in Economics and Administrative Sciences from the University of Jordan, an MBA from the University of Hull and he holds a CPA.

Current Positions: Head of Financial Control Department at Hikma Pharmaceuticals, board member of King Hussein Business Park, Beyond Capital, and Capital Investment & Brokerage - Jordan Ltd Co.

Experience: Mr. Nabilsi has experience in auditing and financial consulting, especially in projects related to mergers and acquisitions. He was the chief executive officer of Corporate Finance at Atlas Investment Group from 2000 to 2001. He also occupied several positions at Hikma Pharmaceuticals, including the chief financial officer of the group and vice financial controller.

Mr. Dawod M. D. Al Ghoul

Position: Member of the Board of Directors
Date of Birth: May 25, 1971
Nationality: Jordanian
Membership Date: May 24, 2017

Education: Mr. Al Ghoul has a Bachelor’s degree in Accounting from the University of Jordan and MBA from the University of Colorado. He is a certified public accountant (CPA).

Current Positions: Financial manager at Abu Dhabi Capital Group, representative of Capital Bank on the board of directors of the National Bank of Iraq.

Experience: Mr. Al Ghoul has worked for more than 22 years in financial and strategic planning, as well as investments and financial restructuring. He began his career in 1995 as an auditor at Arthur Andersen in Dubai, UAE, and then at Schlumberger, Dubai as assistant financial director for MENA and the Indian subcontinent. He then moved to KPMG in Dallas, Texas, as a financial advisor in international taxation. In 2003, he joined the Arab Bank Group as vice chief

financial officer. In 2008, he took over as executive vice president of planning and investment for the same group, during which time he led and developed the group's financial plans. In 2012, he took over the position of chief financial officer of the Arab Bank Group and later as CFO at Amanat Holding Company - Dubai.

Mr. Mohammad Hasan Subhi (AlHaj Hasan)

Position: Member of the Board of Directors
Date of Birth: August 16, 1981
Nationality: Jordanian
Membership Date: May 24, 2017

Education: Mr. AlHaj Hasan has a Bachelor’s degree in Finance and Microeconomics from Massachusetts Institute of Technology (MIT), a Master's of Business Administration and a Master's in Education from Stanford Graduate School.

Current Positions: Chairman of the board and CEO of Jawaker. Board member of Akhtaboot Company

Experience: Mr. AlHaj Hasan worked as a financial analyst in the corporate purchasing and mergers department of Dresdner Kleinwort Wasserstein. He also served as vice general manager of Rasmala, a company registered in Dubai that works in investments and fundraising. He founded Akhtaboot, an employment and talent acquisition company in the Gulf and the Middle East, and Jawaker, an electronic gaming company.

4. Meetings of the Board of Directors and Board Committees in 2019

Included within the Corporate Governance Report

5. Capital Bank Executive Management

Members of the senior executive management team include:

Ala Atallah George Qumsieh

Position: Chief Executive Officer
Date of Birth: April 22, 1980
Nationality: Jordanian
Membership Date: March 1, 2017

Education: Mr. Qumsieh has a Bachelor's degree in Business Administration from Yarmouk University in Jordan, an MBA in Strategic Management from Aston University in the UK, and has several specialized professional degrees.

Experience: Mr. Qumsieh's experience has extended over 19 years in the field of banking services with special focus on corporate investment banking in addition to deep knowledge in numerous economic sectors. He was also the chief executive officer of Citibank Qatar, director of banking services for companies in Saudi Arabia, Qatar, and Bahrain where he was responsible for leading and implementing the bank's strategy successfully. Prior to that, he occupied many leadership positions in a number of banks.

Yasser Ibrahim Mohammad Kleib

Position: Head of Institutional Banking
Date of Birth: October 27, 1974
Nationality: Jordanian
Membership Date: September 9, 2012

Education: Mr. Kleib has a Bachelor's degree in Business Administration from Yarmouk University and is a Certified Lender Business Banker (CLBB) with the American Bankers Association.

Experience: Mr. Kleib has over 20 years of experience in commercial and institutional development. He joined Capital Bank in 2004, and began his career in the Banking Services and Credit Facilitations Department. Previously, he worked at the Arab Bank for eight years.

Ali Mohammad Daoud Abu Swai

Position: Chief Treasury Officer
Date of Birth: February 2, 1962
Nationality: Jordanian
Membership Date: March 8, 2009

Education: BA and Master's degrees in Finance and Banking

Experience: Mr. Abu Swai has more than 24 years of experience in financial markets and banking, treasury and investment operations. He served as the president of the Trade Association from 2010 until 2017, and is a member of the Board of Directors of the Investment Fund of the University of Jordan. He is Jordan's representative to the Arab Union of Circulators in Financial Markets, and previously worked for Amman Investment Bank for five years.

Eyas Nazmi Zuhdi Khawaja

Position: Chief Operating Officer
Date of Birth: November 14, 1976
Nationality: Jordanian
Membership Date: July 2, 2017
Education: Mr. Khawaja has a Bachelor’s degree in Economics from the University of Applied Sciences and a postgraduate degree in Economics and Finance from the University of Glasgow in the UK.

Experience: Before joining Capital Bank, Mr. Khawaja served as chief technology and operations officer at Standard Chartered Bank, where his main duties included developing operational, technology and IT efforts at a number of key markets such as Jordan, Iraq, Bahrain, Qatar and Oman. Prior to that, he was head of technology and operations at Citibank Jordan, where he oversaw overall operations, IT and administrative works.

Manar Mohammad Abdulhalim Al-Nsour

Position: Chief Financial Officer
Date of Birth: September 20, 1979
Nationality: Jordanian
Membership Date: July 30, 2016

Education: Bachelor’s degree in Accounting from the University of Jordan.

Experience: Ms. Al Nsour has close to 17 years of practical experience, having held various managerial positions at Capital Bank before she assumed the role of chief financial officer as of July 30, 2016.

Falah Hassan Khalil Kokash

Position: Chief Risk Officer
Date of Birth: August 1, 1967
Nationality: Jordanian
Membership date: September 9, 2012

Education: Mr. Kokash holds a Bachelor’s degree in Finance and Banking and a Master's degree in Financial Management from Yarmouk University, as well as a number of professional certificates including Financial Risk Management (FRM), International Certificate in Banking Risk and Regulation (ICBRR), Certified Management Accountant (CMA), Certified Financial Management (CFM), and a Certified Lender Business Banker (CLBB) in commercial banks.

Experience: Mr. Kokash has over 21 years of experience in the financial sector. He has held several leadership positions in risk management and credit analysis, and has worked for several banks including the Bank of Jordan, Ahli Bank, Istithmari Bank and Al-Bilad Bank in Saudi Arabia.

Mohammad Hafez Abdul-Karim Mohammad Hafez Muaz

Position: Legal Counselor
Date of Birth: October 27, 1969
Nationality: Jordanian
Membership date: February 6, 2003

Education: Mr. Muaz holds a Bachelor’s of Law from the University of Jordan, a higher diploma in International Law and a Master's degree in Commercial Law from Staffordshire University, UK.

Experience: Mr. Muaz previously worked in the foreign section of the Arab Bank's Legal Department for two years. Prior to that, he worked at Dajani and Sons law firm for five years. He has been a member of the Jordanian Bar Association since 1997, and has been a member of the Association of International Lawyers since 1998.

Saher Daoud Kamil Abdul-Hadi

Position: Head of Compliance
Date of Birth: August 19, 1966
Nationality: Jordanian
Membership Date: September 18, 2018

Education: Mr. Abdul-Hadi holds a Bachelor's degree in Management from Western International University in the UK and a CAMS certificate (Certified Anti-Money Laundering Specialist) in 1989.

Experience: Mr. Abdul-Hadi has over 28 years of experience in the banking sector, having worked at a number of banks including Standard Chartered Bank and ABN AMRO Bank. Most recently, he was business sector manager in the Compliance Department at the Arab Bank.

Ra'fat Abdullah Ismail Khalil

Position: Chief Auditor
Date of Birth: December 10, 1964
Nationality: Jordanian
Membership Date: March 1, 2017

Education: Mr. Khalil holds a Bachelor's degree in Accounting from Yarmouk University, as well as professional certificates in CICA and CBA.

Experience: Mr. Khalil has over 26 years of practical experience, having worked at the Central Bank of Jordan for seven years. He also worked at Oman Commercial Bank for four years and at the Oman Arab Bank for seven years.

Hawar Talal Mohammad Hijazi

Position: Head of Human Resources
Date of Birth: April 17, 1971
Nationality: Jordanian
Membership Date: February 15, 2018

Education: Ms. Hijazi holds a Bachelor's degree in Business Administration from Yarmouk University.

Experience: Ms. Hijazi has nearly18 years of experience in managerial positions at companies including PepsiCo Jordan and in Dubai. Her last position was as human resource manager at PepsiCo Dubai.

Isam Bassem Nasri Samara

Position: Head of Marketing and Communications
Date of Birth: December 6, 1978
Nationality: Jordanian
Membership Date: September 19, 2019

Education: Master's degree in Business Administration from Northeastern University, USA

Experience: Mr. Samara has over 18 years of practical experience in marketing and sales, and has held several managerial positions in companies including Pacific Netorix (USA), Nuqul, Saraya, the Arab Bank, and also worked as director of marketing at Ayla Oasis Development Company.

Zain Ammar Khaldoun Malhas

Position: Head of Transaction Banking
Date of Birth: July 10, 1985
Nationality: Jordanian
Membership Date: September 19, 2019

Education: Master's degree from the Jordan German University and a Bachelor's degree in International Finance and Banking from Franklin College in Switzerland.

Experience: Ms. Malhas has over 12 years of experience in the banking sector, having worked for the Housing Bank and Standard Chartered, where she managed the Global Subsidiaries business. Ms. Malhas is also a member of the board of directors Middle East Payment Services (MEPS).

Resigned Members of the Executive Management:

	Member's Name	Position	Date Resigned
1	Anton Francis Anton Lolas	Head of Consumer Banking	April 30, 2019

6. Competitive Position:

Description	2017	2018
Market Share / Credit Facilities	3.4%	%5.3
Market Share / Deposits	3.3%	3.4%
Market Share / Assets	3.7%	3.6%

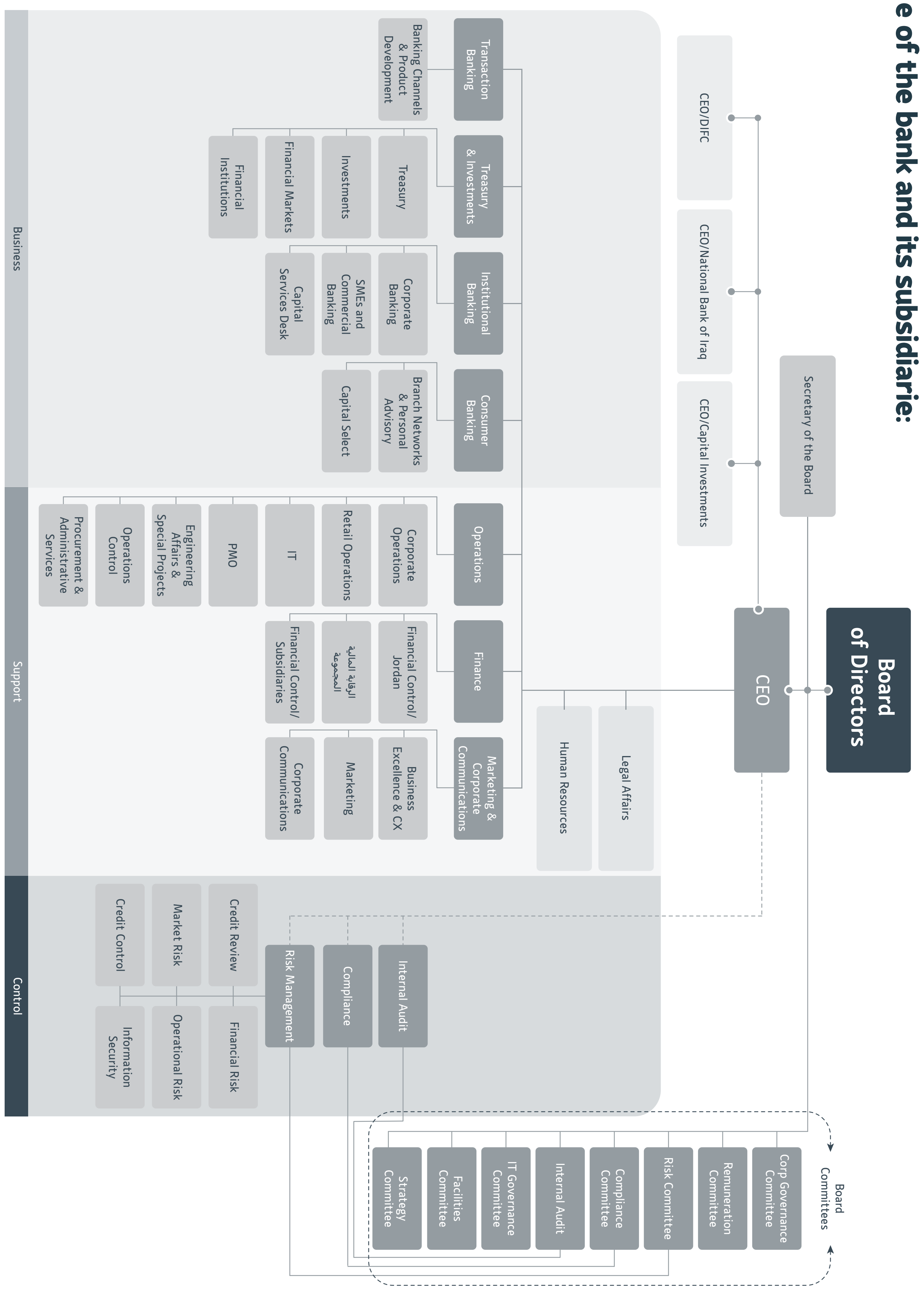
7. The bank does not rely on specific local or foreign suppliers or agents who constitute 10% or more of total purchases and/or sales or revenues.

8. The bank and its products do not enjoy any government protection or privileges under laws, regulations, or otherwise.

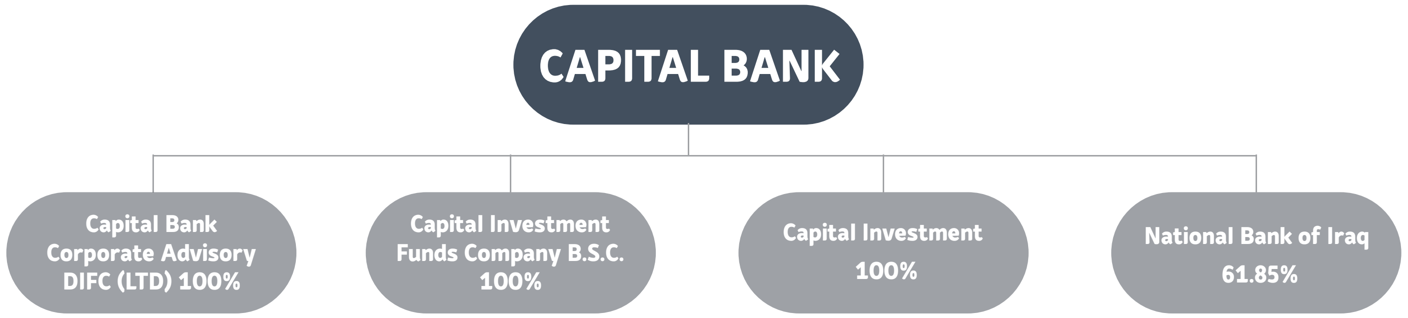
9. There are no patents or concession rights that the bank has acquired.

10. No decisions issued by the government, international agencies or others have impacted the bank's work, products, or competitive capability. In addition, international standards of quality do not apply to the bank.

11. A. Organizational structure of the bank and its subsidiarie:



B. Organizational Structure of Bank Subsidiaries



C. Academic Credentials of Capital Bank, Capital Investments, and National Bank of Iraq Employees

Education Level	Number of Employees of Capital Bank	Number of Employees Capital Investments Jordan	Number of Employees Capital Investments DIFC	Number of Employees National Bank of Iraq
Master's	38	6	1	8
Higher Diploma	1	0	0	0
Bachelor's	484	29	1	283
Diploma	23	0	0	20
Secretarial	3	1	0	0
Secondary School	20	1	0	8
Less Than Secondary School	17	5	0	27
Total	586	42	2	346

D. Training Programs for Capital Bank

Description	Capital Bank		Subsidiary Companies	
Type of Training	Number of Participants	Number of Workshops	Number of Participants	Number of Workshops
Workshops Held By The Bank's Training Centers	26	2	0	0
Local Workshops	569	59	13	5
International Workshops	4	2	0	0
Specialized Professional Certifications	7	5	0	0
Total	606	68	13	5

E. Names of Training Workshops for Capital Bank and Capital Investments Employees

	Number of Courses	Number of Participants from Capital Bank
Specialized Banking Courses	23	170
Specialized Courses in Risk Management and Information Security	5	25
Specialized Courses in Finance	7	26
Specialized Courses in Managing Audits, Control, Compliance, and Anti-Money Laundering	5	42
Specialized Courses in Behavioral and Qualitative Skills	21	297
Specialized Courses in Leadership Skills	3	50
Specialized Courses in Information Technology and Systems	2	4
Specialized Professional Certificates	7	5
Total		928

12. Risks to which the bank is exposed:

Capital Bank is exposed to the following risks in the banking sector:

- Credit risks
- Market risks
- Liquidity risks
- Operational risks
- Compliance risks
- Information technology / cyber risks

Specialized departments at the bank manage risk in accordance with the laws and guidelines in place, as well as international best practices.

13. Bank's achievements in 2019

Description of achievements as detailed and supported by figures can be found in the report of the Board of Directors.

14. The financial impact of non-recurring operations during 2019 that do not fall within the bank's main activities:

There were no operations of a non-recurring nature that took place in 2019.

15. The value of legal proceedings by the bank against third parties amounted to approximately JD168 million as at December 31, 2019. These were cases about hampered or bad debt accounts.

There were no operations of a non-recurring nature that took place in 2019.

16. The timeline of realized profits, losses, dividend distribution and net shareholder equity for the years 2004-2019

Fiscal Year	Shareholder Equity JD	Net Profits	Dividends		Closing Price JD
			Cash Dividends	Free Shares	
2004	59,872,518	12,346,354		7,000,000	4.41
2005	135,934,724	21,358,989		10,500,000	3.32
2006	156,991,770	18,059,905		14,000,000	1.93
2007	172,375,124	13,508,666		7,000,000	2.07
2008	203,161,545	15,250,169	7,500,000	-	1.8
2009	208,070,606	1,338,383		17,200,000	1.56
2010	214,107,952	5,149,968		-	1.54
2011	221,258,745	1,428,331		-	1.36
2012	242,807,956	22,036,184		-	1.13
2013	324,291,358	37,036,290		15,000,000	1.60
2014	344,881,127	36,314,776	16,500,000	16,000,000	1.51
2015	324,350,413	1,068,872	10,890,000	18,500,000	1
2016	334,107,254	16,135,976		-	0.83
2017	349,394,463	27,311,646	10,000,000	-	0.79
2018	336,832,327	30,348,276	20,000,000		0.92
2019	347,479,046	28,816,777	-	-	1,00
2019	347,479,046	28,816,777	-	-	1.00

17. Analysis of the bank's financial position and the results of its operations for the fiscal year

	31/12/2018	31/12/2019
Return on Average of Assets	1.53%	1.36%
Return on Average Shareholder Equity	8.84%	8.42%
Return per Share	0.154%	0.126%
Equity to Assets Ratio	17.14%	15.89%
Capital Sufficiency	16.25%	18.41%
Non-Operational Facilities Ratio (After Deducting Suspended Interest)	8.61%	7.25%
Coverage Of Allowances For Inactive Credit (After Deducting Suspended Interest)	79.17%	52.76%
Cash And Semi-Cash Liquidity Ratio	149,86%	123.93%

18. Key Future Developments and the Bank's 2019 Plan

The bank continued to implement its strategy for 2019, which included a number of initiatives in various business sectors. Through them, the bank is working to achieve the strategic goals and vision set forth in its plan for 2018-2023.
The bank has made amendments to its 2018-2023 strategic plan in line with changes, interest rates, and geopolitical changes in the region in order to maintain its competitive position and as part of its conviction in its vision and its achievement.

Looking forward to 2020, the bank is preparing to implement a new package of initiatives that support the strategic foundations on which the bank was built, and will emphasize a work model that focuses on customers, a deep understanding of their needs, and offering them the best services and products through cutting-edge digital platforms and an advanced infrastructure in line with the digital revolution and the requirements of the age.

19. Auditing fees for the bank and its subsidiaries

Auditing fees for Messrs. Price Waterhouse Coopers for the year 2019 amounted to JD820,209 including taxes as detailed below for the bank and its subsidiaries:

	Amount (JD)
Capital Bank	132,820
Capital Investments (Subsidiary)	8,000
National Bank of Iraqi	55,000
Capital Investments (DFIC)	12,000
Bahrain Investment Fund	2,000
Total	209,820

20. Statement of number of securities

Following is the statement of the number of securities owned by members of the board of directors and the executive management team, their relatives, and companies controlled by board members, executive management, and their relatives.

A. Number of Securities Owned by Members of the Board of Directors

Member	Position	Nationality	Number of Shares Owned as at December 31, 2018	Number of Shares Owned as at December 31, 2019
Bassem Khalil Salem Alsalem	Chairman of the Board	Jordanian	9,836,556	9,836,556
Mazen Samih Taleb Darwazeh	Vice-Chairman of the Board	Jordanian	3,491,990	3,491,990
Social Security Corporation	Member	Jordanian	18,544,288	18,544,288
Represented by Shaden Ziyad Nabih Darwish Alhaji		Jordanian	-	-
Investment and Integrated Industries Co (Holding)	Member	Jordanian	10,073,007	5,338,007
Represented by Mr. Omar M. I. Shahrour		Jordanian	-	-
Hitaf Investment Company	Member	Jordanian	6,047,776	6,047,776
Represented by Mr. "Mohammed Ali" Khaldoun Sati' Al-Husry		Jordanian	3,023,886	3,023,886
Al Khalil Company for Investments	Member	Jordanian	64,567	64,567
Represented by Mr. Khalil Hatem Khalil Al-Salem		Jordanian	-	-
Al-Jadarah Company for Real Estate Investment	Member	Jordanian	37,796	37,796
Represented by Mr. Sultan Mohammed M. Elseif		Saudi	60,000	60,000
Omar Akram Omran Bitar	Member	Palestinian	27,548	27,548
Reem Haitham Jamil Goussous	Member	Jordanian	27,548	27,548
Ahmad Qasem Deeb Al-Hanandeh	Member	Jordanian	25,000	25,000
Khalid Walid Hussni Nabilsi	Member	Jordanian	175,000	175,000
Dawod M. D. Al Ghoul	Member	Jordanian	27,000	27,000
Mohammad Hasan Subhi (AlHaj Hasan)	Member	Jordanian	40,210	40,210

B. Number of Securities Owned by Relatives of Members of the Board of Directors

Relatives of Members of the Board of Directors	Member	Relationship	Nationality	Number of Shares Owned as at December 31, 2018	Number of Shares Owned as at December 31, 2019
Rudayna Farhan Sa'd Abu Jaber	Bassem Khalil Salem Alsalem	Wife	Jordanian	776,587	776,587
Rula Samir Khalil Naser	Mazen Samih Taleb Darwazeh	Wife	Jordanian	88,143	88,143
Ghalia Charlie Ghaleb Bisharat	Khalil Hatem Khalil Al-Salem representing Al Khalil Company for Investments	Wife	Jordanian	20,000	20,000
Hatem Khalil Hatem Al-Salem	Khalil Hatem Khalil Al-Salem representing Al Khalil Company for Investments	Son	Jordanian	30,000	15,000

C. Number of Securities Owned by Companies Controlled by Members of the Board of Directors

Member	Position	Company Controlled	Company Legal Description	Number of Bank Shares Controlled by the Company	
				31/12/2018	31/12/2019
Bassem Khalil Al-Salem	Chairman of the Board of Directors – General Manager	Al Khalil Company for Investments	Limited Liability Company	64,567	64,567
	Member	General Mining Company	Public Shareholding Company	41,173	41,173
Mazen Samih Taleb Darwazeh	Member	DARHOLD LIMITED	Private	3,537,497	3,537,497
"Mohammed Ali" Khaldoun Sati' Al-Husry representing Hitaf Investment Company	Member	DARHOLD LIMITED	Private	3,537,497	3,537,497

Investment and Integrated Industries Co	Member	Modern International Company for Manufacturing Vegetable Oils	Public Shareholding Company	25,825	25,825
Khalil Hatem Khalil Al-Salem – Al Khalil Company for Investments	Vice-Chairman of the Board of Directors	Al-Salem Investment Company	Limited Liability Company	140,000	116,992

D. Number of Securities Owned by Companies Controlled by Relatives of Members of the Board of Directors

Relatives of Board	Member	Relation	Position	Name of Controlled Company	Company Legal Status	Bank Shares Owned by Controlled Company	
						31/12/2018	31/12/2019
Rudayna Farhan Sa'd Abu Jaber	Bassem Khalil Salem Alsalem	Wife	Vice-Chairman of the Board	Al Khalil Company for Investments	Limited Liability Company	64,567	64,567
			Chairman of the Board	Gibran Translation Services Company	Limited Liability Company	3,973	3,973
			Chairman of the Board	Al-Salem Investment Company	Limited Liability Company	140,000	116,992

E. Number of Securities Owned by Members of the Executive Management members:

Name	Position	Nationality	Number of Shares as at	
			31/12/2018	31/12/2019
Ala Attallah George Qumsieh	Chief Executive Officer	Jordanian	125,000	125,000
Yasser Ibrahim Mohammad Kleib	Head of Institutional Banking	Jordanian	5,505	5,505
Ra'fat Abdullah Ismail Khalil	Chief Auditor	Jordanian	22,179	50,000
Mohammad Hafez Abdelkarim Muhammad Hafez Mu'az	Legal Counselor	Jordanian	-	-
Ali Mohammad Daoud Abu Swai	Chief treasury and Investment Officer	Jordanian	5,870	-
Falah Hassan Khalil Kokash	Chief Risk Officer	Jordanian	2,416	2,416
Manar Muhammad Abd Al-Halim Al-Nsour	Chief Financial Officer	Jordanian	14,044	14,044
Eyas Nazmi Zuhdi Khawaja	Chief Operating Officer	Jordanian	-	-
Hawar Talal Muhammad Hijazi	Director of Human Resources	Jordanian	-	-
Saher Daoud Kamel Abdelhadi	Head of Compliance	Jordanian	-	-
Zain Ammar Khaldoun Malhas	Director of Transaction Banking and Product	Jordanian	-	-
Issam Bassem Nasri Samara	Head of Marketing and Corporate Communications	Jordanian	-	-

- There are no securities owned by relatives of the executive management members.
- There are no securities owned by companies controlled by members of the executive management members or their relatives.

F. Names of major shareholders who own 5% or more, and the number of shares owned compared to the previous year

Name	Nationality	Number of Shares as at December 31, 2018	Percentage	Number of Shares as at December 31, 2019	Percentage
Saad Assim A. Aljanabi	Iraqi	19,524,105	9.762	19,524,105	9.762
Social Security Corporation	Jordanian	18,544,288	9.272	18,544,288	9.272
Said Samih Taleb Darwazeh	Jordanian	16,070,349	8.035	16,070,349	8.035
International Finance Corporation	International	13,836,296	6.918	13,836,296	6.918
Abdallah S. A. Aljanabi	Iraqi	9,977,613	4.989	11,483,787	5.742
Asem S. A. Aljanabi	Iraqi	4,833,181	2.417	11,483,787	5.742

G. Shareholders who own 1% or more of the bank's capital and the statement of mortgaged shares as the ultimate beneficial owners as at December 31, 2019.

Shareholder	Number of Shares	%	Shares Pledged	Final Beneficiary
Saad Assim A. Aljanabi	19,524,105	9.762		Same
Social Security Corporation	18,544,288	9.272		Same
Said Samih Taleb Darwazeh	16,070,349	8.035	Partially mortgaged	Same
International Finance Corporation	13,836,296	6.918		-
Abdallah S. A. Aljanabi	11,483,787	5.742		Same
Asem S. A. Aljanabi	11,483,787	5.742		Same
SARA INTERNATIONAL HOLDINGS LTD	9,889,836	4.945	Partially mortgaged	Limited liability company owned by Mr. Ali Kolaghassi
Bassem Khalil Salem Alsalem	9,836,556	4.918	Partially mortgaged	Same
Mohammed Bin Musa'id Bin Seif Elseif	8,495,472	4.248		Same

Hitaf Investment Company	6,047,776	3.024		Limited private shareholding company owned by "Mohammed Ali" Khaldoun Sati' Al-Husry Sharifa Nisreen Zeid Shaker Aoun
Investment and Integrated Industries Co (Holding)	5,338,007	2.669		Public shareholding company owned by Mrs. Lina Elia Nuqul Mrs. Samira Elia Nuqul Mr. Ghassan Elia Nuqul Mr. Marwan Elia Nuqul Mrs. Randa Elia Nuqul Mr. Elia Qustandi Elia Nuqul and Sons Company
Elia Nuqul and Sons Company	4,735,000	2.368	Fully mortgaged	Limited shareholding company owned by Mrs. Lina Elia Nuqul Mrs. Samira Elia Nuqul Mr. Ghassan Elia Nuqul Mr. Marwan Elia Nuqul Mrs. Randa Elia Nuqul Mr. Elia Qustandi Nuqul
DARHOLD LIMITED	3,537,497	1.769		Private shareholding company owned by a number of partners
Mazen Samih Taleb Darwazeh	3,491,990	1.746	Partially mortgaged	Same
Mohammad Ali Khaldoun Sati Al-Husry	3,023,886	1.512		Same
Mohammad Yousef Saleh Altarawneh	3,008,588	1.504		Same

Sa'd Abu Jaber and Sons Company	2,671,022	1.336		Limited liability company owned by Sa'd Farhan Abu Jaber Kim Fuad Abu Jaber Nimr Fa'iq Sa'd Abu Jaber Laith Fa'iq Sa'd Abu Jaber Omar Farouq Sa'd Abu Jaber Ziad Ra'ouf Sa'd Abu Jaber Marwan Ra'ouf Sa'd Abu Jaber Qais Fouad Sa'd Abu Jaber Mrs. Aida / Nadira Faiq Sa'd Abu Jaber
Ikram Adnan Ahmed Al Bitar	2,420,071	1.210		Same

H. Summary of the Bank's Performance Evaluation and Bonuses Policy

Capital Bank will continue to implement the vision of its brand and institutional identity by emphasizing the concepts of performance and excellence. All the bank's employees, regardless of their position, are partners in the achievement of these objectives and the reinforcement of productivity.
To articulate its policy regarding the employee evaluation system and in granting incentives and bonuses endorsed by the Board of Directors, the bank implements institutional governance guidelines issued by the Central Bank of Jordan. Evaluations are also scaled according to the bank's general performance levels, results of the banking sector, and the level of performance of the employee.
This system also rewards employees according to their performance levels during the year. The evaluation system is dynamic process based on transparency and dialogue among employees and managers, allowing them the opportunity

to work together on performance reviews and identifying potential training and development opportunities, all of which emphasizes the fact that Capital Bank is an establishment driven by outstanding performances.
To this end, the bank has created an evaluation system based on three axes, the first of which is the Key Performance Indicator (KPI), the second is quality evaluation factors, and the third is continued training and development. At the beginning of the year, both sides set goals for the employee, which are reconsidered periodically, with a discussion by both sides about performance and the achievement of set goals, as well as the identification of any obstacles encountered and possible solutions. A final evaluation takes place at the end of the year in order to assess achievements based on the set targets. The bank's policy takes into account the achievement of KPIs at an organizational level as approved by the Board of Directors.

21. Benefits and Bonuses of Board of Directors' and Upper Management Members in 2019

A. Members of the Board of Directors

Name	Fixed Allowance	Committees and Board Allowances	Bonus	Total
Bassem Khalil Salem Al-Salem	420,000	27,600.000	465,000	907,600.000
Mazen Samih Talib Darwazeh		22,080.000	5,000	22,080.000
Integrated Investment and Industries– Omar Ibrahim Muhammad Shahrour		29,640.000	5,000	29,640.000
Social Security Corporation – Fadi Alawneh		29,640.000	5,000	29,640.000
Al-Khalil Investment Company – Khalil Hatem Khalil Al-Salem		37,262.857	5,000	51,970
Hitaf Investment Company "Mohammad Ali" Khaldoun Sati Al-Husry		37,262.857	5,000	37,262.857
Ahmad Qasim Deeb Al-Hanandeh		20,040.000	5,000	20,040.000
Omar Akram Omran Bitar		31,080.000	5,000	31,080.000
Dawod Muhammad Al-Ghoul		30,440.000	5,000	40,290
Mohammad Al-Haj Hassan		30,440.000	5,000	30,440.000
Khaled Nabilsi		28,080.000	5,000	28,080.000
Reem Haitham Jamil Goussous		30,120.000	5,000	30,120.000
Al-Jadara Real Estate Investment Company – Sultan Bin Muhammad Bin Musa'id Al-Seif		14,040.000	5,000	14,040.000
Total	420.000	347,703	525,000	1,292,703

B.Members of the Executive Management Team in 2019

No.	Name	Benefits and Allowances Until 31 December 2019	Bonuses	Total	Notes
1475	Ala Atallah George Qumsieh	439,942	-	439,942	
507	Ra'fat Abdullah Khalil	155,233	40,000	195,233	
137	Mohammad Hafez Abdulkarim Mu'az	129,275	45,000	174,275	
17	Ali Mohammad Abu Swai	137,175	26,000	163,175	
202	Yasser Ibrahim Kleib	155,620	70,000	225,620	
973	Falah Hassan Khalil Kokash	106,098	30,000	136,098	
82	Manar Muhammad Abdul Halim Al-Nsour	123,000	50,000	173,000	
1513	Anton Francis Anton Lolas	120,057	-	120,057	
1497	Eyas Nazmi Zuhdi Khawaja	186,775	48,000	234,775	
1544	Hawar Talal Mohammad Hijazi	139,500	20,000	159,500	
1642	Saher Daoud Kamel Abdulhadi	139,986	-	139,986	
1558	Issam Bassem Nasri Samara	87,712	-	87,712	Promotion resulting from amending the organizational structure on September 19, 2019
	Zain Ammar Khaldoun Malhas	80,246	14,000	94,246	Promotion resulting from amending the organizational structure on 19 September 19, 2019
	Sami Baha' Mamdouh Al-Nabulsi (Capital Company)	307,474	-	307,474	
	Total	**2,308,093**	**343,000**	**2,651,093**	

Donations and grants paid by the bank in 2019

Beneficiary	Amount (JD)
Central Bank Initiative to Spread Financial Culture in Government Schools	97,384
Royal Academy	56,720
King Hussein Cancer Center	50,200
Queen Rania Foundation	50,000
Jordan Hashemite Fund for Human Development	48,528
Initiative to Support Social and Humanitarian Activities	42,897
Annual Grants to Cover Study Expenses	22,194
Loyac Jordan	15,000
Young Muslim Women Association for Special Education	14,250
Donation to an Activity as Part of the Women on the Frontline Conference	11,600
Elia Nuqul Foundation	10,000
Support for Sports Activities	8,300
Tkiyyet Umm Ali for Volunteer and Charity Work (Filling and Distribution of Food Packages)	8,000
Support for the Sponsorship and Rehabilitation of Autistic Creativity Association	3,000
Assistance Packages Distribution for the Orphan Sponsorship Charity Association – Al-Mafraq	2,250
Donation to the Jiran Initiative	2,200
Support for the “Draw a Smile” Initiative – Haya Cultural Center	1,425
Other	90,026
Total	537,924

23. There are no contracts, projects, or commitments concluded by the issuing company with subsidiaries, sister companies, affiliates, board members, the chief executive officer or any employee or their relatives.

24. The bank’s contribution to protecting the environment and serving the local community
This appeared in the Board of Directors’ report.

C. Declarations

1. **The Board of Directors hereby declares that there are no substantial matters that could affect the bank’s sustainability during the upcoming fiscal year.**
2. **The Board of Directors hereby acknowledges its responsibility in preparing the financial statements and establishing an effective monitoring system at the bank.**

3. The Board of Directors hereby declares that none of its members received material or in-kind benefits for them personally or anyone related to them for the fiscal year 2019.

Vice Chairman of the Board
Mr. Mazen Samih Taleb Darwazeh

Representative member of the Social Security Corporation
Ms. Shaden Ziyad Nabih Darwish Al Hajji

Chairman of the Board
Mr. Bassem Khalil Salim Al-Salem

Member of the Board of Directors
Omar Akram Omran Bitar

Representative member of the Board of Directors of Integrated Investments and Industries (Holding)
Mr. Mohammad-Ali Khaldoun Sati'i Al-Husry

Representative member of the Board of Directors of Integrated Investments and Industries (Holding)
Mr. Omar Mohammad Ibrahim Shahrour

Member of the Board of Directors
Mr. Khalid Walid Husni Nabilsi

Represnting Al Jadara Company for Real Estate Investment
Sultan Mohammed M. Elseif

Representing Al-Khalil Company for Investments
Khalil Hatem Khalil Al-Salem

Member of the Board of Directors
Mr. Mohammad Hassan Subhi Al-Haj Hassan

Member of the Board of Directors
Mr. Ahmad Qasim Theeb Al-Hanandeh

Member of the Board of Directors
Ms. Reem Haitham Jamil Goussous

Member of the Board of Directors
Mr. Daoud Mohammad Daoud Al Ghoul

4. We, the undersigned, hereby declare that the information and data contained in this annual report are true and accurate.

Chief of Financial Management
Manar Mohammad Al Nsour

Chief Executive Officer
Ala Atallah Qumsieh

Chairman of the Board of Directors
Bassem Khalil Al-Salem

Governance Report

Table of Contents

1. Introduction

Ladies and Gentlemen,

The Capital Bank of Jordan was founded in 1995 as a public shareholding company and was duly registered in the records of the Companies Control Department under the name Export and Finance Bank. Since its establishment, the bank has been successively governed by various boards of directors, the most recent of which was formed in May 2017. At the General Assembly meeting, thirteen members were elected, all of whom have the knowledge, experience, skills, and independence to enable them to carry out their duties efficiently and professionally. Through their experience, the members of the board possess the ability to make their decisions independently and objectively while taking into account the interests of the bank, its shareholders, and depositors, free from any personal interests or external influences.

The bank recognizes that the work of its board should be independent and specific, and with this in mind, six of its 13 members are independent.. Independent members add a new dimension through their impartiality and experience, which they offer free of any conflicts of interest. Members of the board are formed into committees in order to carry out all of the board's tasks efficiently. The objectives, functions and responsibilities of these committees have been set and delegated according to an approved charter included in the Guide for Corporate Governance, which is available on the bank's website (http://www.capitalbank.jo), detailing the qualifications of each member.

In 2014, the Central Bank of Jordan issued the Corporate Governance Regulations, which were amended several times since their issuance, the last of which was in 2016. In 2017, the Jordan Securities Commission (JSC) also issued a set of instructions on corporate governance of listed joint-stock companies. Capital Bank of Jordan has been a pioneer in applying corporate governance, and has prepared its own corporate governance guide in cooperation with Ernst & Young, which is fully and comprehensively based on the instructions of the Central Bank of Jordan and takes into account the Jordan Securities Commission (JSC) instructions as well as global best practices in this field. Capital Bank has also implemented a comprehensive review of these guidelines based on the new released guidelines of 2017.

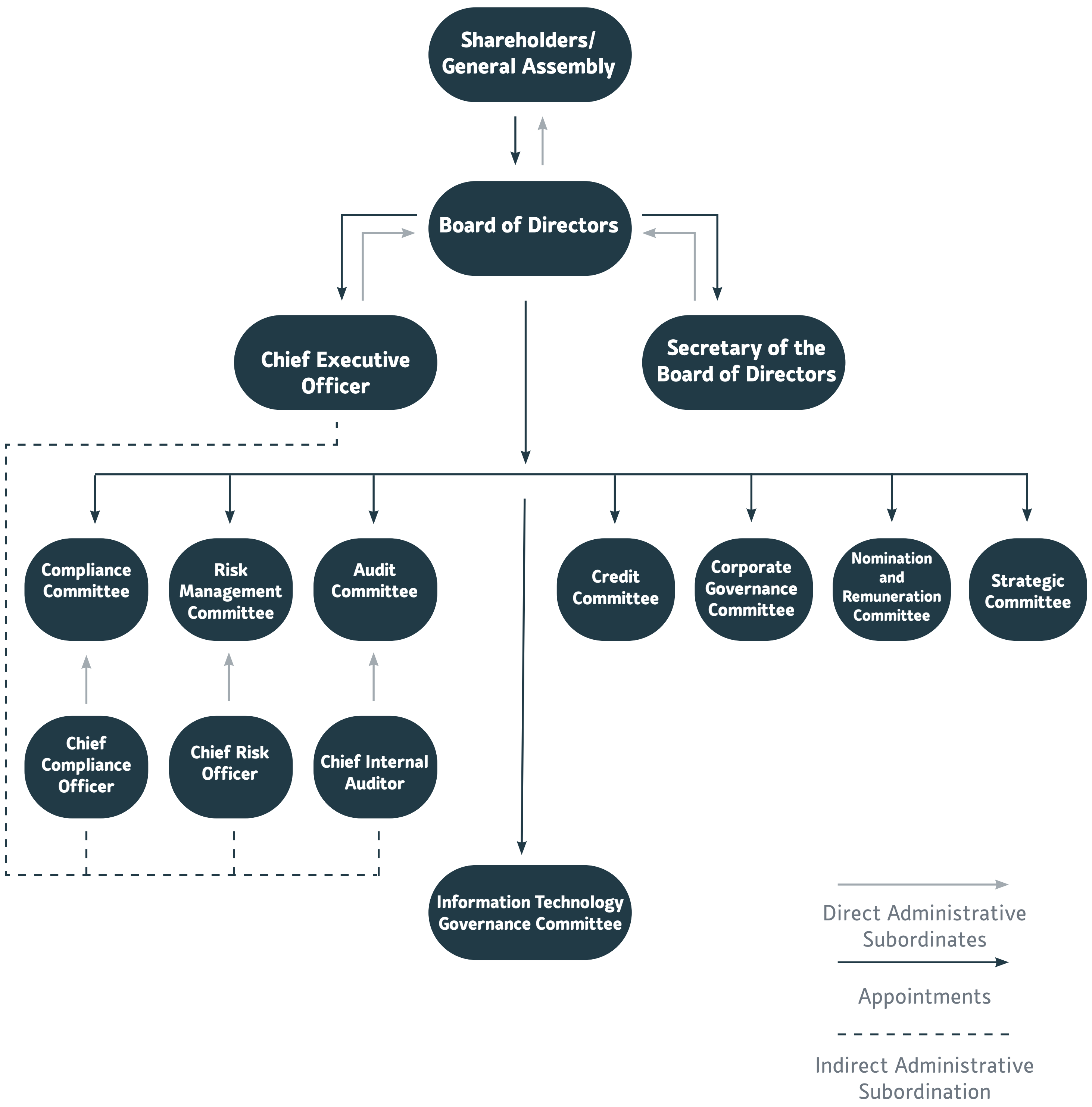
As part of its ongoing efforts to institutionalize the principle of governance, Capital Bank has adopted a set of policies that ensure the application of best practices in governance.

Capital Bank of Jordan affirms its commitment to the corporate governance provisions No. 63/2016 issued by the Central Bank of Jordan, as well as its amendments and the provisions of corporate governance of joint-stock companies listed in 2017. The bank has also published its corporate governance guidelines on its website in accordance with the instructions of the Central Bank of Jordan.

We present to you the governance report, which was duly adopted by the Board of Directors, in accordance with the provisions of Article 17 of the corporate governance guidelines.

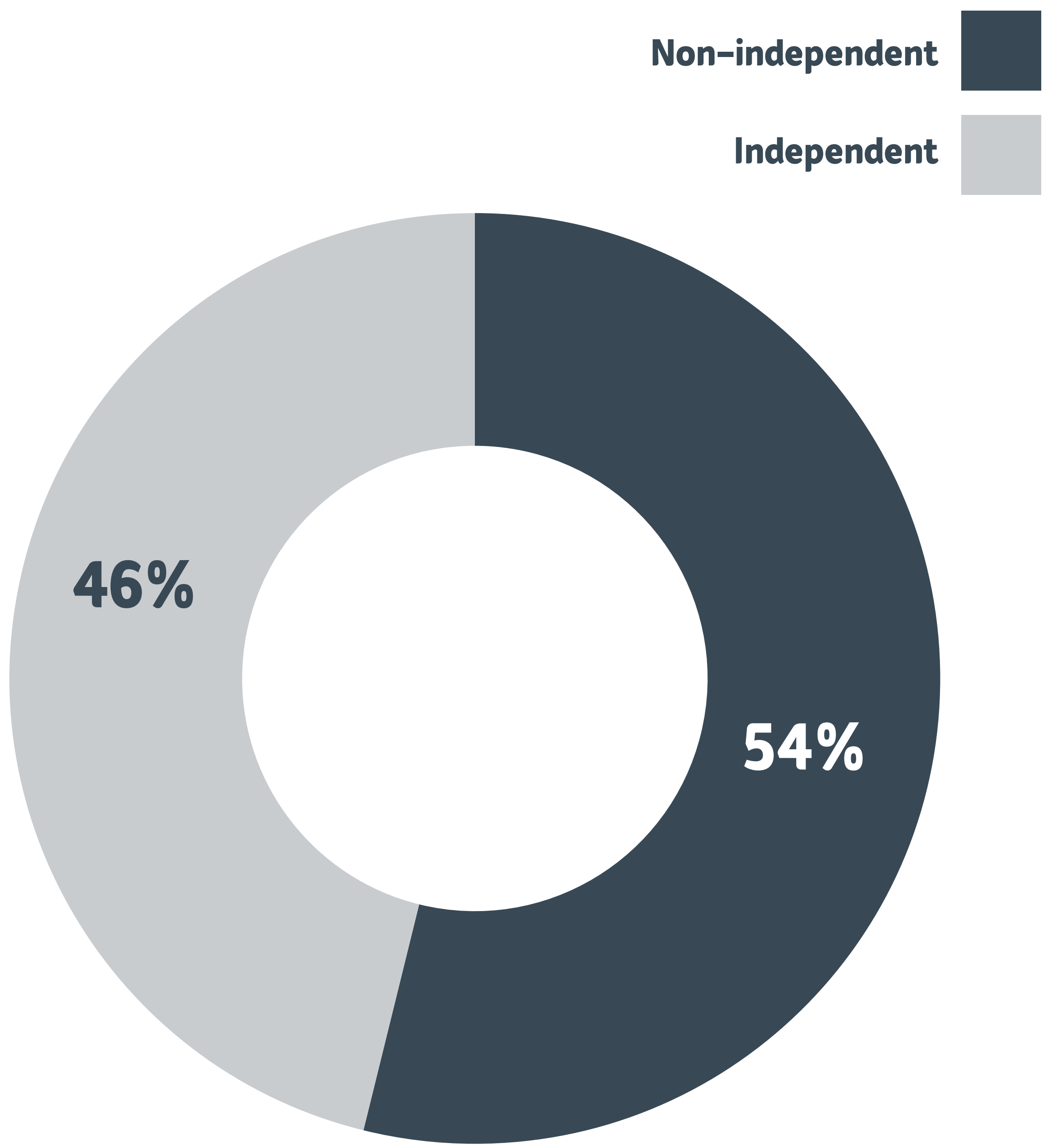
Chairman of the Board of Directors

2. The General Framework of the Governance System in the Bank



3. Members of the Board of Directors

1.3 Composition of the Board



*All board members are non-executive members

3.2. Board Members

Board Member	Representative	Independence
His Excellency Mr. Bassem Khalil Salem Alsalem		Not independent
Mr. Mazen Samih Taleb Darwazeh		Not independent
Social Security Corporation	Mr. Fadi Khaled Mufleh Al Alawneh until 01/12/2019 Ms. Shaden Ziyad Nabih Darwish Alhaji	Not independent
Investment and Integrated Industries Co (Holding)	Mr. Omar M. I. Shahroor	Not independent
Hitaf Investment Company	Mr. "Mohammed Ali" Khaldoun Sati' Al-Husry	Not independent
Al Khalil Company for Investments	Mr. Khalil Hatem Khalil Al-Salem	Not independent
Al-Jadarah Company for Real Estate Investment	Mr. Sultan Mohammed M. Elseif	Not independent
Mr. Omar Akram Omran Bitar		Independent
Ms. Reem Haitham Jamil Goussous		Independent
Mr. Ahmad Qasem Deeb Al-Hanandeh		Independent
Mr. Khalid Walid Hussni Nabilsi		Independent
Mr. Dawod M. D. Al Ghoul		Independent
Mr. Mohammad Hasan Subhi (AlHaj Hasan)		Independent

3.3 Membership of the Board Members (Individuals) in other Public Shareholding Companies In Jordan

Name of Member	Membership in Public Shareholding
His Excellency Mr. Bassem Khalil Salem Alsalem	Board Member at General Mining Co and Board Member at The Royal Jordanian
Mr. Mazen Samih Taleb Darwazeh	None
Mr. Omar Akram Amran Al Bitar	None
Ms. Reem Haitham Jamil Goussous	None
Mr. Ahmad Qasem Deeb Al-Hanandeh	None
Mr. Khalid Walid Hussni Nabilsi	None
Mr. Dawod M. D. Al Ghoul	None
Mr. Mohammad Hasan Subhi (AlHaj Hasan)	None

3.4 Resigned Members of the Board of Directors

No member of the Board of Directors resigned in 2018.

3.5 Name of Governance Liaison at the Bank:

The Secretary of the Board of Directors Ms. Orouba Said Qarain is the Governance Liaison at the Bank.

3.6 Board Committees:

3.6.1 Audit Committee

Members of the Audit Committee and a Brief Description of their Qualifications and Experience Including Financial and Accounting Matters:

Mr. Dawod M. D. Al Ghoul, Committee Chairman	
Qualifications	BA in Accounting from the University of Jordan, MBA From the University of Colorado, Certified Public Accountant (CPA).
Experience	Mr. Al Ghoul has worked for more than 22 years in financial and strategic planning, investments and financial restructuring. He began his career in 1995 as an auditor at Arthur Andersen in Dubai, UAE, and then at Schlumberger, Dubai as assistant financial director for MENA and the Indian subcontinent. He then moved to KPMG in Dallas, Texas, as a financial advisor in international taxation. In 2003, he joined the Arab Bank Group as vice chief financial officer. In 2008, he took over as executive vice president of planning and investment for the same group, during which time he led and developed the group's financial plans. In 2012, he took over the position of chief financial officer of the Arab Bank Group then he worked as CFO at Amanat Holding Group - Dubai. He is currently the Chief Financial Officer at Capital Group in Abu Dhabi.

Mr. Mohammad Hasan Subhi (AlHaj Hasan), Committee Vice-Chairman	
Qualifications	BA in Finance and Microeconomics from Massachusetts Institute of Technology (MIT), Master's of Business Administration and a Master's in Education from Stanford Graduate School.
Experience	Mr. AlHaj Hasan worked as a financial analyst in the corporate purchasing and mergers department of Dresdner Kleinwort Wasserstein. He also served as vice general manager of Rasmala, a company registered in Dubai that works in investments and fundraising. He founded Akhtaboot, an employment and talent acquisition company in the Gulf and the Middle East, and Jawaker, an electronic gaming company.

Al Khalil Company for Investments represented by Khalil Hatem Khalil Al-Salem, Committee Member	
Qualifications	BA in Economics from Columbia University
Experience	Mr. Al-Salem previously served as the director of the Office of His Royal Highness Prince Ali Bin Al-Hussein. He began his career as a financial analyst at J.P. Morgan in New York, then as a financial analyst and business development manager at Capital Investment & Brokerage - Jordan Ltd Co. He also worked as a financial analyst for Midrar Investments.

3.6.2 Nomination and Remuneration Committee:
Members of Nomination and Remuneration Committee:

Mr. Omar Akram Omran Bitar	Committee Chairman
Mr. Mazen Samih Taleb Darwazeh	Committee Vice-Chairman
Al-Jadarah Company for Real Estate Investment represented by Mr. Sultan Mohammed M. Elseif	Committee Member
Mr. Dawod M. D. Al Ghoul	Committee Member
Ms. Reem Haitham Jamil Goussous	Committee Member

3.6.3 Corporate Governance Committee:
Members of the Corporate Governance Committee:

Mr. Reem Haitham Jamil Goussous	Committee Chairman
His Excellency Mr. Bassem Khalil Salem Alsalem	Committee Vice-Chairman
Mr. Omar Akram Omran Bitar	Committee Member

3.6.4 Risk Management Committee:
Members of the Risk Management Committee:

Social Security Corporation represented by Ms. Shaden Ziyad Nabih Darwish Alhaji	Committee Chairman
Al Khalil Company for Investments represented by Mr. Khalil Hatem Khalil Al-Salem	Committee Vice-Chairman
Mr. Khalid Walid Hussni Nabilsi	Committee Member

3.6.5 Credit Committee:
Members of Credit Committee:

His Excellency Mr. Bassem Khalil Salem Alsalem	Committee Chairman
Mr. Mazen Samih Taleb Darwazeh	Committee Vice-Chairman
Hitaf Investment Company represented by Mr. "Mohammed Ali" Khaldoun Sati' Al-Husry	Committee Member
Investment and Integrated Industries Co (Holding) represented by Mr. Omar M. I. Shahrour	Committee Member
Khalid Walid Hussni Nabilsi	Committee Member

3.6.6 Compliance Committee:
Members of the Compliance Committee:

Investment and Integrated Industries Co (Holding) represented by Omar M. I. Shahroor	Committee Chairman
Social Security Corporation represented by Ms. Shaden Ziyad Nabih Darwish Alhaji	Committee Vice-Chairman
Ms. Reem Haitham Jamil Goussous	Committee Member

3.6.7 Information Technology Governance Committee:
Members of Information Technology Governance Committee:

Mr. Mohammad Hasan Subhi (AlHaj Hasan)	Committee Chairman
Mr. Ahmad Qasem Deeb Al-Hanandeh	Committee Vice-Chairman
Al Khalil Company for Investments represented by Mr. Khalil Hatem Khalil Al-Salem	Committee member
Mr. Khalid Walid Husni Nabilsi	Committee Member

3.6.8 Strategic Committee:

Members of the Strategic Committee:

His Excellency Mr. Bassem Khalil Salem Alsalem	Committee Chairman
Hitaf Investment Company, represented by Mr. "Mohammed Ali" Khaldoun Sati' Al-Husry	Committee Vice Chairman
Al Khalil Company for Investments, represented by Mr. Mr. Khalil Hatem Khalil Al-Salem	Committee member
Ms. Reem Haitham Jamil Goussous	Committee member
Mr. Ahmad Qasem Deeb Al-Hanandeh	Committee member
Mr. Dawod M. D. Al Ghoul	Committee member
Mr. Mohammad Hasan Subhi (AlHaj Hasan)	Committee member

3.7 Number of Meetings of the Board and Board Committees and List of Current Members

#	Board Member Name	Board of Directors Number of Meetings (8)	Audit Committee* Number of Meetings (8)	Compliance Committee Number of Meetings (5)	Risk Management Committee Number of Meetings (4)	Nomination and Remuneration Committee Number of Meetings (2)	Corporate Governance Committee Number of Meetings (2)	Credit Committee Number of Meetings (5)	Information Technology Governance Committee Number of Meetings (8)	Strategic Committee Number of Meetings (1)
1	H.E Mr. Bassem Khalil Salem Alsalem	6/8					2/2	5/5		1/1
2	Mr. Mazen Samih Taleb Darwazeh	3/8				2/2		1/5		
3	Social Security Corporation represented by Mr. Fadi Khlid Mufleh Alalawneh untill 01/12/2019, and Ms. Shaden Ziyad Nabih Darwish Alhaji as of 02/12/2019	8/8		4/5	3/4					
4	Investment and Integrated Industries Co (Holdings) represented by Mr. Omar M. I. Shahrour	7/8		5/5				5/5		
5	Hitaf Investment Company represented by Mr. "Mohammed Ali" Khaldoun Sati' Al-Husry	7/8						5/5		1/1
6	Mr. Khalil Hatim Al Khalil Company for Investments represented by Mr. Khalil Hatem Khalil Al-Salem	7/8	7/8		4/4				8/8	1/1
7	Al-Jadarah Company for Real Estate Investment represented by Mr. Sultan Mohammed M. Elseif Al-Jadarah Company for Real Estate Investment represented by Mr. Sultan Mohammed M. Elseif	6/8				1/2 [1]				
8	Omar Akram Omran Bitar	8/8			4/4	2/2	2/2			
9	Ms. Reem Haitham Jamil Goussous	7/8		4/5		2/2	2/2			1/1
10	Mr. Ahmad Qasem Deeb Al-Hanandeh	3/8							5/8	1/1
11	Mr. Khalid Walid Hussni Nabilsi	6/8						5/5	6/8 [2]	
12	Mr. Dawod M. D. Al Ghoul	8/8	8/8			1/2				1/1
13	Mr. Mohammad Hasan Subhi (AlHaj Hasan)	7/8	6/8						8/8	1/1

* Four meetings were attended by external auditors.
1. One meeting was attended by phone.
2. One meeting was attended by phone.

4. Names of Executive Management Members and their Positions:

Name of Member	Position
Ala Attallah George Qumsieh	Chief Executive Officer
Yasser Ibrahim Mohammad Kleib	Head of the Institutional Banking
Ra'fat Abdulla Ismail Khalil	Chief Auditor
Mohammad Hafiz Abdul-Karim Mohammad Hafiz Mu'az	Legal Counsel
Ali Mohammad Daoud Abu Sawi	Chief Treasury & Investment Officer
Saher Daoud Kamil Abdul-Hadi	Head of Compliance
Manar Mohammad Abdul Halim Nsour	Chief Financial Officer
Falah Hassan Khalil Kokash	Chief Risk Officer
Eyas Nazmi Zuhdi Khawaja	Chief Operating Officer
Hawar Talal Mohammad Hijazi	Head of Human Resources
Zain Ammar Khaldoun Malhas	Head of Transaction Banking
Isam Basem Nasri Samara	Head of Marketing & Corporate Communications

5. Reports of Board Committees during of the year 2019

Audit Committee

The most important issues discussed in 2019

1. Topics related to the Internal Audit Department:

- Adopting the 2020 risk-based internal audit plan and work methodology.
- Approving the amendment of the internal audit charter.
- Approving the performance evaluation of the internal audit staff for the year 2018.
- Annual increments for the staff of the Internal Audit Department for the year 2019.

2. Internal audit reports:
- Discussing internal audit reports on the activities of all duty stations at the bank’s branches and subsidiaries, in addition to the achievements of the Internal Audit Department in accordance with the 2019 audit plan.
- Discussing the report of the Internal Audit Department outside the scope of the audit plan that took place during 2019.

3. Reviewing periodic reports related to the following:

- Dealing with related parties.

4. Topics related to financial statements:

- Reviewing the periodic reports that include the financial statements (annual, semi-annual and quarterly), and recommending to the Board to approve them after ensuring that they are accurate, complete and conforming to the information and reflect the appropriate accounting standards and laws for submission to the Board of Directors.
- Ensuring that the provisions are sufficient against suspect debts and securities portfolio allocations and express an opinion on the bank’s non-performing or proposed debts as bad debts.

- Providing recommendations to the bank's board of directors regarding the appointment of the external auditors and the conditions that relate to contracting them as stated in the approved external audit policy.
- Discussing the auditor's fees for the 2018 fiscal year.
- Reviewing the observations contained in the reports of the Central Bank of Jordan and the reports of the external auditor and accounting issues that have a material impact, including complex transactions, and transactions with related parties with current professional or legal statements, and understanding the extent of their impact on the financial statements of the group.

5. Miscellaneous topics:

- Approving the external auditor to provide additional services, such as auditing corporate governance and IT management infrastructures.
- The internal audit report and the external audit report regarding the requirements related to information technology governance. "Report on the assessment (risks - controls) of information and associated technology.
- Meeting with the external auditor and Audit Director.
- Recommendations on executing debts and settle accounts.
- Recommendations on the selection of the external auditor as auditors.

6. Reviewed and recommended the following policies:

- Financial and accounting policy.
- An updated external audit policy.

Corporate Governance Committee

The most important issues discussed in 2019

1. Reviewing the comprehensive audit report on the work of corporate governance and the secretariat.
2. Reviewing the Corporate Governance Manual.

Risk Management Committee

The most important issues discussed in 2019

1. Reviewing the information and reports prepared by the bank's risk management.
2. Knowing the events that may affect the risks faced by the bank (such as political changes and changes in investment policies).
3. Reviewing the internal capital adequacy assessment process (ICAAP), ensure that the capital adequacy of all risks to or may be exposed to the bank, and follow up on them.
4. Reviewing the risk management framework and risk limits 2019-2022.
5. Risk Management Work Plan of the year 2019.
6. Fill out a questionnaire on risk management work.
7. Follow-up to the RAROC risk pricing mechanism to ensure that it covers all the risks specific to the Bank's various portfolios and achieve the appropriate return on these risks.
8. Reviewing the actual risk system for all the activities of the bank in comparison with the accepted risk document and following up on dealing with negative deviations.
9. Discussing the periodic reports submitted to the Board's risk committee.
10. Risk Management Staff Assessment.
11. Adopting a credit concentration methodology.
12. Cyber security.
13. Discussing IFRS 9 hypotheses and all related scenarios.
14. Adopt a proposal to amend the Charter of the Risk Committee.
15. Results of stress tests.
16. Information security risk assessment methodology.
17. Reviewing the bank's policies regarding the following:
    - The internal capital measurement process policy
    - Incorrect reporting policy and practices
    - Market risk policy
    - Liquidity risk policy
    - Liquidity Contingency plan
    - Information security policy
    - Business Continuity Policy
    - Job rotation policy

- Anti-fraud policy
- The general policy of those authorized to sign
- Updated credit risk policy

Nomination and Remuneration Committee

The most important issues discussed in 2019

- Discussing the methodology for calculating incentives.
- Results of evaluating the performance of members of the executive management.
- Discussing the evaluation questionnaire of the Board and its committees.
- Discussing the organizational structure of the bank.
- The CEO evaluation results.
- Discussing increases for members of senior executive management.
- Salary scale.

Compliance Committee

The most important issues discussed in 2019

- Adoption of the 2020 compliance plan.
- Discussing the comprehensive internal audit report on the compliance department's work.
- Discussing the risk assessment report to combat money laundering and terrorist financing.
- General evaluation of the bank and its subsidiaries 'commitment to the regulatory authorities' instructions and global best practices in compliance and combating money laundering and terrorist financing.
- Meeting with the Head of Compliance without attending the Senior Executive Management.
- Fines, penalties or violations imposed by the supervisory authorities and / or contracting parties during the year arising from non-compliance with the instructions and requirements of the supervisory authorities.

- Discovered compliance risks and proposed correction procedures through conducting tests, checks and field visits to the work centers.
- Banking products and services viewed during the year.
- The outputs and results of the internal and external auditors and reports of the Central Bank of Jordan inspectors that show cases of non-compliance.
- Customer complaints showing instances of non-compliance and corrective actions.
- Number of cases investigated and reported to the Anti-Money-Laundering and Terrorist Financing Unit.
- Training courses and support to the different branches and departments of the bank in addition to the activities that the Compliance Department participated in.
- Any alert signs that may cause non-compliance.
- Reviewing the VATCA policy

Information Technology Governance Committee

The most important issues discussed in 2019

1. Matters related to IT Governance (COBIT 2019).
2. View and discuss progress and efficiency reports of projects related to information technology.
1. Review the internal and external audit reports regarding the requirements related to information technology governance instructions.
2. Amending the charter of the Information Technology Governance Committee and the Information Technology Governance Steering Committee.

Credit Committee

The most important issues discussed in 2019:

1. Discussing the requests for credit facilities according to the credit policy and authority accredited by the bank.

Strategic Committee:

The most important issues discussed in 2019:

1. Discussing the strategic direction of the group over the coming three years.

Chairman of the Board
Bassem Khalil Al-Salem

Branches

No.	Branch	Address	
1	Main Branch - General Administration	Issam Al-Ajlouni Street – Ashmaisani No. 35	MainBranch@Capitalbank.jo
2	Smeissani Branch Capital Select	Isam Al-Ajlouni Street - Shmesani Building 40	Select.Shmeissani@CapitalBank.jo
3	Al-Madinah Al-Munawwara Street Branch	Al-Madinah Al-Munawwara Street	MadinehBranch@Capitalbank.jo
4	Dabouq Branch	King Abdullah II Street	DabouqBranch@Capitalbank.jo
5	Al-Swaifieh Branch	Tariq Al Jundi street intersection with the Ali Nasuh Al Taher Street - Alswaifieh	SweifyiehBranch@Capitalbank.jo
6	Majdi Mall – Ground Floor Branch	Queen Rania Al-Abdullah Street	MajdiMallBranch@Capitalbank.jo
7	Wehdat Branch	Madaba Street – Wehdat	WehdatBranch@Capitalbank.jo
8	Free Zone/Zarqa Branch	Vehicles Licensing Area	FreeZoneBranch@Capitalbank.jo
9	Irbid Branch	Al-Huson Street – Irbid	IrbidBranch@Capitalbank.jo
10	Aqaba Branch	Annahdah Street – Aqaba	AqabaBranch@Capitalbank.jo
11	Al-Gardens Branch	Wasfi Al-Tall Street – Building No. 115	ALGardenzBranch@Capitalbank.jo
12	New Zarqa Branch	New Zarqa – 36 Street – Kurdi Plaza Complex	ZarqaNewBranch@Capitalbank.jo
13	Taj Mall Branch	Taj Mall Zahran Area Southern Abdoun	TajMallBranch@Capitalbank.jo
14	Abdoun Branch Capital Select	Cairo Street - Northern Abdoun	Select.Abdoun@CapitalBank.jo