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الرقم : م ٢٠٢٠/١٦٥/١٠٠

Date : July 29th 2020

التاريخ : ٢٠٢٠/٧/٢٩

To: Jordan Securities Commission

السادة هيئة الأوراق المالية المحترمون

Amman Stock Exchange

السادة بورصة عمان المحترمون

تحية وبعد ،،

Semi - Annual Report as of 30/6/2020

التقرير نصف السنوي كما في ٢٠٢٠/٦/٣٠

Attached the Semi-Annual Report of Jordan
Kuwait Bank as of 30/6/2020.

مرفق طيه نسخة من البيانات المالية نصف
السنوية لشركة البنك الأردني الكويتي كما هي
بتاريخ ٢٠٢٠/٦/٣٠ .

Best Regards,

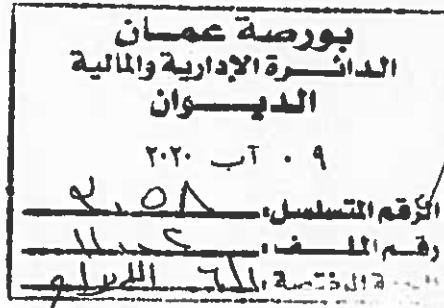
وتفضلوا بقبول فائق الاحترام ،،،

Moh'd Yaser Al Asmar

General Manager

محمد ياسر الأسمر

المدير العام



**JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN – HASHEMITE KINGDOM OF JORDAN**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**30 JUNE 2020
(UNAUDITED)**

**JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN- HASHEMITE KINGDOM OF JORDAN**

**30 JUNE 2020
(UNAUDITED)**

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**REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS OF JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Jordan Kuwait Bank (the "Bank") and its subsidiaries (together the "Group") as at 30 June 2020 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of other comprehensive income for the three and six months ended 30 June 2020, and the interim condensed consolidated statements of changes in equity and cash flows for the six months then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) "interim financial reporting" as amended by the Central Bank of Jordan instructions. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (2410) "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

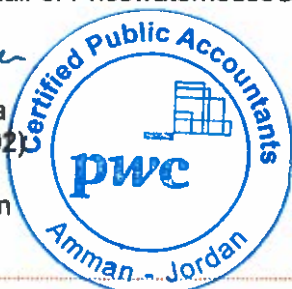
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not properly prepared, in all material respects, in accordance with International Accounting Standard (34) as amended by the Central Bank of Jordan instructions.

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


Hazem Sababa
License No (802)

Amman, Jordan
29 July 2020



JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	June 30, 2020 (Unaudited) JD	December 31, 2019 (Audited) JD
ASSETS			
Cash and balances at central banks	4	342,263,325	402,004,690
Balances at banks and financial institutions	5	83,641,422	134,085,678
Deposits at banks and financial institutions	6	156,064	217,231
Direct credit facilities-net	7	1,576,502,479	1,573,776,716
Financial assets at fair value through other comprehensive income	8	89,815,071	96,124,306
Loan at fair value through profit or loss	9	10,000,000	-
Financial assets at amortized cost	10	376,116,171	308,656,110
Property and equipment - net		25,694,178	26,711,598
Intangible assets - net		1,472,771	1,357,766
Deferred tax assets		30,997,129	31,137,943
Other assets	12	173,851,004	163,332,131
Right of use leased assets	11	13,698,215	14,278,048
Assets held for sale- net	35	4,776,777	4,318,694
TOTAL ASSETS		2,728,984,606	2,756,000,911
LIABILITIES AND EQUITY			
LIABILITIES			
Banks and financial institutions deposits		156,653,693	141,237,514
Customers deposits	13	1,821,879,025	1,866,092,506
Cash margins		78,908,527	82,178,622
Borrowed funds	16	113,669,585	102,207,464
Other provisions	14	13,736,316	12,408,652
Liabilities against right of use leased assets	10	12,341,147	13,245,180
Provision for income tax	15	1,379,239	14,760,848
Deferred tax liabilities		3,394,563	3,489,800
Other liabilities	17	69,958,614	59,542,151
Liabilities directly related to assets held for sale	35	1,509,640	1,305,735
TOTAL LIABILITIES		2,273,430,349	2,296,468,472
EQUITY			
Authorized and paid-in capital	32	150,000,000	100,000,000
Statutory reserve	33	96,043,640	96,043,640
Voluntary reserve	33	131,023,362	181,023,362
Financial assets valuation reserve - net	18	4,372,505	2,296,466
Equity directly related to assets held for sale	35	(19,459)	(17,829)
Retained earnings	19	79,885,381	80,186,800
Loss for the period		(5,751,172)	-
NET EQUITY		455,554,257	459,532,439
TOTAL LIABILITIES AND NET EQUITY		2,728,984,606	2,756,000,911

The accompanying notes from 1 to 36 constitute an integral part of these interim condensed consolidated financial statements.

JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE PERIOD ENDED 30 JUNE 2020

Note	For the Three Months Ended 30 June		For the six Months Ended 30 June		
	2020	2019	2020	2019	
	JD (unaudited)	JD (unaudited)	JD (unaudited)	JD (unaudited)	
Interest income	20	35,754,715	37,640,659	71,373,695	75,208,228
Less: Interest expense	21	12,958,810	15,366,398	28,207,395	30,113,444
Net Interest Income		22,795,905	22,274,261	43,166,300	45,094,784
Net commission income		1,780,744	2,196,744	4,019,235	4,821,743
Net Interest and Commission Income		24,576,649	24,471,005	47,185,535	49,916,527
Foreign currency income		676,838	848,193	1,441,172	1,471,069
Gain from financial assets at fair value through profit or loss		-	-	-	316,295
Cash dividends from financial assets at fair value through other comprehensive income	8	383,595	681,001	2,536,119	1,731,001
Other income	22	1,711,128	4,252,228	4,388,103	8,403,025
Gross Income		27,348,210	30,252,427	55,550,929	61,837,917
Employees expenses		7,526,637	7,595,574	14,491,488	14,009,306
Depreciation and amortization		1,172,162	2,234,750	2,426,039	4,460,275
Provision for expected credit losses on direct credit facilities	7	8,738,156	2,889,601	17,231,187	5,468,942
(Reversal from) provision for expected credit losses on indirect credit facilities		(1,144,010)	1,140,017	569,188	1,000,182
Provision for (reversal from) expected credit losses on investments		141,278	(79,184)	5,887,034	(199,422)
Provision for (reversal from) expected credit losses on deposits at banks and financial institutions		684,019	(9,032)	682,511	(4,427)
Other provisions		990,000	365,918	1,980,000	1,460,340
Other expenses	23	10,815,541	5,162,040	16,574,474	10,432,825
Total Expenses		28,923,782	19,299,684	59,841,920	36,628,021
(Loss) income for the period before income tax expense		(1,575,572)	10,952,743	(4,290,991)	25,209,896
Income tax expense	15	(946,315)	(3,917,340)	(1,296,526)	(8,587,324)
(Loss) income for the period from continuing operations		(3,222,309)	7,035,403	(5,587,517)	16,622,572
Income (loss) from discontinued operations	34	5,895	(213,159)	(163,655)	(258,102)
(Loss) income for the period		(3,216,414)	6,822,244	(5,751,172)	16,364,470
(Loss) earning per share for the period - basic and diluted	24	(0,002)	(0,005)	(0,004)	0,011
(Loss) earning per share from continued operations for the period - basic and diluted	24	(0,021)	(0,047)	(0,037)	0,111
Loss per share from discontinued operations for the period basic and diluted	24	0,000	(0,001)	(0,001)	(0,002)

The accompanying notes from 1 to 36 constitute an integral part of these interim condensed consolidated financial statements.

JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2020

	For the Three Months Ended 30 June		For the six Months Ended 30 June	
	2020	2019	2020	2019
	JD (unaudited)	JD (unaudited)	JD (unaudited)	JD (unaudited)
(Loss) income for the Period	(3,216,414)	6,597,244	(5,751,172)	16,364,470
Other Comprehensive Income Items:				
Items that may be reclassified to profit or loss in subsequent periods				
Net change in financial assets at fair value valuation reserve - debt instruments – after tax	2,519,569	1,726,576	2,142,145	2,289,924
Items that will not be reclassified to profit or loss in subsequent periods				
Net change in financial assets at fair value valuation reserve - equity instruments - net of tax	608,642	(671,434)	(66,107)	1,383,789
Total Comprehensive (loss) income for the Period	(88,203)	7,652,386	(3,675,134)	20,038,183

The accompanying notes from 1 to 36 constitute an integral part of these interim condensed consolidated financial statements

**JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2020**

	Equity – Bank's Shareholders												
	Reserves					Financial Assets – Equity directly related							
	Authorized and Paid-in Capital JD	Statutory JD	Voluntary JD	Valuation Reserve net after Tax JD	Equity directly related to assets held for sale JD	(Loss) for the period JD	Retained Earnings JD	Total JD					
For the six months ended June 30, 2020 (Unaudited)													
Balance - Beginning of the Period	100,000,000	96,043,640	181,023,362	2,296,466	(17,829)	-	80,186,800	459,532,439					
Loss for the period	-	-	-	-	-	(5,751,172)	-	(5,751,172)					
Net change in financial assets at fair value through comprehensive income	-	-	-	2,076,038	(1,630)	-	-	2,074,408					
Total comprehensive income	-	-	-	2,076,038	(1,630)	(5,751,172)	-	(3,676,764)					
Capital increase expenses - after tax	-	-	-	-	-	-	(301,419)	(301,419)					
Bonus shares (Note 32).	50,000,000	-	(50,000,000)	-	-	-	-	-					
Balance - End of the Period	150,000,000	96,043,640	131,023,362	4,372,505	(19,459)	(5,751,172)	79,885,381	455,554,257					

- Included in retained earnings, an amount of JD 30,997,129 as of June 30, 2020 (JD 31,137,943 as of December 31, 2019) restricted by the Central Bank of Jordan instructions, against deferred tax assets.

- Included in retained earnings an amount of JD 3,537,266 as of June 30, 2020 and as of December 31, 2019 which represents the effect of the early adoption of IFRS (9). Such amount is restricted and cannot be utilized unless realized through actual sale as instructed by Jordan Securities Commission. Which represents the revaluation differences of financial assets at fair value through statement of income, net of those realized through sales.

- Use of fair value reserve is restricted and requires prior approval from the Central Bank of Jordan.

The accompanying notes from 1 to 36 constitute an integral part of these interim condensed consolidated financial statements.

**JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2020**

	Equity – Bank's Shareholders							
	Reserves							
	Authorized and Paid-in Capital JD	Statutory JD	Voluntary JD	Financial Assets – Valuation Reserve After Tax JD	Equity directly related to assets held for sale JD	Income for the period JD	Retained Earnings JD	Total JD
For the six months ended June 30, 2019 (Unaudited)								
Balance - Beginning of the Period	100,000,000	91,350,185	171,636,452	4,160,518	(17,829)	-	78,432,483	445,561,809
Income for the period	-	-	-	-	-	16,364,470	-	16,364,470
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	(5,885,887)	-	-	5,885,887	-
Net change in financial assets at fair value through comprehensive income	-	-	-	3,673,713	-	-	-	3,673,713
Total comprehensive income	-	-	-	(2,212,174)	-	16,364,470	5,885,887	20,038,183
Cash dividends	-	-	-	-	-	-	(20,000,000)	(20,000,000)
Balance - End of the Period	100,000,000	91,350,185	171,636,452	1,948,344	(17,829)	16,364,470	64,318,370	445,599,992

The accompanying notes from 1 to 36 constitute an integral part of these interim condensed consolidated financial statements.

JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2020

Note	For the six Months Ended 30 June	
	2020	2019
	JD (unaudited)	JD (unaudited)
Cash Flows from Operating Activities:		
(Loss) income for the period before income tax	(4,454,646)	25,209,896
Adjustments:		
Depreciation and amortization	2,426,039	4,460,275
Provision for expected credit losses on direct credit facilities	17,231,187	5,468,942
Provision for (reversal from) expected credit losses on indirect credit facilities	568,107	1,000,182
Provision for (reversal from) impairment on investments	5,887,035	(199,422)
(Reversal from) provision for expected credit losses on deposits at banks and financial institutions	683,581	(4,427)
Net interest income	(11,292,648)	6,345,295
Provision on end of service indemnity	1,800,000	1,080,340
Provision for lawsuits against the bank and contingent claims	180,000	380,000
(Reversal from) provision for seized assets	-	(1,873,351)
Amortization on right of use leased assets	579,833	1,135,754
Effect of exchange rate fluctuations on cash and cash equivalents	11,086	3,641
	<u>13,619,574</u>	<u>43,007,125</u>
Changes in Assets and Liabilities:		
(Increase) decrease in deposits at banks and financial institutions	(622,414)	5,334,676
(Increase) decrease in direct credit facilities	(19,956,949)	109,000,229
Increase (decrease) In other assets	18,715,280	(13,518,919)
Increase (decrease) In banks and financial institutions deposits due after three months	(7,434,000)	4,444,158
(Decrease) increase in customers deposits	(44,213,480)	9,491,448
(Decrease) increase in cash margins	(3,270,095)	(1,215,391)
(Decrease) in other provisions	(652,336)	(611,526)
(Decrease) increase in other liabilities	(7,568,352)	9,665,294
	<u>(65,002,346)</u>	<u>122,589,969</u>
Net Cash Flows (used in) generated from Operating Activities Before Income Tax	<u>(51,382,772)</u>	<u>165,597,094</u>
Income tax paid	(14,537,321)	(11,156,852)
Net Cash Flows (used in) generated from Operating Activities	<u>(65,920,093)</u>	<u>154,440,242</u>
Cash Flows from Investing Activities:		
(Increase) decrease in financial assets at amortized cost	(73,347,097)	14,593,427
(Increase) decrease in financial assets at fair value through comprehensive income	(1,709,963)	16,740,633
(Decrease) in assets held for sale- net	(458,084)	(707,334)
Increase in liabilities directly related to assets held for sale	203,906	13,619,132
(Decrease) in equity directly related to assets held for sale	(1,631)	-
(Decrease) in property, equipment and intangible assets	(1,523,624)	(2,650,353)
Net Cash Flows (used in) generated from Investing Activities	<u>(76,836,493)</u>	<u>41,595,505</u>
Cash Flows from Financing Activities:		
Increase in borrowed funds	11,462,121	16,779,086
Interest on financial leasing contracts	(529,416)	(601,752)
Lease liabilities paid	(374,620)	(227,800)
Capital increase cost	(301,419)	-
Cash dividends distributed to shareholders	(530,911)	(19,163,136)
Net Cash Flows generated from (used in) Financing Activities	<u>9,725,755</u>	<u>(3,213,602)</u>
Effect of exchange rate fluctuations on cash and cash equivalents	(11,086)	(3,641)
Net (decrease) increase in Cash and Cash Equivalents	<u>(133,041,917)</u>	<u>192,818,504</u>
Cash and cash equivalent - beginning of the period	437,054,816	207,432,021
Cash and Cash Equivalent - End of the Period	<u>304,012,899</u>	<u>400,250,525</u>

The accompanying notes from 1 to 36 constitute an integral part of these interim condensed consolidated financial statements

JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2020

(1) GENERAL INFORMATION

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

The Bank is engaged in all banking and financial related operations through its 65 branches inside Jordan, one foreign branch, and two subsidiaries for leasing and financial consulting.

Jordan Kuwait Bank is as a public limited shareholding company with its shares listed on Amman Stock Exchange.

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

These interim condensed consolidated financial statements were approved by the Bank's Board of Directors on 27 July 2020.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Bank and its subsidiaries ('the group') have been prepared in accordance with International Accounting Standards No. (34) ("interim financial reporting") as amended by Central Bank of Jordan instructions.

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.

JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2020

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

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

The interim condensed consolidated financial statements are prepared under the historical cost convention, except for financial assets at fair value through statement of income, financial assets at fair value through other comprehensive income that have been measured at fair value at the date of these interim condensed 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.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the consolidated financial statements of the Bank for the year ended 31 December 2019. Furthermore, the results of operations for the six months ended 30 June 2020 do not necessarily reflect the expected results for the year ending 31 December 2020 and no allocation has been made to the profit of the six months ended on 30 June 2020 which is usually performed at year end.

The risk management objectives and policies of the bank are consistent with those disclosed in the financial statements for the year ended December 31, 2019, except as stated in Note (36).

JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2020

2.2 Basis of Consolidation

The interim condensed 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.

The condensed 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 Bank owns the following subsidiaries as of 30 June 2020 and 31 December 2019:

Company's Name	Paid-up Capital JD	Ownership of the Bank %	Nature of Operation	Location	Date of Acquisition
Ejarah Finance Leasing Company	20,000,000	100	Leasing	Amman	2011
Specialized Managerial Company for Investment and Financial Consultation	530,000	100	Financial consulting	Amman	2016

The results of operations of the subsidiaries are consolidated in the consolidated statement of income from the date of acquisition, which represents the date when control over the subsidiaries is passed on to the Bank. Moreover, the results of operations of the disposed of subsidiaries are consolidated in the consolidated statement of income until the disposal date, which represents the date when the Bank loses control over the subsidiaries.

2.3 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- **Amendments to IFRS 3** - This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- **Amendments to IAS 1 and IAS 8** - These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.
- **Amendments to IFRS 9, IAS 39 and IFRS 7** – Interest rate benchmark reform - These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue

to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries.

• **Amendments to Conceptual framework** – The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

(b) New and revised IFRS issued but not yet effective and not early adopted

The Company has not yet applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New standards, amendments and interpretations

• **Amendments to IAS 1, Presentation of financial statements on classification of liabilities** - These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Effective for annual periods beginning on or after
1 January 2022

There are no other relevant applicable new standards and amendments to published standards or IFRIC interpretations that have been issued but are not effective for the first time for the Group's financial year beginning on 1 January 2020 that would be expected to have a material impact on the financial statements of the Group.

(3) ACCOUNTING ESTIMATES

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

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

- A provision is set for lawsuits raised against the Bank and subsidiaries. This provision is subject to an adequate legal study prepared by the Bank and subsidiaries' legal advisors. Moreover, the study highlights potential risks that may be encountered in the future. Such legal assessments are reviewed frequently.
- The expected credit loss provisions for financial assets is provided according to assumptions and estimates approved by management in conformity with IFRS 9 as amended by the Central Bank of Jordan instructions.
- Fair value hierarchy: The Bank is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in International Financial Reporting Standards. Differentiating between Level (2) and Level (3) fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgment and careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. When evaluating the fair value of the financial asset or liability, the Bank uses market information (if available) and in the absence of the first level inputs, the Bank deals with the independent and qualified parties to prepare evaluation studies. Appropriate methods of assessment and inputs used to prepare the evaluation are reviewed by management.

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(4) CASH AND BALANCES AT CENTRAL BANKS

Statutory cash reserve amounted to JD 72,595,464 as of June 30, 2020 (JD 93,128,823 as of December 31, 2019).

Except for the statutory cash reserve, there are no restricted balances as of June 30, 2020 and December 31, 2019.

There are no certificates of deposits as of June 30, 2020 and December 31, 2019.

There are no expected credit losses on cash and balances with central banks as of June 30, 2020 and December 31, 2019 in accordance with the requirements of the Central Bank of Jordan related to the application of International Financial Reporting Standard No. (9).

Movement of balances with central banks (exposure at default):

Item	Stage 1 Individuals	Stage 2 Individuals	Stage 3	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Total balance as at the beginning of the year	351,555,800	-	-	351,555,800	162,728,126
New balances during the year	15,437,918	-	-	15,437,918	190,700,722
Repaid / derecognized	(78,500,000)	-	-	(78,500,000)	(1,873,048)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the Second stage	-	-	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Write-off	-	-	-	-	-
Total balance at the end of the period/ year	288,493,718	-	-	288,493,718	351,555,800

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

Non-interest-bearing balances at banks and financial institutions amounted to JD 52,945,849 as of June 30, 2020 (JD 66,753,963 as of December 31, 2019).

Restricted balances amounted to JD 2,508,155 as of 30 June 2020 (JD 2,502,038 as of 31 December 2019).

The expected credit loss provision on balances with banks and financial institutions are JD 684,766 as of June 30, 2020 (JD 1,761 as of December 31, 2019) in accordance with International Financial Reporting Standard No. (9).

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Movement on balances at banks and financial institutions (unaudited):

Item	Stage 1 Individuals	Stage 2 Individuals	Stage 3	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Total balance as at the beginning of the year	130,187,939	3,899,500	-	134,087,439	215,602,541
New balances during the year	7,044,106	-	-	7,044,106	37,065,317
Repaid / derecognized	(55,644,502)	-	(1,160,994)	(56,805,496)	(118,580,419)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the Second stage	-	-	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Write-off	-	-	-	-	-
Total balance at the end of the period/ year	81,587,543	3,899,500	(1,160,994)	84,326,049	134,087,439

Movement on provision for expected credit losses of balances at banks and financial institutions (Unaudited).

Item	Stage 1 Individuals	Stage 2 Individuals	Stage 3	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Total balance as at the beginning of the year	647	1,114	-	1,761	7,849
Expected credit losses on new balances during the year	-	-	683,512	683,513	626
Recoverable from expected credit losses on balances paid during the year *	(647)	-	-	(647)	(6,714)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the Second stage	-	-	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Write-off	-	-	-	-	-
Total balance at the end of the period/ year	-	1,114	683,512	684,627	1,761

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(6) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

Deposits due during a period of three to six months amounted to JD 156,202 as of June 30, 2020 compared to JD 217,725 as of December 31, 2019.

There are no deposits due during a period of nine months to less than a year as of June 30, 2020 compared to JD 17,725 as of December 31, 2019.

There are no deposits with restricted withdrawals as of June 30, 2020 compared to JD 17,725 as of December 31, 2019.

Expected credit losses provisions in accordance with the International Financial Reporting Standard No. (9) (138) as of June 30, 2020 compared to JD 494 as of December 31, 2019.

Movement on deposits at banks and financial institutions:

Item	Stage 1 Individuals	Stage 2 Individuals	Stage 3	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Total balance as at the beginning of the year	217,725	-	-	217,725	8,775,725
New balances during the year	-	-	-	-	200,000
Repaid / derecognized	(61,523)	-	-	(61,523)	(8,758,000)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the Second stage	-	-	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Write-off	-	-	-	-	-
Total balance at the end of the period/ year	156,202	-	-	156,202	217,725

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Movement on provision for the expected credit losses of deposits at banks and financial institutions (Unaudited).

Item	Stage 1 Individuals	Stage 2 Individuals	Stage 3	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Total balance as at the beginning of the year	494	-	-	494	25,425
Expected credit losses on new balances during the year	-	-	-	-	459
Recoverable from expected credit losses on balances paid during the year *	(356)	-	-	(356)	(25,390)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the Second stage	-	-	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Write-off	-	-	-	-	-
Total balance at the end of the period/ year	138	-	-	138	494

(7) DIRECT CREDIT FACILITIES - NET

	June 30, 2020 Unaudited JD	December 31, 2019 Audited JD
Individuals (retail):		
Overdraft accounts	124,834	80,370
Loans and promissory notes*	167,648,729	149,644,254
Credit cards	11,162,023	11,388,755
Real estate loans	231,612,440	238,491,792
Corporates:		
Large		
Overdraft accounts	156,849,071	153,906,087
Loans and promissory notes*	888,000,901	889,925,959
Small and Medium		
Overdraft accounts	18,211,420	18,553,288
Loans and promissory notes*	97,623,422	79,254,919
Government and public sector	120,440,121	128,438,162
Total	1,691,672,961	1,669,683,586
Less: Expected credit loss provision for direct credit facilities	94,461,232	77,230,046
Less: Interest in suspense	20,709,250	18,676,824
Net Direct Credit Facilities	1,576,502,479	1,573,776,716

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*Net after deducting interest and commission received in advance of JD 106,810 as of June 30, 2020 (JD 107,896 as of December 31, 2019).

Credit facilities within stage 3 amounted to JD 180,510,948 which is equivalent to (10.7%) of total direct credit facilities as of June 30, 2020 (against non-performing facilities that amounted to JD 143,460,322 which is equivalent to (8.6%) of total direct credit facilities as of 31 December 2019).

Credit facilities within stage 3 net of interest and commissions in suspense amounted to JD 159,801,698 which is equivalent to (9.6%) of total direct credit facilities balance after deducting suspended interest as of June 30, 2020 (against JD 124,799,884 which is equivalent to (7.6%) of total direct credit facilities balance after deducting suspended interest as of 31 December 2019).

Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to JD 66,000,667 which is equivalent to (3.9%) of total direct credit facilities as of June 30, 2020 (against JD 74,000,353 which is equivalent to (4.4%) as of December 31, 2019).

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The movement on facilities in aggregate as at the end of the period (unaudited) (exposure at default):

	Stage 1		Stage 2		Stage 3		30 June 2020 (Unaudited)		31 December 2019 (Audited)	
	individual JD	Collective JD	individual JD	Collective JD	individual JD	Collective JD	individual JD	Collective JD	individual JD	Collective JD
Total balance as at the beginning of the year	1,375,872,189	-	150,351,075	-	143,460,322	-	1,669,683,586	-	1,719,317,280	-
New facilities during the year	148,638,129	-	9,230,641	-	3,430,070	-	161,298,840	-	241,738,470	-
Facilities paid during the year	(125,107,412)	-	(7,990,544)	-	(6,211,509)	-	(139,309,465)	-	(279,269,915)	-
What has been converted to the first stage	7,105,176	-	(5,947,079)	-	(1,158,097)	-	-	-	-	-
What has been converted to the second stage	(47,046,427)	-	49,244,866	-	(2,198,439)	-	-	-	-	-
What has been converted to the third stage	(7,583,795)	-	(35,604,806)	-	43,188,601	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-	-	-	-	-	-
Write off	-	-	-	-	-	-	-	-	(12,102,249)	-
Adjustments due to change in exchange rates	-	-	-	-	-	-	-	-	-	-
Total balance at the end of the period/ year	1,351,877,860	-	159,284,153	-	180,510,948	-	1,691,672,961	-	1,669,683,586	-

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The collective movement of the expected credit loss at the end of the period:

	Large companies		Small and medium companies		Individuals		Real estate		Government and public sector		30 June 2020 (Unaudited)		31 December 2019 (Audited)	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	44,445,561	4,816,981	11,838,316	15,725,946	403,242	77,230,046	74,997,328							
Expected credit losses on new balances during the year	14,197,388	1,417,188	2,942,440	3,331,373	-	21,888,389	23,207,888							
Recoverable from expected credit losses on balances paid during the year	(1,080,429)	(612,928)	(1,579,309)	(1,276,981)	(107,555)	(4,657,202)	(9,204,066)							
What has been converted to the first stage	(138,702)	15,373	452,174	(31,354)	-	297,491	1,163,522							
What has been converted to the second stage	(4,514,555)	124,469	(447,785)	86,709	-	(4,751,162)	992,844							
What has been converted to the third stage	4,653,257	(139,842)	(4,389)	(55,355)	-	4,453,671	(2,156,366)							
Effect over the provision at the end of the period	-	-	-	-	-	-	-	-						
Changes resulting from modifications	-	-	-	-	-	-	-	-						
Write off	-	-	-	-	-	-	-	-						
Adjustments due to change in exchange rates	-	-	-	-	-	-	-	-						(11,771,104)
Total balance at the end of the period/ year	57,562,520	5,621,241	13,201,447	17,780,338	295,687	94,461,232	77,230,046							

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Provision of Impairment Loss in Direct Credit Facilities

The following is the movement on the provision of impairment loss in direct credit facilities during the period / year:

	Companies					Government and Public sector JD	Total JD
	Individuals JD	Real Estate Loans JD	Large JD	Small and Medium JD			
For the six months Ended June 30, 2020 (unaudited)							
Balance – beginning of the period	11,838,317	15,725,946	44,445,560	4,816,981	403,242	77,230,046	
deducted from income during the period	2,942,440	3,331,373	14,197,388	1,417,188	-	21,888,389	
Surplus in provision of credit facilities	(1,579,310)	(1,276,981)	(1,080,429)	(612,928)	(107,555)	(4,657,203)	
Balance at period end	13,201,447	17,780,338	57,562,519	5,621,241	295,687	94,461,232	
Total provisions- stage 1	5,928,216	952,887	4,852,690	352,750	295,687	12,382,230	
Total provisions- stage 2	809,398	2,305,965	3,106,322	341,815	-	6,563,500	
Total provisions- stage 3	6,463,833	14,521,486	49,603,507	4,926,676	-	75,515,502	
	13,201,447	17,780,338	57,562,519	5,621,241	295,687	94,461,232	
For the year Ended December 31, 2019 (audited)							
Balance – beginning of the period	9,779,708	14,177,840	45,615,899	4,991,359	432,523	74,997,329	
Deducted from income during the period	5,366,149	3,403,415	11,465,989	2,972,335	-	23,207,888	
Surplus in provision of credit facilities*	(2,668,434)	(1,855,309)	(2,444,410)	(2,206,633)	(29,281)	(9,204,066)	
Used from provision during the year (written-off) **	(516,139)	-	(292,172)	(595,930)	-	(1,404,242)	
Non performing credit off- consolidated statement of financial positions ***	(122,966)	-	(9,899,746)	(344,151)	-	(10,366,863)	
Balance – End of the Year	11,838,317	15,725,946	44,445,561	4,816,980	403,242	77,230,046	
Total provisions- stage 1	5,557,870	1,099,270	3,620,708	222,586	403,242	10,903,675	
Total provisions- stage 2	997,362	2,027,354	7,411,315	410,975	-	10,847,006	
Total provisions- stage 3	5,283,085	12,599,322	33,413,538	4,183,419	-	55,479,365	
	11,838,317	15,725,946	44,445,561	4,816,981	403,242	77,230,046	

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- The disclosure above is related to provisions against debts calculated on the basis of the individual customer.
- The amount of provisions that were no longer needed as a result of settlement or repayment of debts and transferred to other debts amounted to JD 4,657,202 as at 30 June 2020 compared to JD 9,204,066 as at 31 December 2019.

Interest in Suspense

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

	<u>Companies</u>					<u>Total</u>
	<u>Individuals</u>	<u>Real Estate Loans</u>	<u>Large</u>	<u>Small and Medium</u>	<u>Government and Public sector</u>	
	JD	JD	JD	JD	JD	
For the six months Ended June 30, 2020 (unaudited)						
Balance – beginning of the period	1,377,074	5,330,454	10,905,372	1,063,924	-	18,676,824
Add: Interest suspended during the period	330,568	1,644,223	719,780	297,177	22	2,991,770
Less: Interest reversed to income	(135,905)	(223,686)	(391,396)	(208,357)	-	(959,344)
Balance - End of the Period	1,571,737	6,750,991	11,233,756	1,152,744	22	20,709,250

	<u>Companies</u>					<u>Total</u>
	<u>Individuals</u>	<u>Real Estate Loans</u>	<u>Large</u>	<u>Small and Medium</u>	<u>Government and Public sector</u>	
	JD	JD	JD	JD	JD	
For the year Ended December 31, 2019 (audited)						
Balance – beginning of the period	1,330,377	3,133,199	6,444,893	739,015	-	11,647,484
Add: Interest suspended during the period	604,532	2,973,721	7,379,362	511,343	-	11,468,958
Less: Interest reversed to income	(423,454)	(776,466)	(2,820,562)	(87,990)	-	(4,108,472)
Interest in suspense written-off	(113,184)	-	-	(68,355)	-	(181,539)
Non performing credit off-consolidated statement of financial positions	(21,197)	-	(98,320)	(30,090)	-	(149,607)
Balance - End of the year	1,377,074	5,330,454	10,905,373	1,063,923	-	18,676,824

The Bank adopts a policy for suspending interest off - the consolidated statement of financial position for credit facilities with lawsuits outstanding in courts. As of 30 June 2020, suspended interest amounted to JD 11,815,534, compared to JD 22,547,071 for the year ended 31 December 2019.

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Direct credit facilities are distributed after provision for impairment according to geographical distribution and economic sector as follows:

			Total	
	Inside the kingdom	Outside the kingdom	30 June	December 31
	JD	JD	2020 JD	2019 JD
Financial	13,026,738	48,155,737	61,182,475	62,778,443
Industrial	356,044,786	21,762,357	377,807,143	348,263,982
Commercial	178,380,263	49,035,465	227,415,728	222,663,207
Real estates	176,429,838	909,648	177,339,486	180,650,466
Utilities	295,393,784	50,930,746	346,324,530	358,547,947
Agriculture	17,084,340	8,173,417	25,257,757	37,380,893
Stocks	6,989,922	632,596	7,622,518	7,786,209
Individuals	230,123,834	3,284,595	233,408,429	227,670,648
Government and public sector	120,144,413	-	120,144,413	128,034,921
	<u>1,393,617,918</u>	<u>182,884,561</u>	<u>1,576,502,479</u>	<u>1,573,776,716</u>

(8) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The details of this item are as follows:

	June 30 2020 (Unaudited) JD	December 31 2019 (Audited) JD
Quoted shares in active markets	18,369,210	18,608,695
Unquoted shares in active markets	27,318,880	27,206,325
Quoted bonds in active markets	32,584,934	38,030,583
Unquoted bonds in active markets	14,180,155	13,720,000
Total	<u>92,453,179</u>	<u>97,565,603</u>
Less: Provision for impairment of financial assets at fair value through other comprehensive income	(2,638,108)	(1,441,297)
	<u>89,815,071</u>	<u>96,124,306</u>
Bonds Analysis:		
Fixed rate	32,584,934	38,030,583
Floating rate	14,180,155	13,720,000
Total	<u>46,765,089</u>	<u>51,750,583</u>

Cash dividends on the above investments amounted to JD 2,536,119 for the six months ended as of June 30, 2020, (against JD 1,731,001 as of June 31, 2019).

An expected credit loss provision of JD 4,905,122 has been booked against a bond classified as financial assets at fair value through other comprehensive income – fair value reserve.

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(9) LOAN AT FAIR VALUE THROUGH PROFIT OR LOSS

On 4 June 2020, the bank signed a share repurchase agreement, in which 10 million shares were purchased from a customer who owns the majority shares of a public shareholding company registered in Jordan at a price of JD 1 per share, for a total amount of JD 10 million.

The repurchase agreement states that the seller has the option to re-purchase those shares at the initial transaction price which is equivalent to JD 1 per share within two years from the signing date of the agreement.

The above transaction did not meet the derecognition criteria from the seller perspective, as the agreement includes a rephrase option with a fixed share price, as a result the bank accounted for the transaction as a loan at fair value through profit and loss.

The fair value of the collateral, which is represented by the shares was JD 10,900,000 as of June 30, 2020.

(10) FINANCIAL ASSETS AT AMORTIZED COST

The details of this item are as follows:

	June 30, 2020	December 31, 2019
	<u>Unaudited</u>	<u>Audited</u>
	JD	JD
<u>Unquoted Financial Assets:</u>		
Bonds and treasury bills	376,116,171	308,656,110
Total Unquoted Financial Assets	<u>376,116,171</u>	<u>308,656,110</u>
Less: provision for impairment of financial assets at fair value	-	-
Total	<u>376,116,171</u>	<u>308,656,110</u>
<u>Bonds and Bills Analysis:</u>		
Fixed rate	376,116,171	308,656,110
Floating rate	-	-
Total	<u>376,116,171</u>	<u>308,656,110</u>

No expected credit loss provision was calculated against governmental bonds and treasuring bills in accordance with the application of IFRS 9 as amended by the Central Bank of Jordan.

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The movement on financial assets in aggregate as at the end of the period (unaudited) (exposure at default):

	Stage 1	Stage 2	Stage 3	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Total balance as at the beginning of the year	342,089,972	9,584,794	8,731,925	360,406,691	375,101,305
New debt instruments during the year	117,968,868	-	468,252	118,437,120	94,490,731
Debt instruments paid during the year	(50,415,511)	(3,615,014)	(1,932,025)	(55,962,550)	(109,185,346)
Changes in fair value	-	-	-	-	-
What has been converted to the first stage	-	-	-	-	-
What has been converted to the second stage	-	-	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
Write off	-	-	-	-	-
Total balance at the end of the period/ year	409,643,329	5,969,780	7,268,152	422,881,261	360,406,690

The collective movement on the expected credit losses of aggregate financial assets at the end of the period:

	Stage 1	Stage 2	Stage 3	30 June 2020 (Unaudited)	31 December (Audited)
Total balance as at the beginning of the year	81,629	440,745	918,923	1,441,297	1,832,307
Expected credit losses on new investments during the year	154,127	134,506	5,606,915	5,895,548	188,965
Recoverable from expected credit losses on balances paid during the year	-	(8,514)	-	(8,514)	(579,975)
What has been converted to the first stage	-	-	-	-	-
What has been converted to the second stage	-	-	-	-	-
What has been converted to the third stage	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-
From the reserve to income statement	-	-	(4,690,223)	(4,690,223)	-
Write off	-	-	-	-	-
Total balance as at the end of the period/ year	235,756	566,737	1,835,615	2,638,108	1,441,297

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(11) LEASED ASSETS AND LIABILITIES

The Bank has adopted IFRS 16 Leases effective 1 January 2019. The adoption resulted in the recognition of right to use leased assets amounting to JD 13,698,215 against liabilities of JOD 12,341,147 as at 30 June 2020. Assets and liabilities represent the present value of future expected payments on a contract-by-contract basis using a discount rate equal to the mortgage rate of the best customers.

All contracts processed under IFRS 16 represent the leasing of positions and branches of the Bank. The Bank has chosen to use the exemption provided by the standard for non-assertion of the right to use assets leased under contracts with a duration of less than one year and their amounts are immaterial.

The assets recognized in the financial position are amortized using the straight-line method over the expected period of the right to use and each asset, where the total amortisation for the period is JD 1,008,757.

The liability is amortized by reducing payments to the lessor after deducting the interest from the present value amounting to JD 529,413.

(12) OTHER ASSETS

The details of this item are as follows:

	June 30, 2020 <u>(Unaudited)</u> JD	December 31, 2019 <u>(Audited)</u> JD
Accrued interest and revenue	29,234,153	16,941,733
Prepaid expenses	3,708,875	2,102,357
Assets seized by the Bank against due debts - net	137,056,103	136,505,006
Debtors	2,016,976	2,125,082
Clearing checks	884,793	306,891
Others	950,104	5,351,062
	<u>173,851,004</u>	<u>163,332,131</u>

The Central Bank of Jordan's instructions require the disposal of seized assets within a period not exceeding two years from the start date of seizure and to the central bank, in exceptional cases, the central bank may accept to extend this period for a maximum of two consecutive years.

The movement on assets seized by the Bank against due debts was as follows (unaudited):

	For the six Months Ended June 30, 2020			For the year Ended December 31, 2019
	Seized Property	Other Seized Assets	Total	Total
	JD	JD	JD	JD
Balance - beginning of the period / year - net	136,505,006	-	136,505,006	142,291,276
Additions	597,084	-	597,084	3,836,717
Disposals	(45,987)	-	(45,987)	(11,382,094)
Provision as per CBJ instructions*	-	-	-	1,910,542
Additional provision on Seized property	-	-	-	500,000
Loss on Impairment	-	-	-	(651,435)
Balance - End of the Period / Year	<u>137,056,103</u>	<u>-</u>	<u>137,056,103</u>	<u>136,505,006</u>

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*This item represents provision of properties seized by the bank based on the instruction of the Central Bank of Jordan regarding the issue for which the bank started to calculate a gradual provision for the seized assets against debts which has been owned for a period of 4 years.

As of the beginning of the year 2015, a progressive provision was made for the real estate acquired in exchange for debts that have been in possession of more than 4 years, according to the bank's circular on October 25, 2018, in which he approved the extension of circular No. 10/1/16607 on December 17, 2017, where he confirmed It includes postponing the calculation of the allowance until the end of the year 2019. This is according to Central Bank Circular No. 10/1/16239 dated November 21, 2019 deducting the required allocations against real estate acquired and by (5%) of the total book values of these real estate (regardless of the period of its violation) As of the year 2021, whereby the required percentage of 50% of these properties is reached by the end of the year 2029.

(13) CUSTOMERS' DEPOSITS

	30 June 2020 (Unaudited)				
	Companies				Total
	Individuals	Large	Small and Medium	Government and Public Sector	
	JD	JD	JD	JD	JD
Current and call accounts	264,035,469	109,014,119	186,053,426	2,383,083	561,486,097
Saving deposits	159,714,695	1,247,304	6,660,730	1,365,345	168,988,074
Time deposits subject to notice	725,515,626	245,803,909	87,473,462	32,573,149	1,091,366,146
Certificates of deposit	38,708	-	-	-	38,708
Total	1,149,304,498	356,065,332	280,187,618	36,321,577	1,821,879,025

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

The Government of Jordan and the public sector deposits inside the Kingdom amounted to JD 36,321,577, equivalent to 2% of total customers' deposits as of 30 June,2020 compared to (JD 73,564,314, equivalent to 3.9% as of December 31, 2019).

Non-interest-bearing deposits amounted to JD 561,486,097 equivalent to 30.8% of total customers' deposits as of 30 June 2020 compared to (JD 582,866,991, equivalent to 31.2% as of December 31, 2019).

Dormant deposits amounted to JD 55,643,133 as of 30 June 2020 compared to (JD 42,925,851 as of December 31, 2019).

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(14) OTHER PROVISIONS

	<u>30 June 2020</u>	<u>31 December 2019</u>
Provision for end-of-service indemnity	12,457,219	11,302,931
Provision for law cases against the bank	1,279,097	1,105,721
	<u>13,736,316</u>	<u>12,408,652</u>

(15) INCOME TAX

A. STATUTORY INCOME TAX RATES:

	<u>2020</u>	<u>2019</u>
Jordan branches	38%	38%
Cyprus branch	12.5%	12.5%
Subsidiary companies	21-28%	21-28%

B. TAX STATUS

The tax status for the bank and its subsidiaries is as follows:

<u>Branches / Companies</u>	<u>Income Tax Return up to End of the Year</u>	<u>Final Settlement up to End of the Year</u>	<u>Payment to Income and Sales Tax Department</u>	<u>Years Under Dispute</u>
Jordan Branches	2018	2018	Accrued tax has been paid	2017
Cyprus Branch	2019	2019	Accrued tax has been paid	None
Ejarah for Finance Leasing Specialized Managerial Company for Investments and Financial Services	2018	2018	Accrued tax has been paid	None
	2018	None	None	None

In the opinion of the Management and the Tax Consultant of the bank and subsidiaries, the provision for income tax is sufficient to meet tax obligations as at 30 June 2020 and 31 December 2019.

C. PROVISION FOR INCOME TAX

The movement on provision for income tax was as follows:

	<u>For the six Months Ended June 30, 2020 (unaudited) JD</u>	<u>For the Year Ended December 31, 2019 (audited) JD</u>
Beginning balance for the period / year	14,760,848	12,053,013
Income tax accrued for the period/ year	1,155,712	18,088,556
Income tax paid for the period / year	(14,537,321)	(15,380,721)
Ending balance for the period / year	<u>1,379,239</u>	<u>14,760,848</u>

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D. INCOME TAX EXPENSE

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

	For the six Months Ended June 30	
	2020	2019
	JD	JD
Income tax for the period	1,155,712	9,091,125
Effect of deferred tax assets for the period	140,814	(503,801)
Effect of deferred tax liabilities for the period	-	-
	<u>1,296,526</u>	<u>8,587,324</u>

E. SUMMARY OF THE RECONCILIATION OF ACCOUNTING INCOME AND TAXABLE INCOME:

The following is the reconciliation between declared income and taxable income:

	For the six Months Ended June 30	
	2020	2019
	JD	JD
Declared (loss) income	(4,290,991)	25,209,896
Add: Non-deductible expenses in terms of tax	18,348,993	15,833,500
Less: Non-taxable profits	<u>(15,574,258)</u>	<u>(14,727,378)</u>
Taxable Income	<u>(1,516,256)</u>	<u>26,216,018</u>

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(16) BORROWED FUNDS

30 June 2020 (Unaudited)	Funds Borrowed JD	Amount JD	Number of Installments	Installment Repayment	Lending Interest Rate	Collaterals
Loan through the Central Bank of Jordan	4,000,000	3,000,000	Repaid over 8 years	Semi annual	%2,89	
Loan through the Central Bank of Jordan	3,000,000	1,740,000	Repaid over 4 years	Semi annual	%2,51	
Loan through the Central Bank of Jordan	4,663,500	4,663,500	Repaid over 11 years	Semi annual	%2,89	
Loan through the Central Bank of Jordan	4,426,400	4,426,400	Repaid over 19 years	Semi annual	%3,00	
Loan through the Central Bank of Jordan	500,000	500,000	Repaid over 16 years	Semi annual	%2,19	
Central Bank of Jordan borrowed funds	11,534,637	7,275,321	Repaid over 10 years	Monthly	%0,5	Upon demand
Central Bank of Jordan borrowed funds	2,318,912	2,127,550	Repaid over 10 years	Monthly	%1,00	Upon demand
Central Bank of Jordan borrowed funds	2,733,152	998,152	Repaid over 10 years	Every 6 months	%0,5	Upon demand
Central Bank of Jordan borrowed funds	2,831,965	670,365	Repaid over 10 years	Every 9 months	%0,5	Upon demand
Central Bank of Jordan borrowed funds	3,240,300	2,549,014	Repaid over 5 years	Monthly	%0,5	Upon demand
Central Bank of Jordan borrowed funds	4,076,000	2,943,458	Repaid over 5 years	Monthly	%1,00	Upon demand
Central Bank of Jordan borrowed funds	1,378,772	1,286,660	Repaid over one year	Monthly	%0,5	Upon demand
Central Bank of Jordan borrowed funds	3,627,600	1,086,173	Repaid over one year	Monthly	%1,00	Upon demand
Central Bank of Jordan borrowed funds - Covid	8,346,367	6,237,454	Repaid over 4 years	Monthly	No interest	Upon demand
Loan through Jordan Mortgage Refinance Company	20,000,000	20,000,000	Paid under one installment during 2022		%4,23	
Loan through Jordan Mortgage Refinance Company	10,000,000	10,000,000	Paid under one installment during 2022		%4,23	
Loan through Jordan Mortgage Refinance Company	10,000,000	10,000,000	Paid under one installment during 2024		%6,45	
Housing bank for trading	5,000,000	3,311,957	-		%6,25	
Audi bank	5,000,000	2,685,473	Paid in 36 installments from the utilization date		%6,5	
Housing bank for trading	15,000,000	9,456,163	Paid in 36 installments from the utilization date		%6,25	
Scocite' General bank	4,000,000	3,711,945	Paid in 36 installments from the utilization date		%6,25	
Loan through Jordan Mortgage Refinance Company	10,000,000	10,000,000	Paid under one installment on 4 July 2021		%6,55	
Loan through Jordan Mortgage Refinance Company	5,000,000	5,000,000	Paid under one installment on 26 April 2022		%4,78	
	<u>140,677,605</u>	<u>113,669,585</u>				

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31 December 2019 (Audited)	Funds Borrowed JD	Amount JD	Number of Installments	Installment Repayment	Lending Interest Rate	Collaterals
Loan through the Central Bank of Jordan	4,000,000	3,200,000	Repaid over 9 years	Semi annual	%3,85	
Loan through the Central Bank of Jordan	3,000,000	1,950,000	Repaid over 5 years	Semi annual	%2,51	
Loan through the Central Bank of Jordan	4,663,500	4,663,500	Repaid over 11 years	Semi annual	%3,9	
Loan through the Central Bank of Jordan	3,209,734	3,209,734	Repaid over 20 years	Semi annual	%3.00	
Loan through the Central Bank of Jordan	500,000	500,000	Repaid over 17 years	Semi annual	%2,51	
Central Bank of Jordan borrowed funds	2,484,101	998,152	Repaid over 10 years	Every 6 months	%1.00	Upon demand
Central Bank of Jordan borrowed funds	2,831,965	825,365	Repaid over 10 years	Every 9 months	%1.00	Upon demand
Central Bank of Jordan borrowed funds	9,523,148	5,658,972	Repaid over 10 years	Monthly	%1.00	Upon demand
Central Bank of Jordan borrowed funds	1,050,000	883,195	Repaid over 10 years	Monthly	%1,75	Upon demand
Central Bank of Jordan borrowed funds	3,244,482	2,788,426	Repaid over 5 years	Monthly	%1.00	Upon demand
Central Bank of Jordan borrowed funds	6,273,000	4,119,608	Repaid over 5 years	Monthly	%1,75	Upon demand
Central Bank of Jordan borrowed funds	1,596,772	381,896	Repaid over one year	Monthly	%1.00	Upon demand
Central Bank of Jordan borrowed funds	1,444,200	354,421	Repaid over one year	Monthly	%1,75	Upon demand
Loan through Jordan Mortgage Refinance Company	20,000,000	20,000,000	Paid under one installment during 2020		%5,55	
Loan through Jordan Mortgage Refinance Company	10,000,000	10,000,000	Paid under one installment during 2020		%6,05	
Loan through Jordan Mortgage Refinance Company	10,000,000	10,000,000	Paid under one installment during 2024		%6,45	
Housing bank for trading	5,000,000	3,305,146	-		%6,75	
Audi bank	5,000,000	4,037,200	Paid in 36 installments from the utilization date		%6,5	
Housing bank for trading	15,000,000	6,444,214	Paid in 36 installments from the utilization date		%7.00	
Scocite' General bank	5,000,000	5,000,000	Paid under one installment on 4 Feb 2020		%6,2	
Loan through Jordan Mortgage Refinance Company	10,000,000	10,000,000	Paid under one installment on 4 July 2021		%6,55	
Loan through Jordan Mortgage Refinance Company	4,000,000	3,887,635	Paid in 36 installments from the utilization date		%6,25	
	<u>127,820,902</u>	<u>102,207,464</u>				

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(17) OTHER LIABILITIES

	<u>30 June</u> <u>2020</u> JD (unaudited)	<u>31 December</u> <u>2019</u> JD (audited)
Accrued interest	17,941,505	16,521,342
Inward transfers	4,137,734	2,677,070
Accounts payable*	5,958	983,385
Accrued expenses	880,175	918,744
Temporary deposits - customers	3,360,264	3,416,708
Temporary deposits**	22,044,290	9,786,958
Shareholders' deposits***	4,315,894	4,721,090
Accepted and certified checks	7,690,467	5,809,483
Lock boxes deposits	513,187	514,287
Subscriptions deposits***	80,217	80,815
Expected credit losses against indirect facilities	5,972,771	5,403,583
Other liabilities	3,016,152	8,708,686
	<u>69,958,614</u>	<u>59,542,151</u>

*Accounts payable and other liabilities include balances related to the subsidiaries amounting to JD 961,972 as of 30 June 2019 compared to (JD 1,607,373 as of 31 December 2019).

**This item represents temporary payment deposits to other public shareholding companies.

***This item represents refunds of subscriptions in public shareholding companies under establishment.

(18) FINANCIAL ASSETS AT FAIR VALUE VALUATION RESERVE - NET OF TAX

	<u>30 June</u> <u>2020</u> JD (unaudited)	<u>31 December</u> <u>2019</u> JD (audited)
Balance - beginning of the period/ year	2,296,466	4,160,518
Unrealized (loss) gain – net of tax	(2,709,420)	3,290,951
Expected credit loss	4,690,223	-
Realized loss	-	(5,897,063)
Deferred tax liabilities	95,236	742,060
Balance - end of the period/ year	<u>4,372,505</u>	<u>2,296,466</u>

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(19) RETAINED EARNINGS

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

	30 June 2020	31 December 2019
	JD (unaudited)	JD (audited)
Balance at the beginning of the year	80,186,800	78,432,483
Income for the period/year	-	5,897,063
Realized gains on sale of financial assets at fair value through comprehensive income - equity instruments	-	29,937,619
Transferred to reserves	-	(14,080,365)
Capital increase cost	(301,419)	-
Dividends paid	-	(20,000,000)
Balance - end of the period/ year	<u>79,885,381</u>	<u>80,186,800</u>

Retained earnings includes JD 30,997,129 as of 30 June 2020 (JD 31,137,943 as of 31 December 2019) restricted against deferred tax assets according to the Central Bank of Jordan instructions.

Retained earnings includes JD 3,573,266 as of 30 June 2020 and 31 December 2019 restricted against the effect of adopting International Financial Reporting Standard (9) according to the instructions of the Jordan Securities Commission, the use of general banking reserves is restricted and requires the preapproval of the Central Bank of Jordan.

(20) INTEREST INCOME

The details of this item are as follows:

	For the six-month ended 30 June	
	2020	2019
	(Unaudited) JD	(Unaudited) JD
Direct credit facilities:		
Individuals (retail)		
Overdraft accounts	3,606	352,415
Loans and promissory notes	4,330,998	4,142,468
Credit cards	943,305	1,021,802
Real - estate loans	5,937,033	9,964,745
Companies		
Large		
Overdraft accounts	8,308,376	5,873,849
Loans and promissory notes	32,265,172	31,422,812
Small and medium		
Overdraft accounts	563,103	1,135,238
Loans and promissory notes	3,376,299	3,211,258
Government and public sector	3,653,999	4,760,377
Balances at central banks	2,196,666	2,247,740
Balances and deposits at banks and financial institutions	245,465	3,273,878
Financial assets at amortized cost	7,714,510	6,398,486
Financial assets at fair value through Other comprehensive income	1,835,163	1,403,160
Total	<u>71,373,695</u>	<u>75,208,228</u>

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(21) INTEREST EXPENSE

The details of this item are as follows:

	<u>For the six months ended 30 June</u>	
	<u>2020</u>	<u>2019</u>
	<u>(Unaudited)</u> JD	<u>(Audited)</u> JD
Deposits at banks and financial institutions	1,618,835	2,845,436
Customers deposits		
Current and call accounts	80,617	332,080
Saving accounts	370,969	441,971
Time and notice deposits	21,207,690	21,367,012
Certificates of deposit	299	875
Cash margins	888,299	1,118,067
Borrowed funds	2,325,260	2,317,379
Leased assets liabilities	529,413	601,752
Loan guarantee fees	1,186,013	1,088,872
	<u>28,207,395</u>	<u>30,113,444</u>

(22) OTHER INCOME

The details of this item are as follows:

	<u>For the six months ended 30 June</u>	
	<u>2020</u>	<u>2019</u>
	<u>(Unaudited)</u> JD	<u>(Audited)</u> JD
Rental of deposit boxes	84,329	88,743
Stamps income	24,687	30,444
Credit cards income	2,528,609	3,000,748
Recovery of debts previously written-off	116,961	82,910
Telecommunication income	141,191	171,767
Transfers income	494,645	701,598
Consulting income – subsidiary companies	5,000	54,666
Dividends income	-	73,019
Gain on sale of seized assets	-	52,050
Recovery of impairment provision	-	458,967
Recovery of seized real estate's provision	-	1,873,351
Others	992,681	1,814,762
	<u>4,388,103</u>	<u>8,403,025</u>

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(23) OTHER EXPENSES

The details of this item are as follows:

	For the six months ended 30 June	
	2020	2020
	(Unaudited)	(Unaudited)
	JD	JD
Rent expenses	32,274	122,585
Stationery	235,945	385,000
Advertisements	522,322	596,753
Subscriptions	298,041	256,202
Telecommunication expenses	674,386	689,792
Maintenance and repairs	2,117,645	1,836,441
Insurance expenses	625,793	593,354
Legal fees	102,262	21,420
Water, electricity and heating	157,687	273,722
Fees, taxes and stamps	573,090	482,026
Professional fees	23,625	97,271
Cards services expenses	1,969,436	2,128,415
Transportation expense	68,203	61,718
Correspondents services fees	142,155	222,919
Security services	191,142	165,382
Donations and social responsibility	2,339,429	382,890
Hospitality	29,426	40,489
Impairment on assets classified as held for sale	2,611	-
Loss on sale of seized assets	10,836	-
Provision against paid letters of guarantee	3,225,130	-
Management fees	452,342	452,342
Others	2,780,694	1,624,104
	<u>16,574,474</u>	<u>10,432,825</u>

(24) EARNING (LOSS) PER SHARE FOR THE PERIOD

The details of this item are as follows:

	For the six Months Ended June 30	
	2020	2019
	(Unaudited)	(Unaudited)
	JD	JD
(Loss) Income for the period	<u>(5,751,172)</u>	<u>16,364,470</u>
(Loss) Income for the period from continued operation	<u>(5,587,517)</u>	<u>16,622,572</u>
(Loss) for the period from discontinued operations	<u>(169,550)</u>	<u>(258,102)</u>
Weighted average number of shares	<u>150,000,000</u>	<u>150,000,000</u>
Earnings (losses) per share for the period - basic and diluted	<u>(0,004)</u>	<u>0,011</u>
Earnings (losses) per share from continued operations for the period - basic and diluted	<u>(0,037)</u>	<u>0,111</u>
(Losses) per share from discontinued operations for the period basic and diluted	<u>(0,001)</u>	<u>(0,002)</u>

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The weighted average number of shares was adjusted for comparison purposes in accordance with the requirements of the International Financial Reporting Standards, as it was approved by the General Assembly of the bank at its meeting on 4 May 2020 to distribute bonus shares to shareholders by half a share for each existing share, 50 million shares/ JD 1 through the voluntary reserve account as a result the subscribed and paid-up capital for the bank after the distribution is 150 million shares / JD 1.

(25) Capital Management

-Description of Capital

Capital is classified into several classifications as paid-up capital, economic capital and organizational capital, and the regulatory capital is defined according to the Banking Law the total value of items determined by the central bank for regulatory purposes in order to meet the requirements of the capital adequacy ratio established according to instructions issued by the central bank, and the regulatory capital consists of The first two parts are called the base capital (Tier 1) and it consists of paid-up capital, declared reserves (including legal, voluntary, issuance premium and treasury shares issue premium), retained earnings after excluding any amounts subject to any restrictions and rights of non-controllers and from which period losses are subtracted. The cost of buying treasury shares deferred provisions with the approval of the Central Bank and goodwill. The second part of the additional capital (Tier 2) consists of foreign currency translation differences, a general banking risk reserve, tools with common characteristics between capital and debt, support debt and 45% of the assets valuation reserve Financial at fair value through comprehensive income if it is positive and subtracted completely if it is negative, and there is a third part (Tier 3) may be used to create it in the event of The capital adequacy ratio is less than 12% as a result of the inclusion in the market risks of the capital adequacy ratio and subtracts investments in banks and subsidiary financial companies (if their financial lists are not merged) and also puts investments in the capital of banks, insurance companies and other financial companies.

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

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

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

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

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

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-Method of Achieving Capital Management Goals.

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

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

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

-Capital Adequacy

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

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

	30 June 2020 JD	31 December 2019 JD
Primary capital for ordinary shareholders (CET 1)	455,554	459,532
Regulatory adjustments (deductions from the primary capital for ordinary shareholders)	(39,699)	(39,096)
Tier 2 capital	15,943	13,944
Regulatory amendments (deduction of tier 2)	(1,487)	(1,728)
Regulatory capital	<u>430,311</u>	<u>432,652</u>
Risk – weighted Assets	<u>2,248,502</u>	<u>2,223,930</u>
Primary Capital Adequacy Ratio (CET 1)	<u>18.49%</u>	<u>18.91%</u>
Ratio of first tranche of the capital	<u>18.49%</u>	<u>18.91%</u>
Regulatory capital adequacy ratio	<u>19.14%</u>	<u>19.45%</u>

*Primary capital is calculated after the deduction of investments in banks and subsidiary Companies.

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(26) CASH AND CASH EQUIVALENT

The details of this item are as follows:

	June 30 31	
	2020 (Unaudited) JD	2019 (Unaudited) JD
Balances at central banks	342,263,325	351,803,300
<u>Add:</u> Balances at banks and financial institutions due within three months	83,641,422	191,080,162
<u>Less:</u> Banks and financial institutions deposits due within three months	119,383,693	140,148,532
Restricted balances	2,508,155	2,484,405
Total	304,012,899	400,250,525

(27) Information on the Bank's Business Activities

1- Information about the group activities

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

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

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The following table represents information on the Bank's sectors according to activities:

	Individuals		Corporations		Treasury		Others		For the six months Ended 30 June,	
	JD	JD	JD	JD	JD	JD	JD	JD	2020	2019
Gross income for the period	11,214,942		33,278,651		9,567,053		1,490,283		55,550,929	61,837,917
Less: Provision for impairment loss in direct credit facilities	(3,417,521)		(13,813,666)		-		-		(17,231,187)	(5,488,942)
Results of Business Sector	7,797,421		19,464,985		9,567,053		1,490,283		38,319,742	56,368,974
Less: Other expenses	-		-		(6,570,616)		(36,040,117)		(42,610,733)	(31,159,079)
(Loss) income before Income Tax	7,797,421		19,464,985		2,996,437		(34,549,834)		(4,290,991)	25,209,896
Less: income tax expense for the period	-		-		-		(1,296,526)		(1,296,526)	(8,587,324)
(Loss) income for the period from continued operations	-		-		-		(163,655)		(163,655)	(258,102)
Net income (loss) for the period	7,797,421		19,464,985		2,996,437		(36,010,015)		(5,751,17)	16,364,470
Capital Expenditures	-		-		-		1,523,624		1,523,624	2,650,353
Depreciation and Amortization	-		-		-		2,426,039		2,426,039	4,460,275

	Total	
	June 30 2020 (Unaudited)	31 December 2019 (Audited)
Sector's Assets	858,808,789	2,756,000,911
Sector's Liabilities	454,329,173	2,296,468,472
	1,161,868,322	2,296,468,472
	1,205,258,965	2,756,000,911
	906,768,831	2,756,000,911
	210,428,104	2,756,000,911
	2,272,430,349	2,296,468,472
	42,325,134	2,296,468,472
	162,627,638	2,296,468,472
	2,728,984,606	2,756,000,911
	2,426,039	2,756,000,911
	1,523,624	2,756,000,911
	2,426,039	2,756,000,911

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2- INFORMATION ON GEOGRAPHICAL ALLOCATION

The following table represents information on the Bank's sectors according to activities:

This sector represents the geographical distribution of the Bank's operations. The Bank performs its operations, which represent local operations, mainly in the Hashemite Kingdom of Jordan. Moreover, the Bank conducts international operations through its branch in Cyprus.

The following are the Bank's revenue, assets, and capital expenditures according to geographic allocation:

	Inside Kingdom		Outside Kingdom		Total	
	For the six months Ended June 30 2020 (Unaudited) JD	For the six months Ended June 30 2019 (Unaudited) JD	For the six months Ended June 30 2020 (Unaudited) JD	For the six months Ended June 30 2019 (Unaudited) JD	For the six months Ended June 30 2020 (Unaudited) JD	For the six months Ended June 30 2019 (Unaudited) JD
Gross income for the period	50,971,897	55,565,769	4,579,032	6,272,148	55,550,929	61,837,917
Capital Expenditures	1,523,624	(2,650,353)	-	-	1,523,624	2,650,353
	June 30 2020 (Unaudited) JD	December 31 2019 (Audited) JD	June 30 2020 (Unaudited) JD	December 31 2019 (Audited) JD	June 30 2020 (Unaudited) JD	December 31 2019 (Audited) JD
Total assets	2,360,181,558	2,364,019,561	368,803,048	391,981,350	2,728,984,606	2,756,000,911

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(28) RISK MANAGEMENT

1- Distribution of exposures according to geographical distribution (exposure at default):

Geographical area	Inside Jordan		Other Middle East Countries		Europe		Asia*		Africa*		America		Other Countries		31 June 2020 (Unaudited)	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	286,970,745	-	-	1,522,973	-	-	-	-	-	-	-	-	-	-	-	288,493,718
Balances at banks and financial institutions	25,429	4,394,530	36,469,376	-	-	-	-	-	-	-	-	-	-	-	-	83,631,421
Deposits at banks and financial institutions	156,064	-	-	-	-	-	-	-	-	-	-	-	-	-	-	156,064
Credit facilities:	1,393,617,917	-	-	182,884,561	-	-	-	-	-	-	-	-	-	-	-	1,576,502,478
Bonds, Bills and Debentures:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through comprehensive income	32,484,742	(1,597,337)	-	-	-	-	-	-	-	-	-	-	-	-	-	39,436,757
Within financial assets carried at amortized cost	376,116,176	-	-	-	-	-	-	-	-	-	-	-	-	-	-	376,116,176
Derivatives of financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets encumbered (debt instruments)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total / current period	2,089,371,073	2,797,193	220,876,910	9,510,736	104,770	33,618,553	8,067,179	2,364,346,414								
Financial guarantees	202,983,288	-	18,234,805	-	-	-	-	-	-	-	-	-	-	-	-	221,218,093
Letters of credit	64,995,656	-	10,698,151	-	-	-	-	-	-	-	-	-	-	-	-	75,693,807
Other obligations	306,833,488	-	31,004,650	-	-	-	-	-	-	-	-	-	-	-	-	337,838,138
Total	2,664,183,505	2,797,193	280,814,516	9,510,736	104,770	33,618,553	8,067,179	2,999,096,452								

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2- Distribution of Exposures by Economic Sectors (exposure at default):

Economic Sector	Financial	Industrial	Trade	Real estate	Agricultural	Shares	Individuals	Government and Public Sector	Services	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	-	-	288,493,718	-	-	288,493,718
Balances at banks and financial institutions	83,248,223	-	-	-	-	392,997	-	-	-	-	83,641,220
Deposits at banks and financial institutions	156,064	-	-	-	-	-	-	-	-	-	156,064
Credit facilities:	61,182,475	377,807,142	227,415,728	177,339,486	25,257,758	7,622,518	233,408,429	120,144,413	346,324,530	-	1,576,502,479
Bonds, Bills and Debentures:	-	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through comprehensive income	14,288,607	-	8,273,157	-	-	-	-	14,584,828	2,290,165	-	39,436,757
Within financial assets carried at amortized cost	-	-	-	-	-	-	-	376,116,176	-	-	376,116,176
Derivatives of financial instruments	-	-	-	-	-	-	-	-	-	-	-
Financial assets encumbered (debt instruments)	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-
Total / current period	158,875,369	377,807,142	235,688,885	177,339,486	25,257,758	8,015,515	233,408,429	799,339,135	348,614,695	-	2,364,346,414
Financial guarantees	30,923,552	40,664,150	40,066,536	-	1,290,338	1,807,208	4,333,096	-	102,133,214	-	221,218,094
Letters of credit	4,241,328	44,384,581	21,591,272	-	51,895	1,840,573	592,564	-	2,991,595	-	75,693,808
Other obligations	19,875,555	61,339,260	131,173,542	-	8,748,092	1,090,558	34,121,836	-	81,489,294	-	337,838,137
Total	213,915,804	524,195,133	428,520,235	177,339,486	35,348,083	12,753,854	272,455,925	799,339,135	535,228,798	-	2,999,096,453

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(29) TRANSACTIONS WITH RELATED PARTIES

The Bank entered into transactions with subsidiary companies, sister companies, major shareholders, Board of Directors, and executive management within the normal banking practice and according to the normal interest rates. All the credit facilities granted to related parties are considered to be performing facilities, and no impairment provisions has been taken as at 30 June 2020.

A. The following is a summary of the transactions with related parties during the period / year:

	Total											
	Sister Companies		Board of Directors Members		Subsidiaries**		Executive Managers		Others*		December 31 2019 Audited JD	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	Unaudited JD	June 30 2020 JD	
Consolidated Consolidated Interim Statement of Financial Position Items:												
Direct credit facilities *	-	38,468	1,047,911	-	2,018,380	-	10,568,541	-	3,104,759	3,104,759	3,103,034	
Deposits at banks in financial institutions	33,553,539	-	-	-	-	-	-	10,568,541	44,122,080	44,122,080	37,593,966	
Deposits	-	36,233,679	2,605,931	-	2,402,935	-	1,123,487	1,123,487	42,366,032	42,366,032	60,571,424	
Deposits at banks and financial institutions	205,657	-	4,000	-	-	-	13,175	13,175	205,657	205,657	4,206,061	
Cash margins	-	-	-	-	-	-	-	-	17,175	17,175	17,175	
Financial assets at fair value through comprehensive income	22,101,043	-	-	-	-	-	13,223,153	13,223,153	35,324,196	35,324,196	35,866,755	
Assets held for sale	-	-	-	-	-	-	-	-	-	-	4,318,694	
Liabilities directly related to assets held for sale	-	-	-	-	-	-	-	-	-	-	1,305,735	
Off-Consolidated Interim Statement of Financial Position Items:												
Letters of guarantee	3,833,600	11,300	172,500	-	-	-	1,327,290	1,327,290	5,344,690	5,344,690	2,561,612	
Letters of credit	59,341	-	-	-	-	-	4,254,000	4,254,000	4,313,341	4,313,341	4,904,848	
											Total	
											For the period Ended June 30	
											2020	
											2019	
Consolidated Statement of Income items:												
Interest and commission income *	78,490	4,043	7,788	38,285	17,917	146,523	227,453					
Interest and commission expense *	1,679,780	2,735,497	665	8,372	4,310	4,428,624	1,708,420					
Management fees	452,342	-	-	-	-	452,342	452,342					
Financial assets dividends	2,536,119	-	-	-	-	2,536,119	1,050,000					

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*Included in the direct credit facilities granted to the Board of Directors members of JD 107,158, representing credit facilities granted to Ejarah Finance lease Company (subsidiary company) Board of Directors as of June 30, 2020 (JD 257,711 as of 31 December 2019).

Included in the direct credit facilities granted to the executive management and Board of Directors of JD 285,495, representing credit facilities granted to the Board of Directors of Specialized Managerial Company for Investments and Financial Consulting Company (subsidiary company) as of June 30, 2020 (JD 299,114 as of December 31, 2019)

** Transactions with subsidiaries are excluded when preparing the condensed consolidated interim financial statements.

*Represents companies the bank has the right to vote on its boards of directors.

*Credit Interest rate ranges from 4% to 10%.

*Debit Interest rate ranges from 0,25% to 5,38%.

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

B. Salaries and Bonuses of the Executive Management

The Salaries of Executive management for the Bank and the subsidiary companies amounted to JD 2,134,553 for the six months ended June 30, 2020 (JD 1,836,555 for the six months ended June 30, 2019).

(30) COMMITMENTS AND CONTINGENT LIABILITIES

Credit commitments and contingencies:

	June 30 2020 JD	December 31 2019 JD
Letters of credit	76,049,695	96,880,456
Letters of acceptance	21,224,102	20,516,666
Letters of guarantee:		
Payments	118,889,343	127,336,681
Performance bonds	76,121,867	81,818,493
Other	28,909,140	27,462,410
Unutilized direct credit facilities ceilings	203,971,295	211,909,426
Unutilized indirect credit facilities ceilings	115,557,367	109,779,253
Total	640,722,809	675,703,385

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Following is the movement of the balance of commitments and contingent liabilities in a cumulative manner during the six months ended 30 June 2020:

	First stage		Second stage		30 June 2020 (Unaudited)	31 December 2019 (Audited)
	Individual	collective	individual	collective		
	JD	JD	JD	JD		
Total balance as at the beginning of the year	660,587,626	-	12,366,317	-	675,703,385	647,151,638
New facilities during the year	87,445,366	-	1,569,285	-	89,127,827	171,842,011
Facilities paid during the year	(121,600,706)	-	(1,930,059)	-	(124,108,403)	(143,290,264)
What has been converted to the first stage	1,702,159	-	(1,650,380)	-	(51,780)	-
What has been converted to the Second stage	(4,977,966)	-	4,997,305	-	(19,339)	-
What has been converted to the third stage	(547,723)	-	(238,741)	-	786,464	-
Changes resulting from modifications	-	-	-	-	-	-
Write off	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-
Total balance at the end of the period/ year	622,608,756	-	15,113,727	-	640,722,809	675,703,385

The movement on the provision for credit losses expected for indirect facilities is presented in a cumulative manner during the six months ended 30 June 2020:

	First stage		Second stage		30 June 2020 (Unaudited)	31 December 2019 (Audited)
	Individual	collective	individual	collective		
	JD	JD	JD	JD		
Balance at the beginning of the year	2,957,220	-	434,642	-	5,403,583	5,112,741
Expected credit losses on new facilities during the period/ year	1,059,453	-	158,186	-	1,598,285	2,567,881
Recovered from expected credit losses on facilities paid during the period/ year	(762,850)	-	(56,524)	-	(1,029,097)	(2,277,039)
What has been converted to the first stage	114,266	-	(96,735)	-	(17,531)	-
What has been converted to the Second stage	(35,574)	-	42,138	-	(6,564)	-
What has been converted to the third stage	(8,112)	-	(19,359)	-	27,471	-
Changes resulting from modifications	-	-	-	-	-	-
Write off	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-
Total balance at the end of the period/ year	3,324,404	-	462,348	-	5,972,771	5,403,583

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(31) LAWSUITS AGAINST THE BANK

The Group is a defendant in lawsuits amounting to JD 9,504,897 as of June 30, 2020 (Against JD 9,678,970 as of December 31, 2019), and in the opinion of the Bank's management and its legal advisor, no liabilities shall arise against the Bank exceeding the existing provision of JD 1,279,097 as of June 30, 2020 (JD 1,105,721 as of December 31, 2019).

(32) AUTHORIZED AND PAID UP CAPITAL AND PROPOSED DIVIDENDS

The General Assembly of the Bank approved in its ordinary meeting held on 4 May 2020 the recommendation of the Board of Directors to distribute bonus shares to shareholders at half a share for each existing share, by 50 million shares / JD to be capitalized from the voluntary reserve account, the paid up capital after the share dividends distribution is 150 million share/JD.

The General Assembly of the Bank approved in its meeting held on 29 April 2019 the recommendation of the Board of Directors to distribute dividends amounting to 20% of paid in capital.

(33) STATUTORY AND VOLUNTARY RESERVE

The bank did not deduct the statutory and voluntary reserves according to the Jordanian Companies Law as these are interim financial statements.

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(34) FAIR VALUE HIERARCHY

A. THE FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES OF THE BANK SPECIFIED AT FAIR VALUE ON AN ONGOING BASIS:

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

	Fair Value		The level of fair value	Evaluation method and input used	Important intangible inputs	Relation between fair value and the important intangible inputs
	June 30 2020	December 31, 2019				
	(Unaudited) JD	(Audited) JD				
Financial Assets at Fair Value through Comprehensive Income						
Shares with available market price	28,369,210	18,608,695	Level 1	Quoted prices in financial markets	N/A	N/A
Shares with no available market price	27,318,880	27,206,325	Level 2	Through the comparison of similar financial instruments	N/A	N/A
Bonds listed in active markets	32,584,934	38,030,583	Level 1	Quoted prices in financial markets	N/A	N/A
Bonds unlisted in active markets	14,180,155	13,720,000	Level 2	Through the comparison of similar financial instruments	N/A	N/A
Total	<u>102,453,179</u>	<u>97,565,603</u>				

There were no transfers between level 1 and level 2 during the period ended June 30, 2020.

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B. THE FAIR VALUE OF THE FINANCIAL ASSETS AND FINANCIAL LIABILITIES OF THE BANK (NON-SPECIFIC FAIR VALUE ON AN ONGOING BASIS):

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the condensed consolidated interim approximates their fair value because the Bank's management believes that the carrying value of the items is equivalent to their fair value. This is due to short-term accrual or interest rates re-measurement during the period

	June 30, 2020		December 31, 2019		The level of Fair Value
	Book value	Fair value	Book value	Fair value	
	(Unaudited) JD	(Unaudited) JD	(Audited) JD	(Audited) JD	
Financial Assets of Non-specified Fair Value					
Cash at Central Banks	288,494,468	288,522,183	351,555,800	351,585,773	Level 2
Balances at Banks and Financial Institutions	83,641,422	83,663,597	134,085,678	134,109,038	Level 2
Deposits at Banks and Financial Institutions	156,064	156,076	217,231	217,267	Level 2
Loans and discounted bills and other	1,576,502,479	1,589,922,258	1,573,776,716	1,584,960,477	Level 2
Financial Assets at Amortized Cost	376,116,171	382,487,001	308,656,110	313,811,044	Level 1 and 2
Total Financial Assets of Non-specified Fair Value	2,324,910,604	2,344,751,115	2,368,291,535	2,384,683,599	
Financial Liabilities of Non-specified Fair Value					
Banks and Financial Institutions Deposits	156,653,693	156,927,373	141,237,514	141,498,608	Level 2
Customers' Deposits	1,821,879,025	1,834,377,366	1,866,092,506	1,879,571,636	Level 2
Cash Margin	78,908,527	79,805,444	82,178,622	82,962,952	Level 2
Borrowed Funds	113,669,585	115,091,592	102,207,464	103,528,236	Level 2
Total Financial Liabilities of Non-specified Fair Value	2,171,110,830	2,186,201,775	2,191,716,106	2,207,561,432	

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

JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2020

(35) ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A. Investments in United Financial Investments Company

According to the investments meeting committee dated 27 December 2017, management approved a plan to sell the majority of shares owned by the bank in the subsidiary United Financial Investments Company. The board of director approved the plan on 7 January 2018 in which the sale is expected to occur in the coming months. Based on the above facts IFRS 5 applies and control over the investee is lost.

	June 30	
	2020	2019
	(Unaudited)	(Unaudited)
	JD	JD
(Loss) for the period from discontinued operations		
Total Income	121,234	181,169
Total Expenses	(496,191)	(695,153)
(Loss) for the period before tax	(374,957)	(513,984)
Deferred Tax / income tax expense	76,366	-
Net (loss) income for the period	(298,591)	(513,984)
Parent share of (Loss) from subsidiaries	(163,655)	(258,102)

	June 30, 2020		December 31, 2019	
	Company's financial Information (Unaudited)	Parent Share (Bank) (Unaudited)	Company's financial Information (Audited)	Parent Share (Bank) (Audited)
	JD	JD	JD	JD
Assets Held for Sale				
Cash in vault and at banks	1,100,965	603,428	1,886,087	947,117
Direct credit facilities-net	927,764	508,498	903,095	453,498
Financial assets at fair value through profit and loss	4,345,861	2,381,923	4,491,314	2,255,358
Financial assets at fair value through comprehensive income		-	-	-
Property and equipment - net	361,666	198,226	361,345	181,453
Intangible assets - net	1,731	949	2,397	1,199
Deferred tax assets	1,132,732	620,839	1,002,772	503,552
Other assets	2,942,755	1,612,895	2,929,733	1,471,199
Total Assets	10,813,474	5,926,758	11,576,743	5,813,376
Less: impairment on assets held for sale	-	(1,497,293)	-	(1,494,682)
	10,813,474	7,424,051	11,576,743	4,318,694
Liabilities related to assets held for sale				
Income Tax provision	40,000	21,924	340,917	171,194
Other liabilities	58,575	32,104	58,906	29,580
Total Liabilities	1,983,062	1,086,897	2,200,414	1,104,961
	2,081,637	1,140,925	2,600,237	1,305,735
Shareholders equity directly related to assets held for sale	(35,505)	(19,459)	(35,505)	(17,829)

(36) RISK MANAGEMENT

The risk management is the same as on December 31, 2019 except for the impact of the Corona virus (Covid-19) outbreak, as follows:

Covid-19 and Expected Credit Loss (ECL)

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread globally, causing disruptions to businesses and economic activity. In response, government and Central bank have launched economic support and relief measures (including payment deferral) to minimize the impact on individuals and corporations.

The bank continues to assess borrowers for other indicators of unlikeliness to pay, taking into consideration the underlying cause of any financial difficulty and whether it is likely to be temporary as a result of Covid-19 or longer term.

The bank has initiated a program of payment deferral for its customers operating in highly impacted sectors by deferring interest/principal due for a period of one month to three months. These payment deferrals are considered as short-term liquidity to address borrowers' cash flow issues. The holidays offered to customers may indicate a SICR. However, the Bank believes that the extension of these payment deferral does not automatically trigger a SICR and a stage migration for the purposes of calculating ECL, as these are being made available to assist borrowers affected by the Covid-19 outbreak to resume regular payments. At this stage, sufficient information is not available to enable the Bank to individually differentiate between borrowers' short-term liquidity constraints and a change in its lifetime credit risk. This approach is consistent with the expectations of the Central Bank of Jordan as referred to in its issued circular (no. 10/3/4375 issued on 15 March 2020 which has not considered the arrangements over the impacted sectors during this period as rescheduling or restructuring of credit facilities for the year for the purpose of assessing the SICR) and accordingly was not considered as modification of the terms of contract.

Reasonableness of Forward-Looking Information and probability weights

Any changes made to ECL to estimate the overall impact of Covid-19 is subject to very high levels of uncertainty as limited forward-looking information is currently available on which to base those changes.

A number of positive factors were taken in studying the impact of (Covid – 19), including:

1. The Central Bank of Jordan and Jordan Loan Guarantee Corporation initiatives.
2. The Central Bank of Jordan Instructions on loans and installments deferral.
3. The government and Social Security Corporation initiatives.
4. Reductions in interest rates.
5. The Central Bank of Jordan initiative to promote the banks liquidity including the reducing of the statutory reserve percentages.

Actions that applied by the Group to address the (COVID – 19) effect:

According to the government initiatives and Central Bank of Jordan letter No.10/03/4365 on 15 March 2020, to take a set of precautionary measures to contain the negative repercussions of COVID-19 on the performance of the local economy. The Bank applied a stress testing tests in according with the Central Bank of Jordan requirement to provide a quantitative estimate of the potential impact of this outbreak on the Bank. However, the impact of this outbreak on the macroeconomic forecasts, according to that the bank will assess the need for additional provisions during the current year.

The Group has adopted Moody's model in calculating the expected credit loss provisions in which the model was updated in light of the COVID 19 situation, in relation to the macroeconomic and forward looking factors.

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected and management expects more clarity to the impact of COVID-19 by the end of third and fourth quarter.