



Ref: M100/ /2020

Date : July 29<sup>th</sup> 2020

الرقم : م ٢٠٢٠/١٦٦/١٠٠

التاريخ : ٢٠٢٠/٧/٢٩

To: Jordan Securities Commission  
Amman Stock Exchange

السادة هيئة الأوراق المالية المحترمون  
السادة بورصة عمان المحترمون

تحية وبعد ،،

Quarterly Report as of 31/3/2020

التقرير ربع السنوي كما في ٢٠٢٠/٣/٣١

Attached the Quarterly Report of Jordan  
Kuwait Bank as of 31/3/2020.

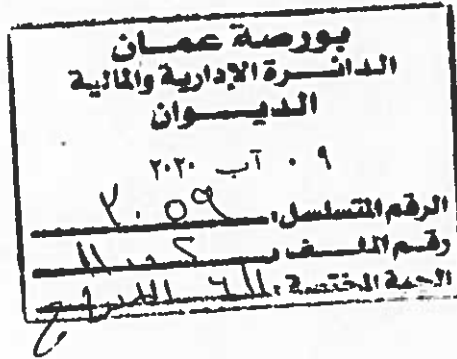
مرفق طيه نسخة من البيانات المالية ربع  
السنوية لشركة البنك الأردني الكويتي كما هي  
بتاريخ ٢٠٢٠/٣/٣١ .

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**

**31 MARCH 2020  
(UNAUDITED)**

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

**31 MARCH 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 31 March 2020 and the related interim condensed consolidated statement of income, interim condensed consolidated comprehensive income, interim condensed consolidated changes in equity and interim condensed consolidated cash flows for the three 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**

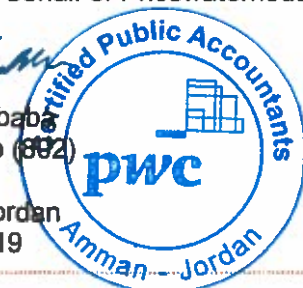
We conducted our review in accordance with the International Standard on Review Engagements (2410) "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for 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 Sabab  
License No (892)  
Amman, Jordan  
29 July 2019



**JORDAN KUWAIT BANK**  
**(A PUBLIC LIMITED SHAREHOLDING COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2020**

	Note	March 31, 2020 (Unaudited) JD	December 31, 2019 (Audited) JD
<b>ASSETS</b>			
Cash and balances at central banks	4	338,923,221	402,004,690
Balances at banks and financial institutions	5	69,024,955	134,085,678
Deposits at banks and financial institutions	6	187,385	217,231
Direct credit facilities-net	7	1,571,961,714	1,573,776,716
Financial assets at fair value through other comprehensive income	8	88,289,832	96,124,306
Financial assets at amortized cost	9	378,574,410	308,656,110
Property and equipment - net		26,290,338	26,711,598
Intangible assets - net		1,193,414	1,357,766
Right of use leased assets	10	13,743,286	14,278,048
Deferred tax assets		32,422,620	31,137,943
Other assets	11	173,841,464	163,332,131
Assets held for sale	22	4,396,091	4,318,694
<b>TOTAL ASSETS</b>		<b>2,698,848,730</b>	<b>2,756,000,911</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Banks and financial institutions deposits		117,039,741	141,237,514
Customers deposits		1,844,683,474	1,866,092,506
Cash margins		80,974,264	82,178,622
Borrowed funds		95,741,150	102,207,464
Other provisions		12,992,299	12,408,652
Liabilities against right of use leased assets	10	13,261,281	13,245,180
Provision for income tax	12	12,890,897	14,760,848
Deferred tax liabilities		2,625,396	3,489,800
Other liabilities		61,311,588	59,542,151
Liabilities directly related to assets held for sale	22	1,383,132	1,305,735
<b>TOTAL LIABILITIES</b>		<b>2,242,903,222</b>	<b>2,296,468,472</b>
<b>EQUITY</b>			
Authorized and paid-in capital	19	100,000,000	100,000,000
Statutory reserve	20	96,043,640	96,043,640
Voluntary reserve	20	181,023,362	181,023,362
Financial assets valuation reserve - net		1,244,293	2,296,466
Equity directly related to assets held for sale	22	(17,829)	(17,829)
Retained earnings		80,186,800	80,186,800
Loss for the period		(2,534,758)	-
<b>TOTAL EQUITY</b>		<b>455,945,508</b>	<b>459,532,439</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,698,848,730</b>	<b>2,756,000,911</b>

The accompanying notes from 1 to 23 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 31 MARCH 2020**

	Note	For the Three Months Ended March 31	
		2020	2019
		JD (unaudited)	JD (unaudited)
Interest income		35,618,980	37,567,569
<b>Less:</b> Interest expense		(15,248,585)	(14,747,046)
Net Interest Income		20,370,395	22,820,523
Net commission income		2,238,491	2,624,999
<b>Net Interest and Commission Income</b>		22,608,886	25,445,522
Foreign currency exchange income		764,334	622,876
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	2,152,524	1,050,000
Other income		2,676,975	4,150,797
<b>Gross Income</b>		28,202,719	31,585,490
Employees expenses		6,964,851	6,413,732
Depreciation and amortization		1,253,877	2,225,525
Provision for expected credit losses on direct credit facilities	7	8,493,031	2,579,341
Provision for (reversal from) expected credit losses on indirect credit facilities		1,713,198	(139,835)
Provision for (reversal from) expected credit losses on investments		5,745,756	(120,238)
(Reversal from) provision for expected credit losses on deposits at banks and financial institutions		(1,508)	4,605
Other provisions		990,000	1,094,422
Other expenses		5,758,933	5,270,785
<b>Total Expenses</b>		30,918,138	17,328,337
(Loss) income for the period before income tax expense		(2,715,419)	14,257,153
Less: income tax expense		350,211	(4,444,984)
(Loss) income for the period from continuing operations		(2,365,208)	9,812,169
Net loss from discontinued operations	22	(169,550)	(44,943)
<b>(Loss) income for the period</b>		(2,534,758)	9,767,226
(loss) earning per share for the period - basic and diluted	13	(0.025)	0.098
(loss) earning per share from continued operations for the period - basic and diluted	13	(0.024)	0.098
Loss per share from discontinued operations for the period basic and diluted	13	(0.002)	(0.000)

The accompanying notes from 1 to 23 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 31 MARCH 2020**

	For the Three Months Ended March 31	
	2020 JD (unaudited)	2019 JD (unaudited)
<b>(Loss) income for the Period</b>	(2,534,758)	9,767,226
Other Comprehensive Income Items:	-	-
<u>Items that may be reclassified to profit or loss in subsequent periods</u>	-	-
Net change in financial assets at fair value valuation reserve - debt instruments – after tax	(377,424)	563,348
<u>Items that will not be reclassified to profit or loss in subsequent periods</u>	-	-
Net change in financial assets at fair value valuation reserve - equity instruments - net of tax	(674,749)	2,055,223
<b>Total comprehensive (loss) income for the period</b>	<b>(3,586,931)</b>	<b>12,385,797</b>

The accompanying notes from 1 to 23 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 31 MARCH 2020**

	Equity – Bank's Shareholders									
	Reserves									
	Authorized and Paid-in Capital	Statutory	Voluntary	Financial Assets – Valuation Reserve After Tax	Equity directly related to assets held for sale	Retained Earnings	(Loss) income for the Period	Total	JD	JD
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>For the Three months ended March 31, 2020 (Unaudited)</b>										
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	-	-	-	-	-	-	(2,534,758)	(2,534,758)		
Net change in financial assets at fair value through comprehensive income	-	-	-	(1,052,173)	-	-	-	(1,052,173)		
Total comprehensive loss	-	-	-	(1,052,173)	-	-	(2,534,758)	(3,586,931)		
Balance - End of the Period	100,000,000	96,043,640	181,023,362	1,244,293	(17,829)	80,186,800	(2,534,758)	455,945,508		
<b>For the Three months ended March 31, 2019 (Unaudited)</b>										
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	-	-	-	-	-	-	9,767,226	9,767,226		
Net change in financial assets at fair value through comprehensive income	-	-	-	2,618,571	-	-	-	2,618,571		
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	(197,209)	-	2,055,223	-	1,858,014		
Total comprehensive income	-	-	-	2,421,362	-	2,055,223	9,767,226	14,243,811		
Balance - End of the Period	100,000,000	91,350,185	171,636,452	6,581,880	(17,829)	80,487,706	9,767,226	459,805,620		

- Included in retained earnings, an amount of JD 32,422,620 as of March 31, 2020 (31 December 2019: JD 31,137,943) 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 March 31, 2020 (31 December 2019: JD 3,537,266) 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 23 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 31 MARCH 2020**

Note	For the Three Months Ended 30 March	
	2020	2019
	JD (unaudited)	JD (unaudited)
<b>Cash Flows from Operating Activities:</b>		
(Loss) income for the period before income tax	(2,884,969)	14,212,210
<b>Adjustments:</b>		
Depreciation and amortization	1,253,877	2,225,525
Provision for expected credit losses on direct credit facilities	8,493,031	2,579,341
Provision for (reversal from) expected credit losses on indirect credit facilities	1,713,198	(139,835)
Provision for (reversal from) impairment on Investments	5,745,756	(120,238)
(Reversal from) provision for expected credit losses on deposits at banks and financial institutions	(1,508)	4,605
Net interest income	5,246,740	4,031,854
Other provisions	990,000	1,094,422
Effect of exchange rate fluctuations on cash and cash equivalents	(12,171)	3,289
	<u>20,543,954</u>	<u>23,891,173</u>
<b>Changes in assets and liabilities:</b>		
Decrease in deposits at banks and financial institutions	31,354	30,928
(Increase) decrease in direct credit facilities	(6,678,029)	93,389,279
(Increase) in other assets	(35,404,979)	(21,150,165)
Increase (decrease) in banks and financial institutions deposits due after three months	3,346,724	(5,000,000)
(Decrease) in customers deposits	(21,409,032)	(21,928,364)
(Decrease) increase in cash margins	(1,204,358)	1,009,683
(Decrease) in other provisions	(406,353)	(444,076)
Increase in other liabilities	19,705,146	14,932,602
<b>Net cash flows (used in) generated from operating activities before income tax paid</b>	<u>(21,475,573)</u>	<u>84,731,060</u>
Income tax paid	(2,804,417)	(2,852,571)
<b>Net cash flows (used in) generated from operating activities</b>	<u>(24,279,990)</u>	<u>81,878,489</u>
<b>Cash flows from investing activities:</b>		
(Increase) decrease in financial assets at amortized cost	(74,823,422)	49,714,022
Decrease in financial assets at fair value through comprehensive income	5,077,262	21,847,564
(Increase) in deposits at banks and financial institutions	(23,758)	(141)
(Increase) in assets held for sale- net	(77,397)	(136,591)
Increase in liabilities directly related to assets held for sale	77,397	226,477
Decrease (Increase) in right of use leased assets	534,762	(14,862,780)
Increase in liabilities against right of use leased assets	16,101	14,369,510
(Increase) in property, equipment and intangible assets	(668,265)	(1,136,454)
<b>Net cash flows (used in) generated from investing activities</b>	<u>(69,887,320)</u>	<u>70,021,607</u>
<b>Cash flows from financing activities:</b>		
(Decrease) Increase in borrowed funds	(6,466,314)	10,458,157
<b>Net cash flows (Used In) generated from financing activities</b>	<u>(6,466,314)</u>	<u>10,458,157</u>
Effect of exchange rate fluctuations on cash and cash equivalents	12,171	(3,289)
<b>Net (decrease) increase in cash and cash equivalents</b>	<u>(100,621,453)</u>	<u>162,354,965</u>
Cash and cash equivalent - beginning of the period	437,054,816	207,432,021
<b>Cash and cash equivalent - end of the period</b>	<u>336,433,363</u>	<u>369,786,986</u>

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The accompanying notes from 1 to 23 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  
31 MARCH 2020**

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**(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.

Its Share capital amounts to 100,000,000 dinars, distributed on 100,000,000 shares with a par value of 1 JD per share.

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) It is the parent holding company.

These interim condensed consolidated financial statements were approved by the Bank's Board of Directors in their meeting held 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 the 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**  
**31 MARCH 2020**

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- 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 three months ended 31 March 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 three months ended on 31 March 2020 which is usually performed at year end.

**JORDAN KUWAIT BANK**  
**(A PUBLIC LIMITED SHAREHOLDING COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 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 31 March 2020 and 31 December 2019:

Company's Name	Paid-up Capital JD	Ownership of the Bank %	Nature of Operation	Location	Date of Acquisition
Ejarah for 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 Group 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 Group 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 consolidated financial statements of the Group.

**(3) ACCOUNTING ESTIMATES**

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

Management believes that the estimates used in the interim condensed 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.
- A provision for loans is taken according to bases and estimates approved by management in conformity with IFRS 9 as amended by the Central Bank of Jordan.
- Management periodically reassesses the economic useful lives of tangible and intangible assets for calculating annual depreciation and amortization based on the general status of these assets and the assessment of their useful economic lives expected in the future. Impairment loss is taken to the consolidated statement of income.
- Management frequently reviews the financial assets stated at cost to estimate any decline in their value. Impairment loss is taken to the consolidated statement of income.
- 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**

Mandatory cash reserve amounted to JD 90,391,466 as of March 31, 2020 (JD 91,500,370 as of December 31, 2019).

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

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

There are no expected credit losses on cash and balances with central banks as of March 31, 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).

**(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS**

Non-interest bearing balances at banks and financial institutions amounted to JD 29,193,929 as of March 31, 2020 (JD 66,753,963 as of December 31, 2019).

Restricted balances amounted to JD 2,525,796 as of 31 March 2020 (JD 2,502,038 as of 31 December 2019).

The expected credit loss provision on balances with banks and financial institutions are JD 572 as of March 31, 2020 (JD 1,761 as of December 31, 2019) in accordance with International Financial Reporting Standard No. (9).

**(6) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS**

There are no deposits maturing during a period of more than a year as of 31 March 2020 and 31 December 2019.

There are no deposits that mature within six to twelve months as of 31 March 2020 and 31 December 2019.

Deposits that mature within three to nine months amounted to JD 187,385 as of 31 March 2020 (JD 217,231 as of 31 December 2019).

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**(7) DIRECT CREDIT FACILITIES - NET**

	March 31, 2020	December 31, 2019
	<u>Unaudited</u>	<u>Audited</u>
	JD	JD
<b>Individuals (retail):</b>		
Overdraft accounts	115,057	80,370
Loans and promissory notes*	160,403,191	149,644,254
Credit cards	11,057,718	11,388,754
Real estate loans	233,313,658	238,491,792
<b>Corporates:</b>		
<b>Large</b>		
Overdraft accounts	137,858,329	153,906,087
Loans and promissory notes*	913,396,676	889,925,959
<b>Small and Medium</b>		
Overdraft accounts	20,069,692	18,553,289
Loans and promissory notes*	82,071,072	79,254,919
<b>Government and public sector</b>	120,438,476	128,438,162
<b>Total</b>	<u>1,678,723,869</u>	<u>1,669,683,586</u>
<b>Less: Expected credit loss provision</b>	85,723,076	77,230,046
<b>Less: Interest in suspense</b>	21,039,079	18,676,825
<b>Net Direct Credit Facilities</b>	<u>1,571,961,714</u>	<u>1,573,776,716</u>

\* Net after deducting interest and commission received in advance of JD 90,732 as of March 31, 2020 (JD 107,896 as of December 31, 2019).

Credit facilities within stage 3 amounted to JD 154,385,630 which is equivalent to (9.2%) of total direct credit facilities as of March 31, 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 133,364,397 which is equivalent to (8%) of total direct credit facilities balance after deducting suspended interest as of March 31, 2020 (against JD 124,799,884 which is equivalent to (7.5%) 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 March 31, 2020 (against JD 74,000,353 which is equivalent to (4.4%) as of December 31, 2019).



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Expected credit loss provision in Direct Credit Facilities

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

	Individuals JD	Real Estate Loans JD	Corporates		Government and Public sector JD	Total JD
			Large JD	Small and Medium JD		
<b>For the Three months Ended March 31, 2020 (unaudited)</b>						
Balance – beginning of the period	11,838,317	15,725,946	44,445,560	4,816,981	403,242	77,230,046
Add: deducted from income during the period	5,175,787	3,121,624	6,604,276	1,769,282	-	16,670,969
Less: Surplus in provision of credit facilities	(1,183,221)	(2,727,526)	(3,482,577)	(680,689)	(103,925)	(8,177,939)
<b>Balance at year end</b>	<b>15,830,883</b>	<b>16,120,044</b>	<b>47,567,259</b>	<b>5,905,574</b>	<b>299,317</b>	<b>85,723,076</b>
Total provisions- stage 1	5,720,935	650,615	3,460,748	243,129	299,317	10,374,744
Total provisions- stage 2	1,248,139	1,642,406	9,208,238	360,971	-	12,459,754
Total provisions- stage 3	8,861,809	13,827,023	34,898,273	5,301,473	-	62,888,578
	<b>15,830,883</b>	<b>16,120,044</b>	<b>47,567,259</b>	<b>5,905,574</b>	<b>299,317</b>	<b>85,723,076</b>

	Individuals JD	Real Estate Loans JD	Corporates		Government and Public sector JD	Total JD
			Large JD	Small and Medium JD		
<b>For the period Ended December 31, 2019 (audited)</b>						
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)
<b>Balance – End of the Year</b>	<b>11,838,317</b>	<b>15,725,946</b>	<b>44,445,560</b>	<b>4,816,981</b>	<b>403,242</b>	<b>77,230,046</b>
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
	<b>11,838,317</b>	<b>15,725,946</b>	<b>44,445,560</b>	<b>4,816,981</b>	<b>403,242</b>	<b>77,230,046</b>

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- \* According to the Board of Directors decision, direct credit facilities were written off during the year 2019 amounted to JD 1,585,781.
- \*\* According to the Board of Directors decision in 2019, direct credit facilities in the amount of JD 10,516,469 were transferred to off the statement of financial position.
- The disclosure above is related to provisions against debts calculated on the basis of the individual customer.
- The provisions no longer needed due to settlements or repayments of debts transferred against other debts amounted to JD 8,177,938 as of March 31, 2020 (against JD 9,204,066 as of December 31, 2019).

Interest in Suspense

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

	Individuals JD	Real Estate Loans JD	Corporates		Government and Public sector JD	Total JD
			Large JD	Small and Medium JD		
<b>For the Three months Ended March 31, 2020 (unaudited)</b>						
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	192,988	855,404	1,508,395	147,588	-	2,704,375
Less: Interest reversed to income	(68,466)	(176,427)	(10,243)	(86,984)	-	(342,120)
<b>Balance - End of the Period</b>	<b>1,501,596</b>	<b>6,009,431</b>	<b>12,403,524</b>	<b>1,124,528</b>	<b>-</b>	<b>21,039,079</b>
<b>For the year Ended December 31, 2019 (audited)</b>						
Balance – beginning of the year	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)	-	(149,606)
<b>Balance - End of the year</b>	<b>1,377,074</b>	<b>5,330,454</b>	<b>10,905,372</b>	<b>1,063,924</b>	<b>-</b>	<b>18,676,824</b>

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

The details of this item are as follows:

	March 31, 2020 <u>(Unaudited)</u> JD	December 31, 2019 <u>(Audited)</u> JD
Quoted shares in active markets	17,345,328	18,608,695
Unquoted shares in active markets	27,328,970	27,206,325
Quoted bonds in active markets	32,177,465	38,030,583
Unquoted bonds in active markets	13,720,000	13,720,000
Total	<u>90,571,763</u>	<u>97,565,603</u>
Less: Provision for impairment of financial assets at fair value through other comprehensive income*	<u>(2,281,931)</u>	<u>(1,441,297)</u>
	<u>88,289,832</u>	<u>96,124,306</u>
<b><u>Bonds Analysis:</u></b>		
Fixed rate	30,850,116	38,030,583
Floating rate	12,765,418	13,720,000
Total	<u>43,615,534</u>	<u>51,750,583</u>

\*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.

Cash dividends on the above investments amounted to JD 2,152,524 for the three months ended as of March 31, 2020, (against JD 1,050,000 as of March 31, 2019).

**(9) FINANCIAL ASSETS AT AMORTIZED COST**

The details of this item are as follows:

	March 30, 2020 <u>Unaudited</u> JD	December 31, 2019 <u>Audited</u> JD
<b><u>Unquoted Financial Assets:</u></b>		
Bonds and treasury bills	378,574,410	308,656,110
Total Unquoted Financial Assets	<u>378,574,410</u>	<u>308,656,110</u>
Less: provision for impairment of financial assets at fair value	-	-
Total	<u>378,574,410</u>	<u>308,656,110</u>
<b><u>Bonds and Bills Analysis:</u></b>		
Fixed rate	378,574,410	308,656,110
Floating rate	-	-
Total	<u>378,574,410</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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**(10) 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 13,743,286 against liabilities of JOD 13,261,281 as at 31 March 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 534,762.

The liability is amortized by reducing payments to the lessor after deducting the interest from the present value, which amounted to JD 268,320.

**(11) OTHER ASSETS**

The details of this item are as follows:

	March 31, 2020 <u>(Unaudited)</u> JD	December 31, 2019 <u>(Audited)</u> JD
Accrued interest and revenue	24,895,646	16,941,733
Prepaid expenses	4,422,024	2,102,357
Assets seized by the Bank against due debts - net	137,093,024	136,505,006
Debtors	1,915,147	2,125,082
Clearing cheques	1,429,304	306,891
Other	4,086,319	5,351,062
	<u>173,841,464</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 date of seizure, and to the Central Bank of Jordan, in exceptional cases, 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 Three Months Ended March 31, 2020			For the year Ended December 31, 2019
	Seized Property JD	Other Seized Assets		Total JD
		Assets JD	Total JD	
Balance - beginning of the period / year - net	136,505,006	-	136,505,006	142,291,276
Additions	597,084	-	597,084	3,863,717
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	36,921	-	36,921	(651,435)
Balance - End of the Period / Year	<u>137,093,024</u>	<u>-</u>	<u>137,093,024</u>	<u>136,505,006</u>

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\* This item represent 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.

**(12) INCOME TAX**

**A. STATUTORY INCOME TAX RATES:**

	<u>2020</u>	<u>2019</u>
Jordan branches	38%	35%
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	2018	2018	Accrued tax has been paid	None
Specialized Managerial Company for Investments and Financial Services	2018	None	None	None

In the opinion of the management and the tax consultant of the Group, the provision for income tax is sufficient to meet tax obligations as at 31 March 2020.

**C. PROVISION FOR INCOME TAX**

The movement on provision for income tax was as follows:

	<u>For the Three Months Ended March 31, 2020 (unaudited)</u>	<u>For the Year Ended December 31, 2019 (audited)</u>
	JD	JD
Beginning balance for the period / year	14,760,848	12,053,013
Income tax accrued for the period/ year	934,466	18,088,556
Income tax paid for the period / year	<u>(2,804,417)</u>	<u>(15,380,721)</u>
Ending balance for the period / year	<u>12,890,897</u>	<u>14,760,848</u>

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**(13) EARNINGS PER SHARE FOR THE PERIOD ATTRIBUTABLE TO BANK'S SHAREHOLDERS**

The details of this item is as follows:

	<u>For the Three Months Ended March 31</u>	
	<u>2020</u>	<u>2019</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	JD	JD
(Loss) Income for the period	(2,534,758)	9,767,226
(Loss) Income for the period from continued operation	(2,365,208)	9,812,169
(Loss) for the period from discontinued operations	(169,550)	(44,943)
Weighted average number of shares	100,000,000	100,000,000
(Losses) earnings per share for the period (basic and diluted)	(0,025)	0,098
(Losses) earnings per share from continued operations (basic and diluted)	(0,024)	0,098
(Losses) earnings per share from discontinued operations	(0,002)	(0,000)

**(14) CASH AND CASH EQUIVALENT**

The details of this item is as follows:

	<u>March 31</u>	
	<u>2020</u>	<u>2019</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	JD	JD
Balances at central banks due within three months	338,923,221	348,907,856
<u>Add:</u> Balances at banks and financial institutions due within three months	69,024,955	186,337,653
<u>Less:</u> Banks and financial institutions deposits due within three months	68,989,017	164,746,659
Restricted balances	2,525,796	711,864
Total	<u>336,433,363</u>	<u>369,786,986</u>

**(15) INFORMATION ON THE BANK'S ACTIVITIES**

**1- BANK ACTIVITIES INFORMATION**

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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**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 branches in Cyprus.

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

	Inside Kingdom		Outside Kingdom		Total	
	For the Three months Ended		For the Three months Ended		For the Three months Ended	
	March 30,		March 30,		March 30,	
	2020	2019	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	JD	JD	JD	JD	JD	JD
Gross income for the period	25,734,975	28,217,280	2,467,744	3,368,210	28,202,719	31,585,490
Capital Expenditures	668,265	1,136,454	-	-	668,265	1,136,454
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	JD	JD	JD	JD	JD	JD
Total assets	2,322,174,766	2,364,019,560	376,673,964	391,981,350	2,698,848,730	2,756,000,911



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- \* Included in the direct credit facilities granted to the Board of Directors members of JD 391,869, representing credit facilities granted to Ejarah Finance lease Company (subsidiary company) Board of Directors as of March 31, 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 254,778, representing credit facilities granted to Specialized Managerial Company (subsidiary Company) Board of Directors as of 31 March 2020 (JD 299,114 as of December 31, 2019). \*\* Transactions with related parties are excluded when preparing the condensed consolidated interim financial statements.
- \*\* Represents companies the bank has the right to vote on its boards of directors.
- \*\*\* Interest income rate ranges from 4% to 9%.
- \*\*\*\* Interest Expense rate ranges from 1% to 6%.

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

**B. Salaries and Bonuses of the Executive Management**

The Salaries of Executive management for the Bank and the subsidiaries amounted to JD 638,022 for the Three months ended March 31, 2020 (JD 749,100 for the three months ended March 31, 2019).

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**(17) COMMITMENTS AND CONTINGENT LIABILITIES**

Credit commitments and contingencies:

	March 31 2020 JD	December 31 2019 JD
Letters of credit	71,156,362	96,880,456
Letters of acceptances	20,810,404	20,516,666
<b>Letters of guarantee:</b>		
Payments	122,942,375	127,336,681
Performance bonds	83,597,896	81,818,493
Other	24,421,598	27,462,410
Unutilized direct credit facilities ceilings	204,751,778	211,909,426
Unutilized Indirect credit facilities ceilings	117,457,211	109,779,253
<b>Total</b>	<b>645,137,624</b>	<b>675,703,385</b>

**(18) LAWSUITS AGAINST THE BANK**

The Bank is a defendant in lawsuits amounting to JD 9,679,970 as of March 31, 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 1,189,000 as of March 31, 2020 (JD 1,105,721 as of December 31, 2019).

As of March 31, 2020, and December 31, 2019, there were no material lawsuits raised against the subsidiaries.

**(19) 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 balance. The paid in 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 cash dividends amounting to 20% of paid in capital.

**(20) STATUTORY AND VOLUNTARY RESERVE**

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

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**(21) 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
	March 31, 2020	December 31, 2019				
	(Unaudited) JD	(Audited) JD				
<b>Financial Assets at Fair Value through Comprehensive Income</b>						
Shares with available market price	17,345,328	18,608,695	Level 1	Quoted prices in financial markets	N/A	N/A
Shares with no available market price	27,328,970	27,206,325	Level 2	Through the comparison of similar financial instruments	N/A	N/A
Bonds listed in active markets	32,177,465	38,030,583	Level 1	Quoted prices in financial markets	N/A	N/A
Bonds unlisted in active markets	13,720,000	13,720,000	Level 2	Through the comparison of similar financial instruments	N/A	N/A
<b>Total</b>	<b>90,571,763</b>	<b>97,565,603</b>				
<b>Total fair value of financial assets</b>	<b>90,571,763</b>	<b>97,565,603</b>				

There were no transfers between level 1 and level 2 during the period ended March 31, 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

	March 31, 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	
<b>Financial Assets of Non-specified Fair Value</b>					
Cash at Central Banks	244,847,097	244,859,125	351,555,800	351,585,773	Level 2
Balances at Banks and Financial Institutions	69,024,955	74,256,006	134,085,678	134,109,038	Level 2
Deposits at Banks and Financial Institutions	187,385	187,385	217,231	217,267	Level 2
Loans and discounted bills and other	1,571,961,714	1,588,539,483	1,573,776,716	1,584,960,477	Level 2
Financial Assets at Amortized Cost	378,574,410	382,727,978	308,656,110	313,811,044	Level 1 and 2
<b>Total Financial Assets of Non-specified Fair Value</b>	<b>2,264,595,561</b>	<b>2,290,569,977</b>	<b>2,368,291,535</b>	<b>2,384,683,599</b>	
<b>Financial Liabilities of Non-specified Fair Value</b>					
Banks and Financial Institutions Deposits	117,039,741	117,416,290	141,237,514	141,498,608	Level 2
Customers' Deposits	1,844,683,474	1,858,391,245	1,866,092,506	1,879,571,636	Level 2
Cash Margin	80,974,264	81,463,247	82,178,622	82,962,952	Level 2
Borrowed Funds	95,741,150	95,741,150	102,207,464	103,528,236	Level 2
<b>Total Financial Liabilities of Non-specified Fair Value</b>	<b>2,138,438,629</b>	<b>2,153,011,932</b>	<b>2,191,716,106</b>	<b>2,207,561,432</b>	

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.

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**(22) 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.

	March 31	
	2020	2019
	(Unaudited)	(Unaudited)
	JD	JD
Gain for the period from discontinued operations		
Total income	7,237	123,839
Total expenses	(335,715)	(213,338)
Loss for the period before tax	(328,478)	(89,499)
Income tax expense	(9,264)	-
Net loss for the period	(337,742)	(89,499)
Parent share of loss	(169,550)	(44,943)

	March 31, 2020		December 31, 2019	
	Company's financial	Parent Share	Company's financial	Parent Share (Bank)
	Information	(Bank)	Information	(Bank)
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	JD	JD	JD	JD
<b>Assets Held for Sale</b>				
Cash in vault and at banks	1,752,021	879,795	1,886,087	947,117
Direct credit facilities-net	1,056,021	530,291	903,095	453,498
Financial assets at fair value through profit and loss	4,430,648	2,224,894	4,491,314	2,255,358
Financial assets at fair value through comprehensive income	-	-	-	-
Property and equipment - net	353,632	177,580	361,345	181,453
Intangible assets - net	2,064	1,036	2,397	1,199
Deferred tax assets	1,047,250	525,887	1,002,772	503,552
Other assets	2,805,515	1,408,817	2,929,733	1,471,199
<b>Total Assets</b>	<b>11,447,151</b>	<b>5,748,300</b>	<b>11,576,743</b>	<b>5,813,376</b>
Less: impairment on assets held for sale	-	(1,352,209)	-	(1,494,682)
	<b>11,447,151</b>	<b>4,396,091</b>	<b>11,576,743</b>	<b>4,318,694</b>
<b>Liabilities related to assets held for sale</b>				
Income Tax provision	58,726	29,490	58,906	29,580
Other liabilities	2,695,639	1,353,642	2,541,331	1,276,155
<b>Total Liabilities</b>	<b>2,754,365</b>	<b>1,383,132</b>	<b>2,600,237</b>	<b>1,305,735</b>
Shareholders' equity directly related to assets held for sale	(35,505)	(17,829)	(35,505)	(17,829)

**(23) 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 (ECO)**

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 do 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 cash 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 Group. 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.