



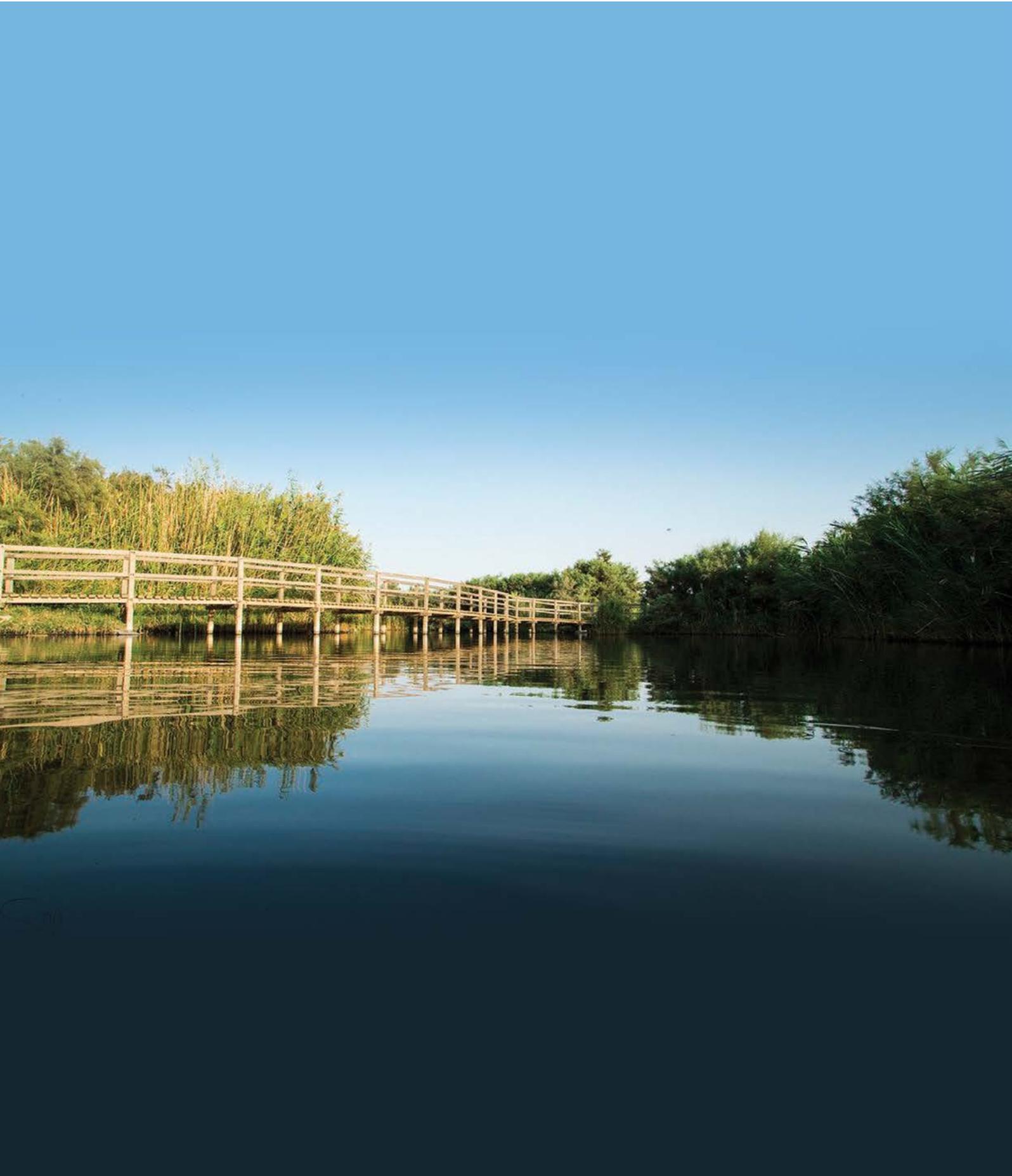
THE ENVIRONMENT ...
AN ETHICAL AND NATIONAL RESPONSIBILITY



**البنك
الأردني الكويتي
JORDAN KUWAIT
BANK**

"More than just a bank"

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Azraq Wetland Reserve

A natural reserve that is an oasis for migrating birds between Africa and Asia and is rich in flora and fauna



Public Ltd. Company
Established 25/10/1976

Commercial Register Number 108
Paid-up Capital JD 100 million
(USD 141 million)

Member of "Kipco" Group - Kuwait

Our Vision...

“ To be one of the pioneer Arab banks through offering distinguished comprehensive banking solutions, in line with the latest developments in banking industry and e-business in the world.”

Our Mission...

“ We are a Jordanian banking institution which offers global services assured with high quality and professionalism by taking full advantage of the Bank’s advanced technological capabilities and its staff efficiency to render qualified services to customers. JKB seeks to diversify its customer base to include various Jordanian & Arab economic sectors, in order to achieve a rewarding yield to shareholders, in addition to enhance the national economy development, and society welfare.”

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HIS MAJESTY
KING ABDULLAH II BIN AL-HUSSEIN



HIS HIGHNESS
SHEIKH SABAH AL-AHMAD AL-SABAH
EMIR OF THE STATE OF KUWAIT



HIS ROYAL HIGHNESS
PRINCE HUSSEIN BIN ABDULLAH II
THE CROWN PRINCE

Chairman **H.E. Mr. Abdel Karim A. Kabariti**

Rep.: Al Rawabi United Holding Co. - Kuwait

Vice Chairman **Mr. Faisal Hamad Al-Ayyar**

Members • **Mr. Masaud Mahmoud Jawhar Hayat**

Rep.: Kuwait Projects Co. (Holding) – Kuwait

• **Mr. Tariq Moh'd Abdul Salam**

• **Mr. Mohammad Adnan AlMadi**

Rep.: Social Security Corporation – Jordan

• **Dr. Yousef Musa Goussous**

Rep.: Al Rawabi United Holding Co. - Kuwait

• **Mr. Mansour Ahmad Louzi**

Rep.: Strategy Co. for Investments – Jordan

• **Mr. Bijan Khosrowshahi**

Rep.: Odyssey Reinsurance Co. – U.S.A

• **H.E. Dr. Marwan Jamil Muasher**

• **Mr. Hani Khalil Hunaidi**

• **Mr. Majed Fayyad Burjak**

• **Dr. Safwan Samih Toqan**

• **H.E. Mr. Marwan Mahmoud Awad** (As of 23/5/2018)

Board Secretary **Mr. Suhail Moh'd Turki**

Auditors **PricewaterhouseCoopers 'Jordan'**



The black Iris ... Jordan's National Flower

Jordan declared its protection of the black iris being one of the rarest flowers and that protecting it is part of its preservation of wildlife and biodiversity in Jordan

To The Shareholders,

I am pleased to present to you, in my name and on behalf of my colleagues, members of the Board of Directors, the Annual Report on the Bank's results, achievements and the Consolidated Financial Statements for the year ending on 31/12/2018.

Economic Performance in 2018

The Global Economy continued with relatively stable growth during 2018 whereby macroeconomics continued to steadily improve with a growth in 2018 by 3.1%, which is slightly above the growth rate in 2017, yet such growth remained engulfed with many risks and is thought to be for a short-term only.

Despite that the US economic growth achieved significant results in 2018, there is still apprehension encompassing the performance of the US economy; with warnings that such growth shall slow down next year, which shall impact the US Dollar performance and the decisions of the Federal Reserve.

Regarding the monetary policy during 2018, the Federal Reserve Board raised the interest rate four times, yet the atmosphere surrounding such decisions was characterized with tension and rancor through the US President's repeated criticism of the monetary strict policy.

The trade tensions and customs tariffs race between Washington and Beijing have been the center of events during 2018, which adversely affected the price of goods and the global investment climate.

Problems persist in the Euro Zone due to the stagnation of economic growth and the intention of the European Central Bank to raise interest rates, while growth prospects for the emerging and developing economies seem to be weaker due to the geopolitical tensions and the rising costs of oil import.

The National Economy

The National Economy continued to suffer from the slowdown in growth due to the impact of the prevailing conditions in the region during the past years. The initial economic indicators show that the real economic growth for 2018 shall be around 2% and will increase to around 2.3% in 2019, however the Government's

plans aim at stimulating the economic growth and seek to achieve higher growth rates; which requires the Government to speed up the implementation of the structural reform; and carefully prioritize and adopt measures and decisions that aim at promoting investment and create job opportunities within an encouraging economic climate which is characterized with financial and monetary stability.

Jordan continued with its second phase of the economic reform program as per the agreement with the IMF. The Government adopted a set of financial measures to increase local revenues by JD 520 million to face the budget deficit. The Government has, after a series of debates, succeeded in passing the new Tax Law which came into effect at the start of 2019, thus concluding the most prominent requirement of the economic reform program with the IMF.

The foreign aid received by the Treasury played a major role in stabilizing the national economy and amounted to JD 915 million; which is more than the JD 777 million that was estimated in the 2018 budget; with US and Gulf States providing the larger shares of those grants.

The foreign investment flow to the Kingdom, declined by 32% in 2018 compared to 2017 which requires a serious review to ascertain the effectiveness of the current government policies for placing Jordan on the Regional and International Investment map; this cannot be achieved by the current tools but rather requires an administrative and institutional revolution in the investment structure which is in dire need nowadays for a total re-assessment to be aligned with the government's promotional policies.

National exports achieved a 5% growth only, which is also a significant factor in measuring the effectiveness of the economic policy, as it correlates with development and investment of the industrial, commercial, services or logistical sectors. Should the Government continue with its efforts and is successful in penetrating the closures that hinder entry of Jordanian exports to the neighboring markets, it will have a great impact in increasing the commercial activity; raising growth rates and enhancing the Kingdom's reserves of foreign currency, in addition to the positive impact on national employment.

The Bank's Performance in 2018

During the second half of the year, all administrative and organizational procedures to execute the merger agreement of JKB's Branches in Palestine with Quds Bank were completed as per the agreement signed by both Parties. The Bank's Branches in Palestine were handed-over as of 22/8/2018. According to the agreed upon pricing formulas, the cash portion of the transaction that was paid to the Bank amounted to JD 23.7 million in addition to 8.357 million shares worth JD 10.6 million; representing 10% of Quds Bank's paid-up capital, entitling the Bank a representative on Quds Bank's Board of Directors. The transaction has, in addition to the above, yielded profits of JD 1.28 million at the level of the Consolidated Financial Statements.

As for the Bank's decision to sell part of its stake in the United Financial Investment Company, the Bank has received initial offers that are currently being studied in further details. Accordingly, the results of the Company's activities were stated within the Bank's Financial Statements of 2018 under net profit from discontinued operations.

On the other hand, the Bank fully allocated the provisions needed in respect of the debts of Al Baraka for Investment and General Trade Company and Munya Specialized Resorts, and therefore transferred the debts to Off Financial Position Statement as at 31/12/2018 for the amount of JD 22.4 million in addition to interests.

It should be noted that such debts and similar debts related to previous years shall be within the follow-up and on-going legal procedures to collect as much as possible should indicators present themselves in that regard.

Furthermore, it is expected that the coming period shall witness changes in the retail banking trend to reduce their portfolios in light of indicators from the Central Bank of Jordan that the retail loans have reached a critical point, forcing banks to shift towards corporate loans putting pressure on us; being that there is a limited number of large corporations in the local market which qualify for loans.

The Bank also completed its solar power plant with a cost of JD 2.1 million. The plant will produce electricity to cover the consumption of the Head Office and 47 Branches in the Central Region; with an annual saving in the electricity bill of around one million Dinars, that is, the Bank shall recover the project's cost within about two years.

The Bank realized good results in 2018, whereby efforts focused on maintaining the results and accomplishments achieved in the past and concentrate on lending large private and public corporations and institutions for their role in supporting the national economy; whereby financing was extended to a number of projects in various major sectors such as industrial, health, infrastructure projects and real estate.

On the level of financial results, the Bank's total assets amounted to JD 2.7 billion compared with 2.8 billion at the end of 2017. The direct credit facilities (net) amounted to JD 1.633 billion against JD 1.562 billion at the end of 2017, a growth of 4.5%, while customers' deposits amounted to JD 1.78 billion.

Net profit after tax for the year amounted to around JD 42.1 million compared with JD 27 million for last year; a growth of 56.3%. Shareholders' equity amounted to JD 446 million.

Based on the Bank's financial results for 2018, the Board of Directors recommends to the General Assembly the distribution of JD 20 million as cash dividends to shareholders which is equivalent to 20% of the Bank's Capital.

The Bank's overall performance places it within the well capitalized banks of high financial soundness. The Capital Adequacy Ratio reached 17.07% and the Leverage Ratio 16.37% in 2018.

Forecast

Despite the significant challenges that surround the national economy, some positive economic indicators surfaced with the beginning of 2019, whereby the IMF concluded its second review of the Jordanian Economy, which showed significant support for Jordan from many aspects.

Moreover, the London Initiative 2019 Conference, which was held at the end of February with the participation of a large group of donors and friend countries; international institutions and major Arab and foreign investors, gave a strong boost to Jordan's reform efforts, supporting its economic objectives, and enhancing its credit status.

The recent agreement that the Government has signed with Iraq, particularly concerning identifying a list of the Jordanian goods to be exempted from customs, and the agreement with Iraq to provide Jordan with ten thousand barrels of crude oil per day at preferential prices, offer optimism for the growth of exports and relatively reducing energy costs.

Further, the resumption of Egyptian gas supply to Jordan, after an interruption of more than eight years, will positively contribute towards supporting the efforts of reducing energy costs which is considered one of the major challenges that face the Jordanian business environment.

As for the Tourism Sector, it has continued with its distinguished performance despite the challenges, and has reflected a 10% increase in tourism income during 2018 with optimistic prospects prevailing for this Sector in 2019, which will have a positive economic yield to the Kingdom.

The most recent Standard and Poor's Report listed Jordan's credit rating at B+ with stable outlook in light of the Government's capability to maintain a stable debt to GDP ratio and its commitment to adopting economic and financial reforms which would in return maintain a stable macroeconomic environment.

We are all aware that it is not easy for the Government to realize its financial targets as estimated in the budget and to achieve the increases in local revenues in excess of one billion Dinars in 2019, being a large figure in comparison to what has been achieved in past years.

Increasing tax revenues is contingent at this time on an unconventional breakthrough in the commercial, industrial and real estate sectors; in other words, ending the recession that these sectors have been experiencing for many years, and that have led to a decline in their contributions to the GDP, their capability for employment, combating poverty and increasing their development activity in the Kingdom, will contribute to achieving growth rates that are capable of pulling the national economy out of its current state.

Reducing the general debt to GDP ratio and alleviating the burdens of debt annual service along with enhancing the investment environment and strengthening the public and private partnership projects are among the most important objectives that shall efficiently contribute towards improving Jordan's credit worthiness and enhance its investment stature in the regional and international financial markets. Some of the indicators that call for optimism were that the general debt in 2018 recorded, for the first time, a relative decline as a ratio to GDP whereby it reached 94%. We are hopeful that the policies which aim at the reduction thereof shall continue whether as a ratio to GDP or in absolute figures.

In conclusion, I am pleased to extend my profound gratitude to my colleagues, the members of the Board of Directors, the Bank's shareholders and our dear customers as well as to H.E. the Governor of the Central Bank of Jordan, his deputies and all its staff, and to H.E. the Chairman and members of the Jordan Securities Commission. I also extend my profound appreciation to all the officials and employees of the Bank and its subsidiaries, for their efforts, loyalty and role in the success and development of the Bank.

Abdel Karim Kabariti
Chairman



Red Sea Paradise in Aqaba

The Gulf of Aqaba in Jordan is famous worldwide for its renowned dive sites that are rich in coral reefs and myriad varieties of marine-life forms

Corporate Governance Framework

Jordan Kuwait Bank believes that the existence of good corporate governance leads to good management of the Bank, and helps to achieve the Bank's strategic objectives and safely manage its operations in a manner that safeguards the depositors' interests, and ensures the responsibility towards shareholders and other stakeholders. The Bank bases the management and development of its internal corporate governance according to the legislations of the Companies Law in force, the Corporate Governance instructions issued by the Jordan Securities Commission for the year 2017, and the Corporate Governance instructions for banks No. 63/2016 issued by the Central Bank of Jordan (CBJ), in addition to the provisions and instructions issued by international regulatory authorities pertaining to banking operations and that are in line with the Bank's nature of business and its internal systems.

Jordan Kuwait Bank's Board of Directors affirms its commitment and that of the Bank's executive management and all the employees in implementing the governance instructions. The Bank's adoption of this manual aims to realize the corporate governance principles of fair treatment for all stakeholders; transparency and disclosure of JKB's actual financial and administrative standing; and the relational accountability between the Board of Directors and the executive management, between the Board and shareholders as well as between the Board and various stakeholders. To achieve greater level of disclosure and transparency, the Corporate Governance Manual is annexed to this report and is published on the Bank's website www.jkb.com.

In accordance with the instructions of the Central Bank of Jordan, work has begun on the application of the requirements for the Governance and Management of Information and Technology No. 65/2016 according to COBIT framework.

The Bank's organization and administrative procedures are based on the following principles:

- A board of directors is in place that is effective and responsible.
- A clear strategic direction for business development within clear framework for risk management.
- Sound accounting and information disclosure principles.
- Sound decision making mechanisms.
- Performance evaluation linked to the strategy.
- Human resources development.

Board of Directors (BoD)

The formation of the Board of Directors is governed by the Jordanian Companies Law, the CBJ's Banks Law and Corporate Governance instructions for Banks, and the Governance instructions for listed companies for the year 2017 issued by the Jordan Securities Commission.

The main role of the Board of Directors lies in its responsibility of ensuring the soundness of the Bank's operations including its financial standing, and fulfilling its obligations towards all stakeholders. The Board sets the Bank's strategic objectives that meet the interests of the Bank, shareholders, and customers, and has oversight responsibility over the executive management. It is also accountable for ensuring the effectiveness of internal monitoring and control systems and the extent to which the Bank is abiding by the strategic plans and that written policies covering all of the Bank's activities are endorsed and in place.

The Board of Directors is also responsible for the credibility and accuracy of the Bank's financial reports and the information contained in the Annual Report and ensuring the application of appropriate risks policies as well as compliance with all laws in force.

The current Board of Directors was elected by the General Assembly on May 15, 2017 for tenure of four years. The Board of Directors elected H.E. Mr. Abdel Karim Kabariti as Chairman and Mr. Faisal Hamad Al-Ayyar as Vice-chairman.

Board Members for the Current Tenure

Representative Members

No.	Name	Name of Representative	Executive / Non-Executive	Independent / Non Independent
1	Al Rawabi United Holding Co. Chairman	Mr. Abdel Karim A. Kabariti	Non – Executive	Non – Independent
2	Al Rawabi United Holding Co.	Dr. Yousef Musa Goussous	Non – Executive	Non – Independent
3	Kuwait Projects Co. (Holding)	Mr. Masaud Mahmoud Jawhar Hayat	Non – Executive	Non – Independent
4	Social Security Corporation	Mr. Mohammad Adnan AlMadi	Non – Executive	Non – Independent
5	Strategy Co. for Investments	Mr. Mansour Ahmad Louzi	Non – Executive	Non – Independent
6	Odyssey Reinsurance Co.	Mr. Bijan Khosrowshahi	Non – Executive	Non – Independent

Members:

No.	Name	Name of Representative	Executive / Non-Executive	Independent / Non Independent
7	Mr. Faisal Hamad Al-Ayyar Vice Chairman	-	Non – Executive	Non – Independent
8	Mr. Tariq Moh'd Abdul Salam	-	Non – Executive	Non – Independent
9	Dr. Marwan Jamil Muasher	-	Non – Executive	Independent
10	Mr. Hani Khalil Hunaidi	-	Non – Executive	Independent
11	Dr. Safwan Samih Toqan	-	Non – Executive	Independent
12	Mr. Majed Fayyad Burjak	-	Non – Executive	Independent
13	Mr. Marwan Mahmoud Awad	-	Non – Executive	Independent

Membership of Board of Directors in Public Shareholding Companies

Name	Board Membership in Public Shareholding Company
Mr. Abdel Karim A. Kabariti	Jordan Dairy Company
Mr. Mansour Ahmad Louzi	United Financial Investments Co.
Mr. Bijan Khosrowshahi	Arab Orient Insurance Co.
Dr. Marwan Jamil Muasher	Masafat For Specialized Transport Co., Ready Mix Concrete & Consturactions Supplies Co., Premier Business & Projects Co.

Executive Management

Mr. "Moh'd Yaser" M. Al-Asmar

General Manager

Mr. Tawfiq A. Mukahal

Deputy General Manager, Head of Banking Group

Mr. William J. Dababneh

Head of Treasury, Investment & Intl. Relations

Mrs. Hiyam S. Habash

Head of Finance

Mr. Haethum S. Buttikhi

Head of Retail & Private Banking

Mr. Abdel Kareem M. Friehat

Head of Operations & Information Technology

Mr. Ibrahim E. Kashet

Head of Legal Affairs

Mr. Zuhdi B. Al-Jayousi

Head of Corporate Credit

Mr. Moh'd J. Azem Hammad

Head of Risk Dept.

Mr. Abdallah I. Mismar

Head of Administrative Affairs Dept.

Mr. Daoud A. Issa

Head of Human Resources Dept.

Mr. Ibraheem F. Taani

Head of Internal Audit Dept.

Mr. Fadi M. Ayyad

Head of Compliance

Mr. Ibrahim F. Bisha

Co-Head, Treasury, Investment & Intl. Relations

Dr. Makram A. Qutob

Co-Head, Corporate Credit

Members of Executive Management who resigned during 2018:

- Mr. Ibraheem S. Al-Hanash, Regional Head – Palestine Branches, as of 1/9/2018 for reaching retirement age

Board Committees

In the aim of organizing the Board of Directors' work and to increase its efficiency and effectiveness, the Board of Directors forms different committees from its members that are delegated with authorities and responsibilities to be in line with the Bank's strategies and goals. The committees' composition, duties and responsibilities have been detailed in the Corporate Governance Manual which is published on the Bank's website and annexed to the Annual Report.

1. [Board Corporate Governance Committee \(BCGC\) \(Governance Committee\)](#)

The committee oversees the development of the Corporate Governance Manual, updating it, and monitors its implementation. It ensures that the Bank's organizational structure meets the corporate governance requirements. It also adopts general policies, and raises them to the Board of Directors for approval and supervises their implementation and ensures commitment to the adopted JKB Code of Ethics at the level of BoD and all administrative levels in the Bank. In addition to any other duties included in the Governance instructions for listed companies for the year 2017.

Board Corporate Governance Committee Members

Dr. Marwan J. Muasher, Committee Chair (Independent)
Mr. Abdel Karim A. Kabariti (Non- Independent)
Mr. Marwan M. Awad (Independent)
Mr. Tareq M. Abdul Salam (Non- Independent)
Mr. Hani K. Hunaidi (Independent)

2. [Board Risk Committee \(BRC\)](#)

The committee's role is to review the Risk Management's framework and strategy of Risk Management; create suitable work environment that helps in identifying and managing risks with significant impact; and stay abreast with the developments that affect the Bank's operations. The committee reviews reports submitted by the Risk Management Department and submits relevant recommendations to the Board of Directors, illustrating the Bank's commitment to the acceptable risk appetite level. In addition to any other duties included in the Governance instructions for listed companies for the year 2017.

Board Risk Committee Members

Mr. Marwan M. Awad, Committee Chair (Independent)
Dr. Safwan S. Toqan (Independent)
Mr. Mansour A. Louzi (Non- Independent)
Mr. Mohammad A. AlMadi (Non- Independent)

3. [Board Compliance Committee \(BCC\)](#)

The committee's role is to adopt the organizational structure of the Compliance Control Department and ensuring its independence, ensure that an annual non-compliance risk management plan is in place, assess the degree of effectiveness with which the Bank manages the risk of non-compliance at least once a year and review it should amendments have been made. In addition to any other duties included in the Governance instructions for listed companies for the year 2017.

Board Compliance Committee Members

Mr. Mansour A. Louzi, Committee Chair (Non-Independent)
Dr. Safwan S. Toqan (Independent)
Mr. Hani K. Hunaidi (Independent)
Mr. Marwan M. Awad (Independent)
Mr. Mohammad A. AlMadi (Non- Independent)

On July 30, 2018 Mr. Hani Khalil Hunaidi was appointed by the Bank as the Board member responsible for the AML/CFT compliance with the Central Bank of Cyprus.

4. [Board Audit Committee \(BAC\)](#)

The committee shall review and ratify the internal audit plan which includes audit scope and frequency. Review internal audit reports and the reports and observations of regulatory bodies and the external auditor and ensure that the executive management takes the corrective measures. The committee also reviews the Bank's financial statements prior to submission to the Board of Directors and ensures that the Bank has properly observed and complied with international accounting and audit standards. In addition to any other duties included in the Governance instructions for listed companies for the year 2017.

The Board Audit Committee held seven meetings during 2018 and met with the External Auditor once during the period.

Board Audit Committee Members

Mr. Hani K. Hunaidi, Committee Chair (Independent)

Education: Master of Business Administration (MBA), Portland State University –USA, 1980 and Bachelor of Business Administration, American University of Beirut. 1973, Certified Public Accountant (CPA).

Current Position:

- Chairman of the Board of Trustees, Mediterranean Industries
- Chairman of the Board of Trustees, Mediterranean Energy Co.

Previous Positions:

- Chairman, National Ammonia and Chemical Industries (1991- 2009)
- Managing Director, Jordan Kuwait Company for Agriculture and Food Products (1986-1992)
- Project General Manager, Jordan Management and Consultancy Corp. (1984-1986)
- Financial and Administrative Manager, Jordan Securities Corp. (1982-1984)
- Auditor, Touch Ross & Co. (1980-1982)
- Project Senior Accountant, Consolidated Contractor Company (1976-1978)
- Accountant, Safwan Trading & Contracting Co. Kuwait (1973-1974)

Mr. Mohammad A. AlMadi (Non – Independent)

Education: Bachelor degree in Accounting, Yarmouk University, 1992, Master degree in Financing, Jordan University, 1998.

Current Position:

- Head of Internal Audit, Social Security Investment Fund (2003 – Present)

Previous Positions:

- Internal Audit Department, Central Bank of Jordan (1994 – 2003)
- Arab Bank (1993)
- Accounts Audit, Deloitte and Touche (1992 – 1993)

Dr. Safwan S. Toqan (Independent)

Education: Bachelor degree in Business Administration, American University - Beirut, 1966, Master degree in Economics, University of South California – USA, 1976, PhD in Economics, University of South California – USA, 1980.

Current Position: -**Previous Positions:**

- Member of the 26th Jordanian Senate
- Chairman, Amman Stock Exchange (2012-2013)
- Chairman, Jordan Phosphate Mines Company (2000 – 2004)
- General Manager, Social Security Corporation (1994 – 1999)
- Secretary General, Ministry of Planning (1989 – 1994)

- Assistant Professor, Yarmouk University (1981 – 1989)
- Lecturer, University of South California – USA (1975 – 1980)
- Central Bank of Jordan (1966 – 1975)

5. [Board Nominations & Remuneration Committee \(BNRC\)](#)

The Committee shall identify eligible persons for board membership and determine members' "independency", provide recommendations to the Board for the appointment of qualified executive management members, implement a formal performance assessment policy for the Board of Directors and executive management and ensure that the Bank has a remuneration policy in place. In addition to any other duties included in the Governance instructions for listed companies for the year 2017.

Board Nominations & Remuneration Committee Members

- Dr. Safwan S. Toqan, Committee Chair (Independent)
- Mr. Masaud M. Hayat (Non – Independent)
- Dr. Marwan J. Muasher (Independent)
- Mr. Majed F. Burjak (Independent)

6. [Board Credit Committee \(BCrC\)](#)

The Committee's Role includes:

1. Grant, modify, renew and restructure of credit facilities that exceed the authorities of the Management Credit Committee, headed by the General Manager, within the limits set by the Board of Directors. The Board of Directors shall take the decisions in matters exceeding the Committee's authorities.
2. The Committee's authority is limited to taking the right decision regarding the facilities that have been recommended for approval by the Management Credit Committee.

The Board of Directors may delegate to the Management Credit Committee some or all of this Committee's authorities; in respect of modifying the terms or restructuring of facilities.

Board Credit Committee Members

- Mr. Abdel Karim A. Kabariti, Committee Chair (Non – Independent)
- Dr. Yousef M. Goussous (Non – Independent)
- Mr. Mansour A. Louzi (Non – Independent)
- Mr. Masaud M. Hayat (Non – Independent)
- Mr. Majed F. Burjak (Independent)

7. Board Management and Investment Committee (BMIC)

The Committee reviews and takes appropriate decisions on:

First: Management issues:

- Administrative expenses, procurement contracts, bids, supplies, donations, and generally all commitments and contracts in excess of the powers entrusted to the senior executive management as identified within the Authority matrix and powers endorsed by the Board of Directors, and take the managerial and financial decisions in their regard.
- Approve requests/offers for the sale of Bank owned properties beyond the limits entrusted to the Senior Executive Management as stipulated in the approved Authority matrix.
- Approve Bank owned real estates' pricing annually or when required.

Second: Investment issues:

Take decisions with regards to proposals and requests submitted by the Management Investment Committee on matters beyond its authority as stipulated in the approved authority matrix annexed to the approved investment policy. This includes the following:

- Bank investments in Jordanian Dinar in money market and capital market instruments.
- The Bank's investments in foreign currencies in money market, capital market tools and currency exchange operations.

The Board of Directors shall decide on any of the items listed above if they exceed the authority of the Committee.

Management and Investment Committee Members

Mr. Abdel Karim A. Kabariti, Committee Chair (Non – Independent)

Dr. Yousef M. Goussous (Non – Independent)

Mr. Mansour A. Louzi (Non – Independent)

Mr. Masaud M. Hayat (Non – Independent)

Mr. Majed F. Burjak (Independent)

8. Board Information Technology Governance Committee (BITGC)

The Committee is responsible for approving the Information Technology strategic objectives and appropriate organizational structures, including Steering Committees at Executive Management Level, to ensure the achievement of the Bank's strategic objectives, and realizing the best value-added of IT projects and investments resources while utilizing the tools and standards to monitor and ascertain the extent of achievement. The Committee shall oversee and be apprised of the progress of IT operations, resources and projects to ensure its adequacy and its effective contribution in achieving the Bank's business requirements.

Information Technology Governance Committee Members (BITGC)

Mr. Majed F. Burjak, Committee Chair (Independent)

Dr. Marwan J. Muasher (Independent)

Mr. Hani K. Hunaidi (Independent)

Mr. Mohammad A. AIMadi (Non – Independent)

Board Members' Remuneration

Every Board member receives the sum of JD5,000 (USD7,052) per year as Board membership allowance, in addition to allowances in lieu of travel, transportation and Board committees' membership.

Board and Committee Meetings during 2018

The following table shows the number of Board meetings and Board committees' meetings, and the number of meetings attended by each member during the year 2018, noting that Board of Director Members attended the General Assembly of Shareholders that was held on 23/5/2018.

Total number of meetings held during the year 2017	BOD	BCGC	BRC**	BCC**	BAC	BNRC	BITGC	BCrC	BMIC
		6	1	4	4	7	3	3	49
Board members	Number of meetings attended								
H.E. Abdel Karim A. Kabariti / Chairman	6	1						49	40
Mr. Faisal H. Al Ayya r/ Vice Chairman	2								
Mr. Masaud Jawhar Hayat	3					1		49	40
Mr. Tariq M. Abdul Salam	2	0							
Mr. Mohammad A. AlMadi	6		4	4	7		3		
Dr. Yousef M. Goussous	5							49	40
Mr. Mansour A. Louzi	6		4	4			1	49	40
Mr. Bijan Khosrowshahi	3								
H.E. Dr. Marwan J. Muasher	2	1				3	3		
Mr. Hani K. Hunaidi	6	1		2	6	1	2		
Mr. Majed F. Burjak	5					3	3	49	40
Dr. Safwan S. Toqan	5		4	4	7	3			
H.E. Mr. Marwan M. Awad*	3	0	3	3					

*Board Member as of 23/5/2018

** The committees of the Board were restructured and the Risk and Compliance Committee was separated into two committees on 30/7/2018

JSC Governance Officer

Mr. Suhail Moh'd Turki / Board Secretary

Abdel Karim Kabariti
Chairman





Dana Biosphere Reserve

Is the largest natural reserve in Jordan and is the most diverse area in terms of ecosystems and plant species

Remuneration and Rewards Policy

JKB has a comprehensive remuneration and rewards policy that closely integrates with the approved performance evaluation policies. Staff annual raises and rewards are based on achievement which meets the Bank's interests and its sustainable progress in all areas. The policy also assures the independence of control units in such a way that staff salaries and rewards are not determined by the Bank's profit levels.

The remuneration and rewards policy sets the basis for annual salary raises, effect of promotion on salary, types and conditions of allowances paid to employees, and the structure of the salary scale and its review process, for the purposes of maintaining a competitive and fair work environment.

The salaries, transportation allowance and other expenses paid to the Bank's executives during the year 2018 were declared in the disclosure statement as required by article (4) of the disclosure regulations issued by the Jordan Securities Commission, and in the notes to the consolidated financial statements included in this report.

Control Environment

Internal Controls

JKB's Board of Directors and executive management are responsible for developing and maintaining the existence of internal control systems and procedures that are capable of ensuring the achievement of the following:

- Accuracy and integrity of financial and operational statements issued by the Bank.
- Effectiveness and efficiency of the Bank's operational activities.
- Effectiveness of measures and procedures set to safeguard the Bank's assets and properties.
- Compatibility with policies pertinent to internal operational procedures as well as laws, legislations and regulations in force.

The Bank believes in the importance of an effective internal monitoring and control system given that it is one of the key elements of sound management and the basis for safeguarding the safety and quality of the Bank's transactions. Hence the Bank has adopted a number of internal monitoring and control systems which their development, implementation, follow-up and update are the responsibility of the executive management. JKB's management continuously monitors and assesses the efficiency and effectiveness of these systems and their ability to achieve desired objectives. It also oversees their continuous development and enhancement.

In this context, the Board of Directors adopts internal monitoring and control policies that cover

all aspects pertinent to internal control systems in terms of definition, components, implementation and the responsibility of the Board of Directors and the Executive Management towards them.

Internal Audit

The philosophy of Internal Audit (IA) was based on its task to provide independent and objective assurance and consulting services to the Bank. IA objectives were designed to add value and improve the Bank's operations and help the management to accomplish its objectives by applying a systematic and disciplined approach to assess and improve the effectiveness of risk management, internal controls, and governance.

The Internal Audit Department is administratively subordinated to the Board Audit Committee (BAC). It reports to the BAC on the results of audit engagements.

The Internal Audit Charter was established according to best international standards for the professional practice of internal auditing and it defined the following:

- IA activity is independent and has no executive tasks.
- IA activity has direct authorized / unrestricted access to the Bank's and subsidiaries' records, personnel and physical properties relevant to the performance of engagements assigned to it.
- IA activity shall be provided with appropriate and sufficient number of competent resources (academically & professionally qualified staff) in addition to training courses both locally and abroad.
- IA activity provides reasonable assurance regarding the efficiency and effectiveness of the Bank's Internal Control Systems (ICS) and its ability to achieve the following objectives:
 - Reliability and integrity of financial and operational information.
 - Efficiency of operations.
 - Compliance with laws and regulations in force.
 - Safeguarding of the Bank's assets and properties.
 - Business continuity under all circumstances.
 - Improve and develop ICS, risk management, and governance processes.
 - Improve and develop operations (processes) and products to achieve the Bank's objectives.

A code of business conduct for Internal Audit staff members was prepared according to best international practice. The code emphasizes the principles of integrity, objectivity, confidentiality and efficiency that an auditor must have.

The scope of IA activity covers all the Bank's auditable business centers, activities and operations, including branches abroad and subsidiaries, and any outsourced activities if necessary, in a way that enables the management to assess the adequacy and effectiveness of ICS, risk management and governance processes, and achieve all engagements and responsibilities assigned to it. The IA also performs many other tasks the most significant of which are:

- Conduct accepted periodical engagements (assurance reviews) as per approved risk based audit plan prioritization on the approved internal audit strategic plan by BAC.
- Conduct any special review or consulting engagements based on the directives of the Chairman, BAC, the executive management, the Head of Internal Audit, or the monitoring bodies, according to best international standards for the professional practice of internal auditing.

The quality assurance concept was introduced to provide all stakeholders with reasonable assurance about audit function in term of conformance with the common international standards at both local and international levels.

Risk Management Function

Various risks to which the Bank is exposed are managed by an independent risk management department that reports directly to the Board's Risk Committee.

The Risk Management Function at the Bank is based on three main pillars as follows:

- Full understanding and awareness by the Board of Directors, top executive management, and the Bank employees of the types of potential risks in the Bank's operations.
- Availability of appropriate strategy, policies, and procedures to manage risk, which reveal the magnitude of risk that the Bank can address, in a manner that ensures financial strength.
- Availability of systems that help in managing various forms of risk that the Bank may face.
- The Risk Management Department's objectives are as follows:
 - Achieve financial strength, which reflects positively on the Bank's credit rating.
 - Transparently highlight risks and ensure their clarity and understanding.
 - Set recommendations to identify the size and type of acceptable main risks by the Board of Directors, assuring that current risks are compatible with those that have been planned for.
 - The Bank's compatibility with the Basel accords and all legislations that govern and regulate risk management in banks.

The process of identifying, evaluating, and managing risks is considered a joint responsibility, starting with each of the Bank's units which are considered the first line of defense. The Risk Management Department evaluates and monitors risks and recommends ways of mitigating them, submitting the necessary reports to the Board Risk Committee whereby it is considered the second line of defense, followed by the role of internal audit which is considered the third line of defense.

In turn, the Risk Management Department is responsible for its abovementioned role within a documented organizational structure approved by the Board Risk Committee regarding credit, market, and operational risk, information security, business continuity, and liquidity (within the assets and liabilities framework) and conformity to the Basel accords. Furthermore, the Risk Management Department is represented in different committees that manage the Bank's operations for issues related to the risk management.

The functions of the Risk Management Department are summarized as follows:

- Review the risk management framework at the Bank prior to Board approval.
- Implement the risk management strategy in addition to developing policies and procedures for managing all types of risk.
- Develop methodologies to identify, measure, and control all types of risks.
- Submit reports to the Board through the Risk Committee, with a copy to the top management, including information about the actual risk profile for all the Bank's activities, compared to the risk appetite document, and follow up on addressing deviations.
- Verify the integration of risk measurement mechanisms with management information systems in use.
- Study and analyze all types of risk faced by the Bank.
- Submit recommendations to the Board Risk Committee about the Bank's exposure to risk, recording exceptional cases against the risk management policy.
- Provide the necessary information regarding the Bank's risks for disclosure purposes.
- The Risk Management Department conducts awareness programs to the Bank employees about risk management concept.
- Assess the Bank's capital adequacy, along with the Bank's risks and stress testing, as part of the internal capital adequacy assessment process, and submitting it to the Board Risk Committee, to be approved by the Board of Directors.

Compliance Control Function

The Bank may be subject to legal sanctions or material losses or reputational risk due to non-compliance with all applicable laws and regulations, instructions and code of conduct, standards and sound banking practices issued by local and international regulatory authorities.

The Bank acknowledges the importance of compliance control, hence adopted the following:

1. BoD approved compliance policy to monitor the Bank's compliance with the laws, regulations, and instructions issued by the regulatory authorities, best practices and industry standards through programs and procedures based on the risk based approach principle.
2. The Board of Directors takes the necessary measures to enhance the values of integrity and sound professional conduct within the Bank in a manner that complies with the applied laws, regulations, instructions and standards, and constitutes a primary goal to be achieved.
3. Compliance function is managed through an independent department, which submits periodical reports to the Board Compliance Committee. The Compliance Department's scope of work covers all of the Bank's departments and branches in Jordan and abroad as well as its subsidiaries.
4. Monitoring non-compliance risks through a database containing all the laws and regulations issued by domestic and international regulatory authorities that is updated with the latest regulatory and legislative developments.

With regards to combating money laundering operations and financing terrorism, the Bank follows approved policies and procedures by the Board of Directors and that comply with the instructions issued by the Central Bank of Jordan and the best international practices in this regard so as to reduce the risks of such operations through identifying procedures for dealing with financial operations, taking due diligence in Knowing the customers, making sure of their personal identification, legal status and the beneficiary of such transactions through adopting the following principles:

- Update the Anti Money Laundering policy to keep up with the latest regulatory and legislative developments.
- Adopt the risk based rating approach to classify the clients.
- Use an automated system to combat money laundering and financing terrorism.
- Participate in providing adequate training for the Bank's employees enabling them to deal with any suspicious transactions.

Code of Conduct

The Bank adopted a code of conduct that was endorsed by the Board of Directors. JKB employees across the various administrative levels as well as the Board of Directors have pledged to commit to it.

The Code defined the ethics, values and principles of the Bank employees in four main areas which are: integrity, compliance with laws, transparency and loyalty to the Bank.

Whistle Blowing Policy

JKB maintains a policy and procedures pertinent to whistle blowing. The policy aims to promote a culture of openness and to demonstrate the shared responsibility of preserving work ethics. Procedures that deal with this policy were distributed among all Bank employees to follow. The procedures clarify accountability lines for reporting issues related to unusual and/or suspected behavior that must be reported. Monitoring of Whistle Blowing Policy Implementation is carried out by the Board Audit Committee.

Customer Complaints Processing Unit

In compliance with the Central Bank of Jordan's instructions to deal with customers fairly and transparently No.(1/2017), the Customer Complaints Processing Unit within the Compliance Department receives and deals directly with customer complaints submitted through all available channels, including telephone calls, email messages, traditional mail, and complaints boxes at the branches. All complaints received are addressed and responded to in writing or verbally, noting that the Unit dealt with 175 complaints during the year 2018. Instructions are also sent to employees regarding these complaints, clarifying work procedures to some staff members wherever required. The Customer Complaints Processing Unit submits periodical reports to the Bank's top management, including a description of complaints received and how they were handled and solved. The unit also submits periodical reports to CBJ.

Relation with Shareholders

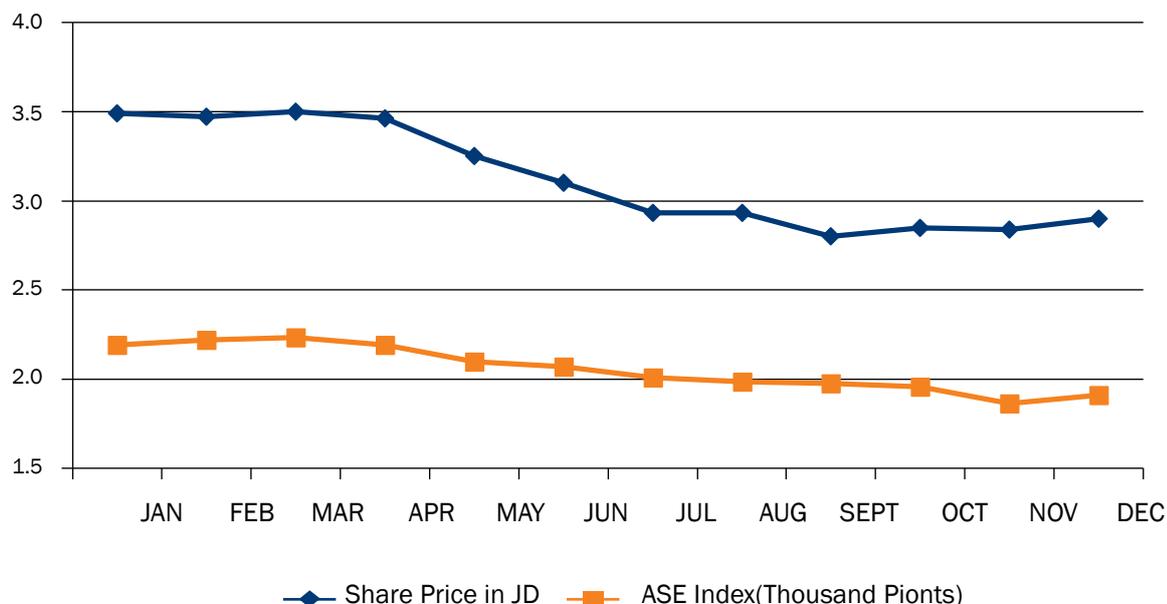
The Bank develops positive relations, based on transparency, with all its shareholders. In this regard, the Bank spares no effort to encourage all shareholders, particularly minority shareholders, to attend the General Assembly meetings and cast their votes. The Bank has a wide shareholder base of 13,182 as of 31/12/2018. The main source of information for shareholders is the Annual Report which includes the Chairman's report, the audited consolidated financial statements, the corporate governance manual, and Bank's achievements for the previous year and the business plan for the following year. Additionally, the reviewed (un-audited) quarterly and semi-annual financial statements are disclosed.

The complete financial statements and the Board of Directors' report are filed at the Jordan Securities Commission (JSC) and the Amman Stock Exchange, with a copy submitted to the Companies Controller. These reports are published on JKB's website (www.jkb.com) which also provides extensive information about JKB services, products, news and press releases. The Bank is committed to disclose any material information, should it occur, in accordance with the JSC instructions.

Shares / Ownership Classification as of 31/12/2018

Number of Shares Held	Shareholders		Shares	
	No.	%	No.	%
Up to 500	10,109	76.687	1,920,562	1.921
501 – 1,000	1,580	11.986	1,119,191	1.119
1,001 – 5,000	1,100	8.345	2,246,301	2.246
5,001 – 10,000	172	1.305	1,266,682	1.267
10,001- 100,000	187	1.419	5,480,172	5.480
100,001 - 500,000	27	0.205	5,145,665	5.146
500,001 and more	7	0.053	82,821,427	82.821
Total	13,182	100	100,000,000	100

Changes in JKB Share Price (JD) vs ASE Index During 2018



MAJOR FINANCIAL INDICATORS AND RATIOS 2018 & 2017

	Amounts in thousands JD	
	2018	2017
Major Operating Results		
Net Interest and Commission	102,346	105,886
Gross Income	124,688	123,411
Income from Continuous Operations before taxes	55,849	42,313
Income from Continuous Operations after taxes	41,882	28,185
Net income after taxes and non-controlling interest	42,144	26,956
Earning per Share	0.421	0.270
Major Financial Position Items		
Total Assets	2,721,445	2,832,207
Direct Credit Facilities - Net	1,632,672	1,562,287
Customers Deposits and Cash Margins	1,879,886	1,904,489
Total Equity - Bank Shareholders	445,562	468,411
Off the Financial Position Items	647,152	500,799
Major Financial Ratios		
	2018	2017
Return on Average Assets	1.52%	0.97%
Return on Average Owners' Equity	9.22%	5.77%
Capital Adequacy Ratio	17.07%	18.30%
Financial Leverage Ratio	16.37%	12.79%
Efficiency Indicators		
G&A Expenses/Net Interest and Commission	61.19%	55.20%
G&A Expenses/Gross Income	50.22%	47.36%
Assets Quality Indicators		
Non Performing Loans/Gross Credit Facilities	-	5.52%
Non Performing Loans Coverage Ratio	-	60.80%
Stage 3 loans/Gross Credit Facilities *	9.30%	-
Stage 3 loans Coverage Ratio *	40.95%	-

* The Bank implemented the International Financial Reporting standard (9) effective January 1st 2018.

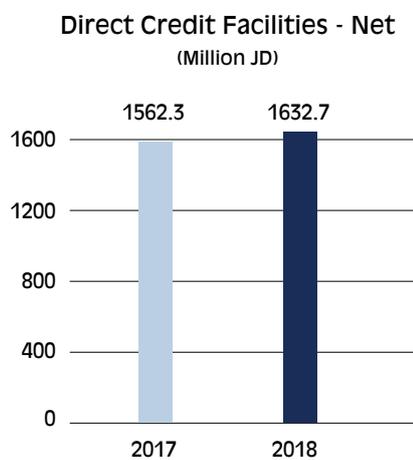
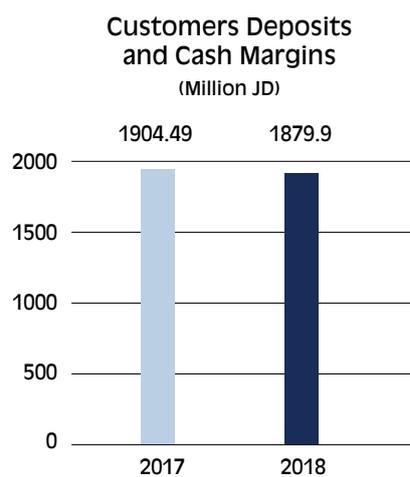
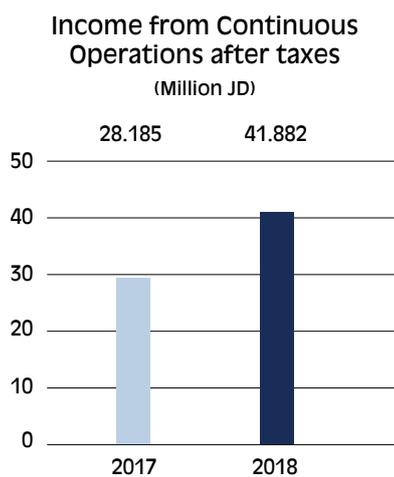
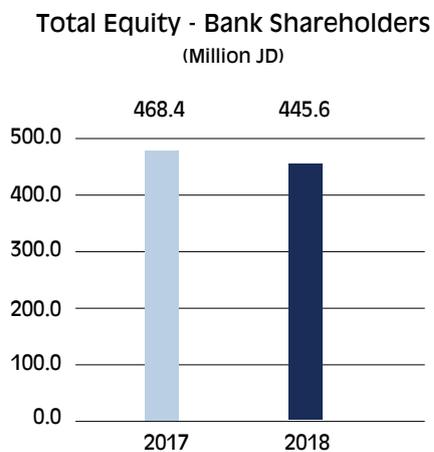
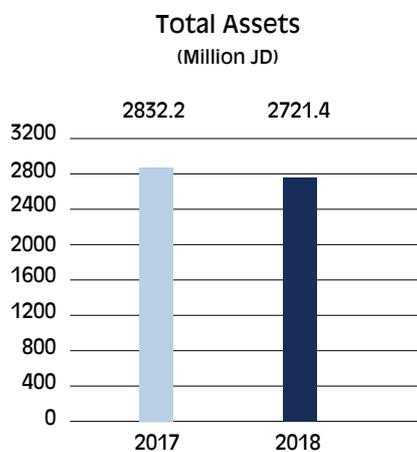


Ma'in Hot Springs ... An icon of therapeutic landmarks in Jordan
The hot springs are reputed for their medical benefits and hence have lured thousands of tourists from near and far since Roman times.

Within the practical implementation of the Bank's strategic plan and building on the Bank's achievements during 2018, the 2019 business plan shall focus on:

1. Continuous update of the electronic channels in order to improve customer experience and expand the digital payment capabilities and technologies for contactless, mobile wallet and mobile banking services, including the JKBMobile Application. In addition to applying the necessary controls and regulations to comply with Cyber security instructions issued by the Central Bank of Jordan, and increase the maturity level for all the departments' Processes based on COBIT 5.
2. Expand in offering suitable products, services and the financing programmes for SME's in light of the local and global trend to support this vital sector which contributes to the development of the national economy as well as enhance the Bank's role in supporting and financing renewable energy projects.
3. Continuous improvement in the strategic role of the Human Resource Department, while focusing on the effective Manpower Planning & Control paralleled with continuous development of employees, towards coping with the Global Technological changes and banking skills required that serve clients' needs.
4. Continue to strengthen the Bank's role in serving the local community and supporting the initiatives of the social institutions according to the Bank's social responsibility and sustainable development strategy.
5. Implement Automation workflows to manage and streamline internal core banking processes.
6. Finalize compliance with the new regulatory requirements and best international practices in banking operations such as recovery plans, application of the Risk-Adjusted Return on Capital and other requirements.

Changes in Major Financial Results 2017-2018





Mountain Gazelle

The gazelle is the second largest of the antelopes that are found in Iraq, Jordan, Syria, Sinai, and the Arabian Peninsula. Currently, they are still located in mainly all of the same places but, because of its being endangered, the population is widely spread throughout the regions.



Mujib Dam

The Mujib Dam is a natural water reservoir and provides part of the water supply of Amman and for agriculture.



**Independent Auditor's Report
To The Shareholders of Jordan Kuwait Bank
(Public Shareholding Company)**

Report on the Consolidated Financial Statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of Jordan Kuwait Bank (the "Bank") and its subsidiaries (later on the "Group") as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

PricewaterhouseCoopers "Jordan" , Jabal Amman - 3rd Circle, 14 Hazza' Al-Majali St., P.O.Box 5175, Amman 11183 - Jordan, Telephone: 962 (6) 500 1300, Fax:[962 (6) 461 0880, www.pwc.com



Our audit approach

Overview

Key Audit Matters	Provision for expected credit loss of credit facilities
	Assets seized by the bank against debts

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
<p><u>Provision for expected credit loss of credit facilities</u></p> <p>As described in the accounting policies (2.3), (2.10) and note number (3) "Critical Accounting Estimates And Judgments", the management calculates the provision for impairment in direct credit facilities according to the accounting policies described in note (2.3) (2.10) and in accordance with Central Bank of Jordan related instructions. The Group has implemented IFRS (9) "Financial Instruments" requirements which specifically relates to calculating the impairment in financial assets as of 1 January 2018, this standard requires the use of forward-looking model (expected credit loss) instead of the 'incurred loss' model and as specified in note (2.3). The Group has recorded the effect of adopting this standard on the opening balances of the retained earnings as at January 1, 2018 rather than restating the figures of the consolidated financial statements for the year ended December 31, 2017. Impact of the implementation is fully disclosed in Note (2.3) to the consolidated financial statements.</p>	<p>We have performed the following procedures to assess the reasonableness of the Provision for impairment in direct credit facilities.</p> <ul style="list-style-type: none"> • Understood the nature of credit facilities portfolio. • Assessed management's methodology in classifying loans and the method used in determining the recoverable amount from the mortgaged assets when sold and expected cash flows. • Assessed estimates followed by the Bank in identifying factors leading to increase in credit risk and classifying credit exposures within the different stages. • Use of our internal experts to assess the following aspects: <ol style="list-style-type: none"> 1. The conceptual framework used in developing the Group's impairment policy and its compliance with IFRS 9 requirements.



<p>The expected credit loss model is implemented by the Group over all financial instruments measured at amortised cost, financial assets at fair value through other comprehensive income and direct and indirect credit facilities.</p> <p>Expected credit loss model requires the use of estimates and judgements to estimate economic factors, and to place different probabilities through the process of calculating the probability of default, loss at default and exposure at default for each exposure (financed and not financed), future looking, and standards for staging.</p> <p>Due to the importance of these estimates and judgments, It is considered as significant risk, which might lead to material misstatement in the consolidated financial statements when available information and estimates are misused to determine the provision value.</p> <p>As disclosed in Note (7) to the consolidated financial statements, management had recognised a provision for impairment in direct credit facilities with an amount of JD 74,997,329 while net direct credit facilities amounted to JD 1,632,672,467 which represents 60% of the Group total assets as at 31 December 2018.</p>	<p>2.- Expected credit loss model methodology and the calculations used to calculate the probability of default, loss at default, and exposure at default of the Group's financial instruments categories.</p> <p>3. Reasonableness of the assumptions used in preparing the model framework, including the assumptions used to assess future scenarios and significant increase in credit risk.</p> <ul style="list-style-type: none"> • Evaluated management's methodology used to determine the value of the provision as at 31 December 2018 and compared it with IFRS 9 requirements. • Compared the assumptions used in the application of the expected credit loss model (ECL) with IFRS 9 requirements. • Tested a sample of management's estimates of recoverable amount when selling assets to assess their reasonableness. • Tested some of the procedures and internal controls implemented by management. • Tested the Bank's information systems and reviewed the automatic classification of non-performing loans. • Tested a sample of customers to assess the accuracy of the classification of these customers according to the credit rating system used by the Bank with the different stages. • Ensured completeness of the information used in calculating the expected credit loss model. • Recalculated provision for expected credit loss for a sample of customers in accordance with relevant Central Bank of Jordan instructions and IFRS 9 requirements. • Assessed the adequacy of the disclosure about the provision for impairment of credit facilities and applying IFRS 9.
<p>Seized Assets by the Bank against Debts</p> <p>Assets seized by the bank are measured at acquisition value or fair value, whichever is lower. As of the consolidated statement of financial position date, these assets are revalued individually at fair value based on approved bases and methods according to the requirements of the international Financial Reporting Standards. Any related Impairment in their value is recorded based on recent real estate evaluations and approved by certified real estate appraisers.</p> <p>Due to the importance of these estimates and assumptions adopted in estimating the fair value, they are considered as significant risks that could cause a material misstatement in the consolidated financial statements that may arise from the inaccuracy of the estimates used to determine the fair value and any impairment losses.</p> <p>As disclosed in Note (13) to the consolidated financial statements, the seized assets held by the Bank against debts amounted to JD 142,291,276 as of December 31, 2018.</p>	<ul style="list-style-type: none"> • We have performed the following procedures to assess the reasonableness of the management's estimates of the fair value and any impairment: • Evaluated management's methodology in estimating the fair value of seized assets against debts. • Reviewed reports of independent real estate appraisers assigned by the management to value those assets. • Evaluate the independence and experience of the appraisers assigned by the bank's management. • Comparing the actual selling prices with the carrying book value of the properties as of December 31, 2018. • Assessed the adequacy of the disclosure about the assets seized by the bank against debts in Note (13).



Other information

The management is responsible for the other information. The other information comprises all the other information included in the Group's annual report for the year 2018 but does not include the consolidated financial statements and our auditor's report thereon.

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

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

We read the other information, and there is no material misstatement therein, to communicate to those charged with governance.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate evidence relevant to financial information of the entities or business operations of the Group to provide an opinion on the consolidated financial statements. We are responsible for directing, supervision and execution of the audit procedures for the Group, and we are solely responsible for our report.

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

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

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

Report on other legal and regulatory requirements

The Bank maintains proper accounting records and the accompanying consolidated financial statements are in agreement therewith with the financial date presented in the Board of Directors' report. We recommended that the General assembly of Shareholders approve these financial statements.

PricewaterhouseCoopers "Jordan" L.L.C.

**Amman - Jordan
7 April 2019**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017

	Note	2018	2017
Assets		JD	JD
Cash and balances at central banks	4	210,936,892	224,259,331
Balances at banks and financial institutions	5	215,594,692	317,656,834
Deposits at banks and financial institutions	6	8,750,300	6,246,210
Direct credit facilities-net	7	1,632,672,467	1,562,286,911
Financial assets at fair value through profit or loss	8	-	66,673,669
Financial assets at fair value through comprehensive income	9	127,683,431	29,240,711
Financial assets at amortized cost	10	293,048,859	395,100,921
Property and equipment - net	11	26,106,712	29,388,555
Intangible assets - net	12	3,020,319	5,095,610
Deferred tax assets	19	29,918,911	11,299,456
Other assets	13	170,218,835	180,796,785
Assets held for sales- net	46	3,493,721	4,162,033
Total Assets		2,721,445,139	2,832,207,026
Liabilities and Owners' Equity			
Liabilities			
Banks and financial institutions deposits	14	223,387,840	306,217,195
Customers deposits	15	1,785,172,783	1,808,308,934
Cash margins	16	94,713,087	96,179,696
Borrowed funds	17	83,458,298	80,137,973
Other provisions	18	11,540,044	10,921,129
Provision for income tax	19	12,053,013	12,210,713
Deferred tax liabilities	19	4,231,861	3,791,258
Other liabilities	20	60,644,778	45,367,012
Liabilities directly related to assets held for sale	46	681,626	661,794
Total Liabilities		2,275,883,330	2,363,795,704
Owners' Equity			
Equity – Bank Shareholders			
Authorized and paid-in capital	21	100,000,000	100,000,000
Statutory reserve	22	91,350,185	86,034,401
Voluntary reserve	22	171,636,452	160,466,574
Pro-cyclicality reserve	22	-	227,597
General banking risks reserve	22	-	14,288,875
Financial assets valuation reserve - net of tax	23	4,160,518	8,135,930
Equity directly related to assets held for sale	46	(17,829)	(17,829)
Retained earnings	24	78,432,483	99,275,774
Total Owners' Equity		445,561,809	468,411,322
Total Liabilities and Owners' Equity		2,721,445,139	2,832,207,026

The accompanying notes from 1 to 46 constitute an integral part of these consolidated financial statements and should be read with the independent auditor's report

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

	Note	2018	2017
		JD	JD
Interest income	26	146,443,509	138,865,522
Less: Interest expense	27	55,498,598	44,281,156
Net Interest Income		90,944,911	94,584,366
Net commission income	28	11,400,650	11,301,779
Net Interest and Commission Income		102,345,561	105,886,145
Foreign currency income	29	3,960,557	4,896,518
Gain from financial assets at fair value through profit or loss	30	-	620,346
Gain on sale of financial assets at fair value through statement of comprehensive income	9	2,379,579	-
Cash dividends from financial assets at fair value through comprehensive income	9	1,262,957	866,046
Gain on sale of external branches		1,280,419	-
Other income	31	13,459,256	11,142,154
Gross Income		124,688,329	123,411,209
Employees expenses	32	26,709,630	26,548,039
Depreciation and amortization	12 & 11	6,309,945	6,502,225
Provision of impairment loss in direct credit facilities	7	2,328,885	15,720,456
(Recoverable) credit losses expected to be indirect	44	(4,789,575)	-
(Recoverable) credit losses expected by banks	4&5&6	(63,645)	-
(Recoverable) expected losses on investments	9&10	(146,720)	-
Other provisions	18	2,023,201	1,287,777
Other expenses	33	36,467,223	31,039,589
Total Expenses		68,838,944	81,098,086
Income for the Year before Income Tax		55,849,385	42,313,123
Less: Income tax expense	19	13,967,820	14,128,272
Income for the Year from continuous operations		41,881,565	28,184,851
Net profit from non-continuous operations	46	261,943	(1,229,058)
Income for the year		42,143,508	26,955,793
Pertains to:			
Bank's Shareholders		42,143,508	26,955,793
Earnings per Share for the Year Attributable to the Bank's Shareholders;			
Basic and Diluted	34	0.421	0.270
Earnings per Share from continuing operations for the Year Attributable to the Bank's Shareholders;			
Basic and Diluted	34	0.419	0.282
Earnings per Share from continuing operations for the Year Attributable to the Bank's Shareholders;			
Basic and Diluted	34	0.003	(0.012)

The accompanying notes from 1 to 46 constitute an integral part of these consolidated financial statements and should be read with the independent auditor's report

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
	JD	JD
Income for the year	42,143,508	26,955,793
Other Comprehensive Income Items:		
Items not subsequently transferable to consolidated statement of income:		
Net change in financial assets at fair value valuation reserve - net of tax	(3,782,935)	1,762,807
Total comprehensive income for the year	38,360,573	28,718,600
Total Comprehensive Income for the Year Pertains to:		
Bank's shareholders	38,360,573	28,718,600
Total	38,360,573	28,718,600

The accompanying notes from 1 to 46 constitute an integral part of these consolidated financial statements and should be read with the independent auditor's report

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

Description	Note and Paid-up Capital	Equity - Bank's Shareholders							Total			
		Authorized Statutory	Reserves	Voluntary	Pro-Cyclically	General Banking Risks	Financial Assets Valuation Reserve - Net of Tax	Equity directly related to assets held for sale		Equity	Non-controlling Bank's Shareholders	Interest
For the Year Ended December 31, 2018												
Balance - beginning of the year	JD	100,000,000	86,034,401	160,466,574	227,597	14,288,875	8,135,930	(17,829)	99,275,774	468,411,322	-	468,411,322
Effect of application of IFRS 9 - Net after tax	-	-	-	-	-	-	-	-	(41,210,085)	(41,210,085)	-	(41,210,085)
Adjusted balance - beginning of the year	100,000,000	86,034,401	160,466,574	227,597	14,288,875	8,135,930	(17,829)	58,065,689	427,201,237	42,143,508	-	427,201,237
Income for the year	-	-	-	-	-	-	-	-	42,143,508	42,143,508	-	42,143,508
Net change in financial assets at fair value- net of tax	-	-	-	-	-	-	(3,782,936)	-	-	(3,782,936)	-	(3,782,936)
Realized from financial assets at fair value through comprehensive income	9	-	-	-	-	-	(192,476)	-	192,476	-	-	-
Total Comprehensive Income for the Year	-	-	-	-	-	-	(3,975,412)	-	42,335,984	38,360,573	-	38,360,573
Transfers through the year												
Transferred from general banking risks	22	-	5,315,784	11,169,878	(227,597)	-	-	-	14,288,875	-	-	-
Transferred to reserves	25	-	-	-	-	-	-	-	(16,258,065)	(20,000,000)	-	(20,000,000)
Paid dividends	-	100,000,000	91,350,185	171,636,452	-	-	4,160,518	(17,829)	78,432,483	445,561,809	-	445,561,809
For the Year Ended December 31, 2017												
Balance - beginning of the year	100,000,000	81,803,089	152,003,949	227,597	13,525,686	6,133,272	-	105,999,129	459,692,722	5,482,119	485,174,841	
Income for the year	-	-	-	-	-	-	-	26,955,793	26,955,793	-	26,955,793	
Net change in financial assets at fair value- net of tax	-	-	-	-	-	-	1,780,636	(17,829)	-	1,782,807	-	1,782,807
Realized from financial assets at fair value through comprehensive income	9	-	-	-	-	-	222,022	(222,022)	-	-	-	-
Total Comprehensive Income for the Year	-	-	-	-	-	-	2,002,658	(17,829)	26,733,771	28,718,600	-	28,718,600
Transfers through the year												
Transferred from non-controlling equity related to assets held for sale	-	-	-	-	-	-	-	-	-	-	(5,482,119)	(5,482,119)
Transferred to reserves	22	-	4,231,312	8,462,625	-	763,189	-	(13,457,129)	-	-	-	-
Paid dividends	25	-	-	-	-	-	-	(20,000,000)	(20,000,000)	-	-	(20,000,000)
Balance - End of the Year	100,000,000	86,034,401	160,466,574	227,597	14,288,875	8,135,930	(17,829)	99,275,774	468,411,322	-	468,411,322	

- Retained earnings includes an amount of JD 29,918,911 as of December 31, 2018 (against JD 3,920,703 as of December 31, 2017) restricted against the effect of adopting International Financial Reporting Standard No. (9) according to the Jordan Securities Commission instructions in relation to the unrealized revaluation of financial assets at fair value through profit or loss, net of amounts recognized through sales.
 - In accordance with the Central Bank of Jordan instructions No. 2018/13, the accumulated balance of the general bank risk reserve item of JD 14,288,875 as at 1 January 2018 was transferred to the retained earnings item in recognition of the effect of IFRS 9, Clearing.
 - Use of credit financial assets valuation reserve is restricted and requires the pre-approval of the Central Bank of Jordan.
 The accompanying notes from 1 to 46 constitute an integral part of these consolidated financial statements and should be read with the independent auditor's report

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

Note	2018	2017
Cash flows from operating activities:	JD	JD
Income for the year before income tax	55,849,385	42,313,123
Net (gain) loss from non-continuous operations	261,943	(1,229,058)
Adjustments:		
Depreciation and amortization	11&12 6,309,945	6,502,225
Provision for impairment in direct credit facilities	7 2,328,885	15,720,456
(Recoverable) credit losses expected to be indirect	44 (4,789,575)	-
(Recoverable) credit losses expected by banks	4&5&6 (63,645)	-
(Recoverable) expected losses on investments	9&10 (146,720)	-
Net interest income	(4,327,882)	(4,862,475)
Provision for staff indemnity	18 1,592,301	927,777
Provision for lawsuits against the Bank and contingent claims	18 430,900	360,000
Loss on sale of assets seized by the Bank	31&33 644,017	596,535
(Gain) sale of property and equipment	31 (3,096)	(20,200)
(Gain) from financial assets at fair value through profit or loss	30 -	(143,861)
(Gain) on sale of financial assets at fair value through statement of comprehensive income	(2,379,579)	-
Provisions on seized assets	13 8,887,554	6,925,657
Effect of exchange rate fluctuations on cash and cash equivalents	29 (557,665)	(1,323,048)
Total	64,036,768	65,767,130
Changes in assets and liabilities:		
(Increase) decrease in deposits at banks and financial institutions	(2,563,919)	7,920,417
(decrease) in direct credit facilities	(121,014,523)	(131,096,403)
Increase in financial assets at fair value through profit or loss	-	3,175,712
Increase (decrease) in other assets	20,636,021	(8,567,704)
Decrease (increase) in assets held for sale	668,312	(4,162,033)
(Decrease) in banks and financial institutions deposits due after three months	(34,774,816)	(500,300)
(Decrease) increase in customers deposits	(23,136,151)	104,907,619
(Decrease) increase in cash margins	(1,466,609)	8,219,822
(Decrease) in other liabilities	(2,015,143)	(1,371,581)
Increase in liabilities directly related to assets held for sale	19,832	661,794
Net change in assets and liabilities	(163,646,996)	(20,812,657)
Net Cash Flows (Used in) / generated from Operating Activities before Provisions paid income tax	(99,610,228)	44,954,474
End-of-service indemnity paid	18 (1,379,705)	(2,309,000)
Lawsuits provision paid	18 (24,581)	(163,179)
Income tax paid	19 (15,656,643)	(17,779,527)
Net Cash Flows (Used in) / generated from operating activities	(116,671,157)	24,702,768
Cash flows from investing activities:		
Decrease in financial assets at amortized cost	71,327,834	84,094,482
(Increase) Decrease in financial assets at fair value through comprehensive income	(3,863,688)	699,586
(Increase) in property, equipment and intangible assets	(949,715)	(5,184,015)
Equity directly related to assets held for sale	-	(17,829)
Net Cash Flows generated from investing activities	66,514,431	79,592,224
Cash flows from financing activities:		
(Decrease) in non-controlling interests	-	(5,482,119)
Increase in borrowed funds	3,320,325	46,501,431
Dividends paid to shareholders	(19,204,957)	(19,168,995)
Net cash flows (Used in) generated from financing activities	(15,884,632)	21,850,317
Effect of exchange rate fluctuations on cash and cash equivalents	557,665	1,323,048
Net increase in Cash and Cash Equivalents	(65,483,693)	127,468,357
Cash and cash equivalents - beginning of the year	272,915,714	145,447,357
Cash and cash equivalents - end of the year	35 207,432,021	272,915,714

The accompanying notes from 1 to 46 constitute an integral part of these consolidated financial statements and should be read with the independent auditor's report

(1) General Information

- Jordan Kuwait Bank was established as a Jordanian public limited shareholding company under 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 branches totalling 64 branches inside Jordan, one foreign branch, and two subsidiaries for leasing and financial consulting.
- Jordan Kuwait Bank is listed as a public limited shareholding company on the Amman Stock Exchange.
- Jordan Kuwait Bank is owned by 50.927% of Al Rawabi International Real Estate Services Company and the consolidated financial statements of the Bank are added in the consolidated financial statements of Kuwait Projects Company Holding (KIPCO).
- The consolidated financial statements have been approved by the Bank's Board of Directors on 24 February 2019, and is subject to the approval of the Central Bank of Jordan.

(2) Summary Of Significant Accounting Policies

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

2.1 Basis of preparation

- The accompanying consolidated financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards modified according to the Central Bank of Jordan instructions and arrangements with regards to the calculation of the provision for impairment loss for one of direct credit facilities customer. At the same time, the financial statements of the subsidiary companies have been prepared in accordance with the standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the Committee of the IASB.
- The consolidated financial statements are prepared in accordance with the historical cost principle, except for financial assets and financial liabilities stated at fair value through profit or loss, financial assets stated at fair value through other comprehensive income and financial derivatives stated at fair value at the date of the consolidated financial statements. Moreover, hedged financial assets and financial liabilities are also stated at fair value.
- The reporting currency of the consolidated financial statements is the Jordanian Dinar, which is the functional currency of the Bank.
- The accounting policies adopted in the consolidated financial statements are consistent with the accounting policies adopted for the year ended 31 December 2017 except for the effect of application of Note 2.3 to the consolidated financial statements.

2.2 Basis of Financial Statements Consolidation

- The consolidated financial statements include the financial statements of the Bank and controlled subsidiaries. Control exists when the Bank has the ability to control the financial and operating policies of the subsidiaries in order to obtain benefits from their activities. All transactions, balances, revenue and expenses between the Bank and its subsidiaries are eliminated.
- The financial statements of the subsidiaries relating to the same fiscal year of the Bank are prepared using the same accounting policies adopted by the Bank. In case the accounting policies applied by the subsidiaries are different from those adopted by the Bank, necessary adjustments to the financial statements of the subsidiaries has to be made in order to match those applied by the Bank.
- Non-controlling interests represent the portion of the subsidiaries' equity not owned by the Bank.

- The Bank owns the following subsidiaries as of 31 December 2018 and 31 December 2017:

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

The accounting policies applied in preparing these consolidated financial statements agree with those used in preparing the consolidated financial statements for the Bank for year ending 31 December 2017, except applying new standards and amendments on current standards as mentioned below.

(a) New standards and amendments to standards and interpretations effective for the annual periods beginning after 1 January 2018, applied by the bank in preparing these financial statements and do not have significant effect:

- Amendments to IAS 12 - 'Income tax' which explains measurement and accounting for deferred tax assets.
- Amendments to IAS 7, 'Statement of cash flows'. The amendment requires additional disclosures about changes in liabilities arising from financing activities. The standard is effective for annual periods beginning on or after 1 January 2017 and early adoption is permitted.
- Amendments to IAS 40, 'Transfers of Investment Property'.
- Annual Improvements to IFRS – 2012-2014 Cycle.
- IFRS 15 "Revenue from Contracts with Customers"

Nature of change: The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits a modified retrospective approach for the adoption

Impact: The management is not expecting any impact on the adoption of this standard over the Bank's financial statements, as most of the Bank's income is generated through sources not subject to this standard.

(b) New standards and interpretations that have been issued, and applied for the reporting period 1 January 2018 with a significant impact:

IFRS 9 "Financial Instruments":

Nature of change: IFRS 9 addresses the classification, measurement, derecognition of financial assets and financial liabilities, and introduces new rules for hedge accounting and introduced a new impairment model.

Impact of adopting IFRS 9:

The Bank is required to adopt IFRS 9 starting 1 January 2018, accordingly, the bank had used the related draft instructions issued by the Central Bank of Jordan to assess the impact as of January 1, 2018 as per the requirements of the standard.

The following are the most important aspects of application:

A- Classification and measurement of financial assets

- Classification depends on the business model of the bank through which the financial asset is managed as well as the contractual cash flow characteristics. The Standard eliminates the categories "held to maturity", "loans and receivables" and "available for sale" under IAS 39.

- The Bank has reclassified the financial instruments among the categories determined under IFRS 9 at amortized cost on fair value through statement of income at fair value through other comprehensive income and is allowed for one time at the beginning of 2018 with a view to achieving the proper application of the Standard's requirements. The reclassification is described in paragraph (f) of this note.

B- Classification and measurement of financial liabilities:

IFRS (9) has retained the requirements of IAS (39) regarding the classification of financial liabilities. IAS 39 (revised) requires recognition of the differences in the assessment of financial liabilities classified as financial liabilities at fair value through profit or loss in the consolidated statement of profit or loss, whereas IFRS (9) requires:

- Recognition of differences in the assessment of financial liabilities classified as financial liabilities at fair value through statement of profit or loss as a result of changes in credit risk in the consolidated statement of comprehensive income.
- The remaining amount of fair value valuation differences is recognized in the consolidated statement of profit or loss.

C- Hedge accounting

When initially applying IFRS (9), the Bank choose to continue applying the hedge accounting requirements of IAS (39) instead of the requirements IFRS (9).

D- Impairment of financial assets

IFRS (9) replaced the 'incurred loss' model in IAS (39) with a forward-looking 'expected credit loss' model. Which requires the use of estimates and judgements to estimate economic factors. The model will be applied to all financial assets – debt instruments which classified as amortized cost or at fair value through statement of comprehensive income or at fair value through profit or loss.

Impairment losses have been calculated in accordance with the requirements of IFRS (9) in accordance with the following requirements:

- 12 months impairment loss: The expected impairment is calculated for the 12 months following the date of the consolidated financial statements.
- Impairment losses for the useful life of the instrument: The expected impairment on the life of the financial instrument is calculated until the maturity date of the consolidated financial statements

The expected credit loss mechanism depends on the probability of default (PD). Which is calculated according to the credit risk and future economic factors, the loss given default (LGD), which depends on the value of the existing collateral, the exposure at default (EAD).

E- Disclosures

IFRS (9) requires detailed disclosures, particularly with regard to hedge accounting, credit risk, and expected credit losses.

F- Implementation

The Bank had reflected the effect of the standard implementation over the opening balances of retained earnings on January 1, 2018, provisions and non-controlling interests rather than restating the figures of the consolidated financial statements for the year ended December 31, 2017 and earlier.

The table below includes the effect on the opening balance as at 1 January 2018:

Exposure to credit risk related to assets of the balance sheet	Balance as at 31 December 2017	Reclassification	Expected credit losses (ECL)/ impact	Effect of reclassification	Balance as at 1 January 2018
	JD	JD	JD	JD	JD
Assets					
Cash and balances with central banks	224,259,331	-	(31,114)	-	224,228,217
Balances at banks and financial institutions	323,903,044	-	(92,360)	-	323,810,684
Direct credit facilities - net	1,562,286,911	-	(46,453,733)	-	1,515,833,178
Financial assets at fair value through statement of income	66,673,669	(66,673,669)	-	-	-
Transferred to FVOCI	66,673,669	(66,673,669)	-	-	-
From it: Debt instruments	60,546,359	(60,546,359)	-	-	-
From it: Equity instruments	6,127,310	(6,127,310)	-	-	-
Financial assets at fair value through other comprehensive income	29,240,711	97,510,641	(1,968,856)	-	124,782,496
Financial instruments at amortized costs	395,100,921	(30,836,972)	(33,976)	-	364,229,973
Transferred to FVOCI	30,836,972	(30,836,972)	-	-	-
From it: Debt instruments	30,836,972	(30,836,972)	-	-	-
Deferred tax asset (resulting from an increase in ECL)	11,299,456	-	-	17,282,559	28,582,015
Liabilities					
Other liabilities – Provision on non-direct credit facilities	45,367,012	-	9,912,605	-	55,279,617
Equity					
General Banking Reserves	14,288,875	-	-	(14,288,875)	-
Retained Earnings	99,275,774	-	-	(26,921,210)	72,354,564

The table below includes analysis of credit risk exposure for financial assets exposed to expected credit loss as at 1 January 2018:

Exposure to credit risk related to assets of the balance sheet	Stage 1	Stage 2	Stage 3	Total	Impact on Deferred tax assets	Net effect
	JD	JD	JD	JD	JD	JD
Balances with central banks	31,114	-	-	31,114	7,300	23,814
Balances at banks and financial institutions	92,360	-	-	92,360	28,244	64,116
Financial assets at fair value through comprehensive income	424,904	-	1,543,952	1,968,856	589,816	1,379,040
Direct credit facilities - net	10,944,899	9,573,498	25,935,336	46,453,733	13,571,749	32,881,984
Financial assets at amortized cost	33,976	-	-	33,976	11,892	22,084
Other liabilities	2,480,999	498,517	6,933,089	9,912,605	3,073,558	6,839,047
	14,008,252	10,072,015	34,412,377	58,492,644	17,282,559	41,210,085

The table below clarifies the opening balances for provisions after implementation of IFRS (9):

	Current provision balance	Difference due to re-measurement	Balance according to IFRS (9)
	JD	JD	JD
Balances with central banks	-	31,114	31,114
Balances at banks and financial institutions	-	92,360	92,360
Direct credit facilities	49,321,331	46,453,733	95,775,064
Debt instruments within a portfolio of financial assets at amortized cost	-	33,976	33,976
Debt instruments within a portfolio of financial assets at fair value through other comprehensive income	-	1,968,856	1,968,856
Non-direct credit facilities	-	9,912,605	9,912,605

The table below clarifies the expected credit losses for the subsequent period of 31 December 2018:

Item	Stage 1 Individuals		Stage 1 Totals		Stage 2 Individuals		Stage 2 Totals		Stage 3		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central banks	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and balances at banks and financial institutions	33,274	-	33,274	-	-	-	-	-	-	-	-	33,274
Direct credit facilities	9,434,423	-	9,434,423	-	4,828,485	-	4,828,485	-	60,734,421	-	-	74,997,329
Debt instruments within a portfolio of financial assets at amortized cost	8,016	-	8,016	-	-	-	-	-	-	-	-	8,016
Debt instruments within a portfolio of financial assets at fair value through other comprehensive income	282,562	-	282,562	-	296,345	-	296,345	-	1,245,284	-	-	1,824,291
Financial collaterals	764,004	-	764,004	-	30,249	-	30,249	-	1,749,771	-	-	2,544,024
Unused limits	1,675,021	-	1,675,021	-	118,822	-	118,822	-	389,035	-	-	2,182,878
Letter of credit	270,235	-	270,235	-	788	-	788	-	-	-	-	271,023
Acceptances	114,123	-	114,123	-	694	-	694	-	-	-	-	114,816
	12,581,658	-	12,581,658	-	5,275,383	-	5,275,383	-	64,118,511	-	-	81,975,552
	In Accordance to IFRS (9)											
	In Accordance to classification regulation (47/2009)			In Accordance to IFRS (9)								
				Stage 1			Stage 2			Stage 3		
	Gross	Interest In suspense	Provision	Gross	ECL	Interest In suspense	Gross	ECL	Interest In suspense	Gross	ECL	Interest In suspense
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Performing loans	1,420,980,911	-	1,420,980,991	-	1,485,599,532	10,944,899	27,026	-	-	-	-	-
Watch-list	113,314,698	-	113,314,698	2,314,707	-	-	162,430,889	9,573,498	64,614	-	-	-
Non-performing loans:	89,714,831	12,401,539	77,313,292	47,007,361	-	-	-	-	-	150,484,950	75,256,668	12,309,900
Substandard	15,501,357	45,447	15,455,910	2,832,502	-	-	-	-	-	-	-	-
Doubtful	16,194,934	444,703	15,750,231	7,152,466	-	-	-	-	-	-	-	-
Loss	58,018,540	11,911,389	46,107,151	37,022,393	-	-	-	-	-	-	-	-
Total	1,624,009,781	12,401,539	1,611,608,242	49,322,068	1,485,599,532	10,944,899	27,026	162,430,889	9,573,498	64,614	150,484,950	75,256,668
												12,309,900

Credit exposures in accordance with the provisions of Classification No. (47/2009) and in conformity with IFRS 9 as of 31 December 2018:

Item	In Accordance to classification regulation (47/2009)					In Accordance to IFRS (9)							
	Gross	Interest In suspense	Principal	Provision		Stage 1	Stage 2	Stage 3					
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Performing loans	1,485,267,250	-	1,485,267,250	-	1,427,710,697	9,434,423	37,217	-	-	-	-	-	-
Watch-list	89,036,045	285,161	88,750,884	1,479,066	-	-	-	131,659,421	4,828,485	11,465	-	-	-
Non-performing loans:	145,013,988	11,362,324	133,651,664	50,551,437	-	-	-	-	-	-	159,947,162	60,734,421	11,598,802
Substandard	7,923,621	135,514	7,788,107	1,474,888	-	-	-	-	-	-	-	-	-
Doubtful	23,933,523	1,152,314	22,781,209	5,367,480	-	-	-	-	-	-	-	-	-
Loss	113,156,844	10,074,496	103,082,348	43,709,069	-	-	-	-	-	-	-	-	-
Total	1,719,317,280	11,647,484	1,707,669,798	52,030,503	1,427,710,697	9,434,423	37,217	131,659,421	4,828,485	11,465	159,947,162	60,734,421	11,598,802

Risk Management:

The responsibilities of the Risk Management Department of the Bank include all the Bank's departments and branches operating inside and outside the Kingdom as well as its subsidiaries through identifying, determining, measuring and managing risks under international best practices and within the limits of the functions and responsibilities of Risk Management.

The responsibilities of the Risk Management Department in the Bank include the following areas:

- Credit risk

This represents the potential loss resulting from the customer's inability or unwillingness to meet its obligations on time. These risks are one of the most significant risks to Banks.

- Market risk

This represents the losses that the Bank may be exposed to as a result of any financial positions within or outside the balance sheet due to any changes occurring in the market prices.

- Liquidity risk

This represents the losses that the Bank may be exposed to due to lack of funds needed to finance the increase of its investments or to repay its obligations when they become due on time with appropriate cost. (This is part of asset and liability management (ALM). Reports, in this regard, are prepared by Risk Management).

- Interest rate risk

This represents the exposure to adverse movements in interest rates that affects the profitability of the Bank due to the change in net interest income and in the economic value of the cash flows of assets and liabilities.

- Operational risk

This represents the loss resulting from the failure or inadequacy of internal procedures, human element, systems, or external events. This definition includes legal risk but not the strategic and reputation risk.

- Information Security & Business Management Risk

This represents the loss resulting from the use of information by unauthorized persons, or the disclosure, distribution, modification, destruction or deletion of such information. This definition applies to any type of information whether written on paper or in a file on Internet. This also includes business continuity and disaster recovery.

Detailed responsibilities and functions of risk management sections

1- Credit Risk:

- The Risk Management Department reviews the credit policy periodically and in coordination with the representatives of corporate and individual facilities. The policy is the indicator and the basic guide for the different duty stations in clarifying the degree of credit risk acceptable to these stations.
- Opinions on credit applications are expressed by the Risk Management within the credit terms specified by the Board of directors without financial responsibility.
- The internal credit rating system is reviewed and evaluated independently of the credit marketing departments through the Risk Management. The Bank has a system documented and approved by the Board. Any element that may contribute to the expectation of a client's default is taken into consideration, which helps in measuring and classifying customer risks. This should facilitate the decision-making process, pricing facilities and determining customer and product profitability, credit management and the review and analysis of credit portfolio. In addition, it helps to retain the necessary data that facilitate the application of foundation internal ratings-based approach (FIRB) to credit risk within the Basel requirements. An automated credit rating system is implemented to support this. The Scoring Card System is used in the same framework.
- The Risk Department recommends, independently of the credit marketing departments, to set specific controls and limits, documented with clear policies and procedures to ensure compliance therewith. Such limits are reviewed periodically and adjusted, if necessary. There are specific limits set out and approved by the Board of Directors in dealing with banks, countries and various economic sectors. One of its tasks includes defining limits for any possible concentration of credit guarantees or products.
- The Risk Management Department prepares an analysis of the credit portfolio whereby the Board of Directors is clearly provided with an indication of the quality and different ratings thereof. The Board is also provided with any concentrations as well as historical benchmarking comparisons along with the banking sector where possible. Thereafter, appropriate recommendations to mitigate existing risks are made.

2- Market Risk:

- The Bank has specific policies and procedures approved by the Board of Directors for identifying, measuring, monitoring and controlling the market risk. These are periodically reviewed, and the implementation thereof is monitored. Such policies include:
- Investment policy: the representatives of Treasury and Risk Departments develop and review this policy and amend it annually, if required. They also present it to the Investment Committee and the Assets and Liabilities Committee.
- The Bank has a written market risk policy approved by the Board of Directors that describes how to identify, measure, control and mitigate market risks. The Bank also has written policies approved by the Board of Directors, which define the fundamentals of portfolio management and investment funds, including operational bases, desired investment instruments and effective controls, in addition to a policy clarifying the basis for dealing between the Bank and its customers in convertible foreign currencies and major precious metals on a margin basis. The Risk Management Department develops such policies in cooperation with the concerned departments. Periodic (daily and monthly) reports are submitted by Middle Office under market risk / risk management for adherence with the above policies.
- The Risk Management Department prepares Value at Risk ('VAR') and measures sensitivity analysis, interest rate risk, limits and other reports included in the relevant policies approved.

3- Liquidity risk:

- The Risk Management Department, in cooperation with the Treasury Department, develops a written policy for liquidity risk management which is approved by the Board of Directors of the Bank.
- The Risk Management Department monitors the Bank's commitment to liquidity ratios set by the Central Bank of Jordan and the supervisory authorities under which the Bank's branches operate. The Bank's liquidity is monitored on a daily basis by the Treasury Department.

- Liquidity is also monitored by the Asset and Liability Management Committee chaired by the Director General and comprises the Head of Risk Management. It is governed by the ALCO Policy through periodic reports prepared by the Risk Management Departments and the Treasury Department. They are presented and considered by the Committee members who make appropriate recommendations in this regard.
- The Risk Management Department, in coordination with the Treasury Department, prepares a written policy for a Liquidity Contingency Plan to address any liquidity problems at the Bank, at various levels and scenarios which is approved by the Board of Directors of the Bank.

4- Operational risk:

- The Risk Management Department prepares and reviews documented policies and procedures for identifying, evaluating, mitigating and controlling operational risks. This is done to ensure compliance with the Basel requirements and to enhance the efficiency and effectiveness of the Bank's control environment. The Bank uses an automated operational risk system covering the Self-Assessment areas and Events Collection system, and identifies and analyses Key Risk Indicators (KRI) to the Bank's operation centres.
- Combination between different risk management is done by the Risk Management Department when setting controls and procedures to ensure that all risks are hedged to achieve the concept of Enterprise Risk Management.
- The Bank has documented Standard Operating Procedures (SOP's) that are reviewed and amended periodically by the relevant departments and under the supervision of the Operations Development Department. Any procedures that are modified or developed, including any new products, are presented to departments of internal audit, compliance and risks to study possible risks and adequacy of existing controls.

5- information Security & Business Continuity Management

- The Risk Management Department develops a clear, documented, and approved Business Continuity Plan. The necessary tests are made regularly thereto, in accordance with the broad concept of Business Continuity Management supported by the DRS automated system for more efficient business continuity management, and in line with the instructions issued by the Central Bank of Jordan, and in accordance with international best practices in this regard.
- A team for Information Technology Security has been mobilised, reporting directly to Risk Management in order to support them. Such team is independent in its reporting from the Director of Information Systems Department. This is done in accordance with the international best practices including the ISO27001 and PCI requirements.
- Risk Management participates in the preparation of an appropriate risk assessment in the event of a new activity or product on the verge of being launched in a particular market.

6- Interest rate risk

- The Risk Management Department prepares a documented interest rate risk policy that governs the identification, measurement and control of interest rate risk within the ALM's framework - ALCO, approved by the Board of Directors. The Risk Management Department prepares the necessary reports and submits to the ALCO Committee in the Bank.

7- Compliance with Basel decisions

- The Department oversees the implementation of the requirements of the various Basel decisions, including the accounting of Basel III capital adequacy ratios including liquidity ratios, and effectively contributes to Capital Budgeting.
- The Department prepares stress tests, evaluates internal capital and issues analytical reports on capital.
- The Department also issues various financial analyses of banks with the preparation of new analyses specialised in specific aspects by taking advantage of the disclosures issued by banks.
- Descriptive disclosures Related to IFRS (9)

8- Definition of the Bank's implementation of default and the mechanism of addressing it:

The Bank defines the default and the mechanism of addressing it in accordance with the instructions of the Central Bank regarding the application of IFRS 9 No. 13/2018 issued on 6/6/2018. The Central Bank's instructions No. (47/2009) dated 10/12/2009 (item II / D) include a number of indicators on a default event which must also be complied with.

The main content of the definition of default is the items that indicate or result in non-compliance with contractual conditions such as:

- The existence of dues equal to or greater than (90) days.

- Increase in risk ratings above -7.
- Credit exposure / debt instruments that have evidence that they have become defaulted (irregular) or are expected to be defaulted soon.
- The debtor party is experiencing significant financial difficulties (very weak financial statements).
- The existence of clear indications that the debtor is near bankruptcy.

The mechanism of addressing default:

The Bank will follow-up with the customer before their default, trying not to reach the stage of classification of the facilities granted to them. In case of classification, the specific provision will be made against the facilities in accordance with the instructions and standards. In addition, they will be followed-up by the Department of Follow-up & Collections before starting the legal procedures in case of failure to reach solutions or schedules according to the instructions of the Central Bank of Jordan and the supervisory authorities in the countries where the Bank operates.

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

Internal credit rating system for corporate customers:

The Bank has an automated internal credit rating system from Moody's supplier. The rating system includes all of the processes, controls, data collected, and the information system that support and assess the credit quality of the borrower. It is then translated to the degree of risk to customers and linked to the possibility that the customer will default. This contributes to calculating the expected credit loss.

Moody's system that contains following models to calculate customers credit rating:

- Large Enterprises Rating Model.
- SME Rating Model (with financial data).
- SME Rating Model (without financial data).
- Customer Rating Model for Project Financing.
- High net worth customers Rating Model.
- The grades in the system range from 1 (Exceptional: a very high quality and low risk company) to 10 (Poor: a non-working classified company) - 7 working grades and 3 non-working grades.
- There is a clear and specific Master scale. Each credit rating is calculated by Moody's, offset by the probability of default (PD).
- Financial and non-financial analysis of clients is made. Moody's Financial Analysis Structure consists of four main sections:
 - Operations:
 - Liquidity:
 - Capital structure:
 - Debt Service:

An override can be used to classify the customer through an approval of the Facility Management Committee for the proposed ratings.

- Internal Credit Scoring System for individual customers:

Retail customers (individuals) are rated and given a rating grade based on their risk before their loans are approved. Such ratings are utilised to estimate the probability of default. This is done for housing loan products, auto finance and consumer loans.

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

The "loss test" model is used using the ECL model, which requires the use of estimates and judgments to estimate the economic factors that have an effect on the impairment in accordance with the new model. This model has been applied and the impairment loss has been calculated in accordance with the following rules:

- **12-month impairment losses:** The expected impairment of default is calculated within 12 months following the date of the financial statements.
- **Impairment losses for the useful life of the instrument:** The expected impairment on the life of the financial instrument is calculated until the maturity date of the consolidated financial statements.

The mechanism for calculating expected losses depends on the probability of default, which is calculated according to the credit risk, future economic factors and loss given default (LGD), which depends on the value of the existing collateral and the amount of the exposure at default (EAD).

ECL are calculated for all financial assets of the Bank individually using the risk components of each instrument according to the following equation: $ECL = PD * LGD * EAD$.

In accordance with the requirements of IFRS 9, ECL measurement model is applied within the following framework (except as measured at fair value through statement of income):

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

In respect of renewable facilities, ECL are calculated based on the behavioural maturity of three years.

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

a- Probability of Default (PD):

- This represents the risk arising from the borrower's inability or unwillingness to repay its debts in full or on time, which is normally anticipated by analysing the customer's ability to repay its debt in accordance with its financial statements. The probability of default of the customer generally relates to financial data such as insufficient cash flows to service debt, low operating income or margins, high leverage or low liquidity. Accounting is done as follows:

Corporate customers:

- PD is calculated by linking the credit ratings within the internal credit rating to the grade of default identified in the Master Scale and for each individual customer. The probability of default is converted from Through the Cycle (TTC) to Point in Time, after the credit rating has been calibrated and the probability of default to match the bank's default data.
- For defaulted loans (Stage 3), the probability of default is set at 100%.
- Accounts not rated internally are assumed to have a rating grade of 5 with the Bank and -5 with Ejara Company.
- The probability of default was calculated for the Jordanian government based on its external credit rating.

Retail customers:

- Their PD is calculated based on Behavioural Scoring and based on logistic regression for each customer.
- For debt instruments and money market, Moody's external credit rating was adopted. If the debt instrument of an unrated company is treated as unrated companies. As for the unrated banks, the credit rating of the country to which the bank belongs is adopted and adjusted to suit the financial solidity of the Bank.

b- The Proportion of Losses Given Default:

- This represents the ratio of assets that are expected to be lost if the customer defaults. This ratio is defined at the level of the facility rather than at the customer level. It is affected by various factors such as the availability of collateral, type of guarantee, priority of payment, the duration and quality of the loan. The accounting is done as follows:

Corporate customers and debt instruments:

- An LGD accounting system is used based on a number of determinants, including the customer's credit rating, economic sector, type and value of collateral and coverage ratio. These are calculated based on historical information.

- Haircut rates have been made for guarantees greater than those specified by the instructions of the Central Bank of Jordan.
- Setting floor limits for LGD ranging from 0% to 10%.
- Defaulted facilities (Stage 3) - The proportion of LGD has been identified for the unsecured portion with guarantees of 100%.
- The ratio of LGD to the Jordanian government was set at 0%.

Retail customers:

- A model was developed for the accounting (Logistic regression model) using the variables used in the accounting of the Probability of Default model.

Exposure at Default (EAD):

The amount at risk is defined as the amount of the indebtedness in which the Bank is exposed to the probability of default in the case of a customer default as following:

- The current balance of direct facilities and a CCF proportion of 100% for indirect facilities.
- In the case of limits, the value of the amount exposed to the default shall be divided into two parts: the utilised obligations and the unutilised obligations where the balance or ceiling is calculated, whichever is higher.
- For retail, credit is used to determine the value of the default amount using the facilities prepayment ratio of customers.

3- Determinants of the significant change in the credit risk on which the Bank relied in calculating expected credit losses.

Rating	Criteria
Stage 1:	<p>This includes credit exposures / debt instruments that have not received a significant increase in their credit risk since the initial recognition of the exposure / instrument or have a low credit risk at the date of preparation of the financial statements. Credit risk is considered to be low if the following conditions are met:</p> <ul style="list-style-type: none"> - Low default risk. - The debtor has a high ability in the short term to meet its obligations. <p>The Bank does not expect adverse changes in the economy in the long-term working environment adversely affecting the debtor's ability to meet its obligations (macroeconomic indicators and stress tests).</p>
Stage 2:	<p>Accounts with dues more than 30 days and less than 90 days. Accounts that were previously scheduled. Accounts that were structured twice in a year. Accounts rated by internal credit -7. In case of reducing the actual or expected internal credit rating of the borrower or the credit exposure / debt instrument according to the internal rating system applied by the Bank. Actual or expected significant decrease in the external credit rating of the credit exposure / debt instrument. Substantial negative changes in the performance and behaviour of the borrower such as late payment of instalments or unwillingness to respond to the Bank.</p>
Stage 3:	<p>This includes credit exposure / debt instruments that have evidence(s) that they have defaulted (irregular) or are expected to default soon. The debtor is experiencing significant financial difficulties (very weak financial data). Non-compliance with contractual conditions such as the existence of maturities equal to or greater than (90) days, and credit rating higher than -7. The existence of clear indications that the debtor is near bankruptcy. In addition to the above, the Central Bank Instructions No. (47/2009) dated 10/12/2009 (item II / D) includes a number of indicators demonstrating an event of default which must also be complied with.</p>

- There are clear and specific criteria for ratings in the three stages (1, 2 and 3) and the transfer among them. According to the instructions of the Central Bank of Jordan, which state that in the event of an improvement in the quality of credit and the availability of sufficient and documented reasons making it possible to transfer credit exposures from Stage 3 to Stage 2 to or from Stage 2 to Stage 1, the transfer should only take place after the improvement of the credit position of the exposure and the obligation to pay at least three monthly instalments, two quarterly instalments or semi-annual instalment on time, in addition to improving the credit rating of the customer to be higher than -7 in order to be transferred to Stage 1.
- The downgrade of credit rating / debt instrument by two grades on the ten-point rating system since the date of initial recognition is evidence of a significant credit risk decline.

4- Key economic indicators used by the Bank in calculating expected credit loss.

The Bank uses key economic indicators in calculating expected credit loss, as follows:

- Corporate: GDP growth indicators and the financial market index
- Retail: A larger number of variables has been used, the most important of which are consumer price index, GDP, interbank rate of interest, volume of consumption, expected inflation, unemployment rate, discount rate, deposit rate and other rates.

Governance of applying the requirements of IFRS 9, including the responsibilities of the Board of Directors and Executive Management to ensure compliance with the requirements of IFRS 9.

Bank's Board of Directors

- The Board of Directors is responsible for establishing the Bank's acceptable risk profile and effective management of risk management.
- The Board of Directors is responsible and authorised to approve the expected credit losses in the Bank's financial statements.
- The Board of Directors of the Bank shall provide appropriate governance structure and procedures to ensure the proper application of IFRS 9 by defining the roles of the committees, departments and working units of the Bank, ensuring the integrity of the work among them and providing the appropriate infrastructure.
- The Board of Directors shall ensure that the Bank's management develops the necessary systems to provide adequate and accurate information and data in order to provide the Bank with the accurate ability to calculate and with the participation of all relevant business units in the Bank and under the supervision of the Board of Directors and its related committees.
- The Board of Directors shall ensure that the Bank's management implements high quality and reliable quality systems in terms of inputs, operating processes and results.
- The Board of Directors shall ensure that the Bank's control units, specifically risk department, internal audit department work to verify the validity and integrity of the methodologies and systems used in the application of IFRS 9 and to provide the necessary support to these supervisory units.

Board of Directors' Audit Committee:

- The Committee monitors compliance with the expected credit loss accounting framework in accordance with IFRS 9 and ensures that all aspects of the internal audit are audited.
- The Committee recommends to the Board of Directors the adoption of expected credit loss figures as part of the quarterly financial statements.

Board Risk Committee:

- The Committee reviews and recommends the adoption of the credit risk assessment framework and assumptions.
- The Committee is responsible for the accounting of expected credit losses and is reviewed at the level of the Board of Directors with respect to the roles and models used for the accounting.

Management Committee for Allocations:

- It is responsible for any matter related to provisions, accounting processes and follow-up matters relating to accounting
- It is responsible for any exceptions to the results of the outputs of the systems, the specific procedures and the documented models of the accounting process.
- It reviews the process of staging rules and sets the necessary recommendations.
- It views the accounting of the expected credit losses and recommends the adoption.

Risk Management:

- The Risk Management Department undertakes the necessary work to verify the validity and integrity of the methodologies and systems used in the application of IFRS 9.
- It is responsible for the accounting of expected credit losses .
- It reviews the used models and assumptions used in the accounting and recommends any required modifications to the Independent model validation .
- It evaluate the credit rating systems, determinants and results.
- It analyses the various accounting results and reviews the accuracy and efficiency of the accounting process.
- It prepares detailed statements required by the Central Bank of Jordan
- It makes recommendations to the Appropriations Committee on any override operation .
- It develops indicators that are indicators of significant change in credit risk.
- It reviews the transition between different stages, compares them with staging rules and reviews these limits periodically.

Finance Department:

- It participates with the departments concerned with reviewing the business model, through which the objectives and bases of acquisition and classification of financial instruments are determined, in order to ensure integration with other business requirements.
- It prepares accounting restrictions and reverse the results of the accounting on the main banking system.
- It prepares necessary disclosures in cooperation with the concerned departments in the Bank.
- Internal audit:
 - The Internal Audit Department undertakes the necessary work to verify the validity and integrity of the methodologies and systems used in the application of IFRS 9.

c- New standards and interpretations applied for annual reporting period commencing 1 January 2018 and which are early adopted by the Bank:

IFRS 16 “Leases”

Nature of change: IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

Impact: The Standard will primarily affect the accounting of the Bank’s operating leases. As at the reporting date, most of the Bank’s operating leases are short-term and low-value leases. Therefore, the standard is not expected to have any financial impact on the Bank.

Mandatory application date: Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date. The company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

2.4 Segment Information

A business segment is a group of assets or operations jointly engaged in providing an individual product or service and a group of related products or services subject to risks and returns different from those of other business segments. It is measured according to the reports used by the General Manager or other key decision makers at the Bank.

A geographical segment is a distinguishable component of an entity engaged in providing products or services within a particular economic environment subject to risks and returns different from those of components operating in other economic environments.

2.5 Financial Assets at Fair Value through Statement of income

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

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

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

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

It is not allowed to classify any financial assets that do not have prices in active markets and active dealings in this item.

The debt instruments within this portfolio are calculated to calculate the expected impairment loss (as expected) in accordance with the requirements of applying IFRS 9 and are consistent with the expected credit loss in the statement of income.

Due to the fact that debt instruments are recorded at fair value and are subject to the expected credit loss, there is a reconciliation between the change in fair value and the expected credit loss, so that the decline (expected credit loss) is the priority of recognition / registration.

2.6 Financial Assets at Amortized Cost

Financial assets at amortized cost are the financial assets which the Bank's management intends according to its business model to hold for the purpose of collecting the contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the principal outstanding.

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

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

It is not allowed to reclassify any financial assets from / to this category except for certain cases specified at the International Financial Reporting Standards (and in the case of selling those assets before its maturity date, the results should be recorded in a separate account in the consolidated statement of income, disclosures should be made in accordance to the requirements of International Financial Reporting Standards).

The debt instruments included in this portfolio are calculated to calculate the expected impairment loss (expected credit loss) as stated in the requirements to apply IFRS 9 and record the expected credit loss that is measured in the consolidated statement of income.

Debt instruments issued or guaranteed by the Government of Jordan, as provided for in the measure of the probability of default, are excluded from the requirements of applying the Standard.

2.7 Fair Value

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

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

Analysis of the estimated future cash flows and discounted cash flows at current rates applicable for items with similar terms and risk characteristics.

Evaluation of long term assets and liabilities that bears no interest in accordance to discounted cash flows using effective interest rate, premiums and discounted are amortized within interest revenue or expense in the consolidated statement of income.

The evaluation methods aim to provide a fair value reflecting the expectations of the market, and take into consideration market factors, risks and expected benefits, at the time of evaluation of the financial instruments. In case the fair value of an investment cannot be measured reliably, it is stated at cost less any impairment.

2.8 Impairment in the Value of Financial Assets

The Bank reviews the values of financial assets on the date of the consolidated statement of financial position in order to determine if there are any indications of impairment in their value individually or in the form of a portfolio. In case such indications exist, the recoverable value is estimated in order to determine the impairment loss.

Impairment is determined as follows:

- Impairment in financial assets recorded at amortized cost represents the difference between the book value and the present value of the expected cash flows discounted at the original interest rate.
- The impairment in value is recorded in the consolidated statement of income. Any surplus in the following period resulting from previous impairment in the value of debt instruments is taken to the consolidated statement of income and any impairment in the value of equity instruments is taken to the consolidated statement of other comprehensive income.

2.9 Direct Credit Facilities

Represents financial assets which have fixed or agreed payments which the bank submitted in the first place and these financial assets do not have quoted prices in active markets.

Direct credit facilities are recorded at amortized cost after deducting the provision for the direct credit facilities and interest and commissions in suspense.

A provision for the impairment in direct credit facilities is recognized when it is obvious that the financial assets of the Bank cannot be recovered, there is an objective evidence of the existence of an event negatively affecting the future cash flows of the direct credit facilities, and the impairment amount can be estimated. The provision is taken to the consolidated statement of income. Interest and commissions on non-performing credit facilities are suspended in accordance with the regulations of the Central Bank of Jordan.

The credit facilities and outstanding interest that are covered by provisions are fully transferred outside the consolidated statement of financial position in accordance with the Board of Directors' decisions in that regard.

Interest and commission are suspended on direct non-performing credit facilities granted to customers in accordance with the instructions of the Central Bank of Jordan or in accordance with the instructions of the regulatory authorities in the countries in which the Bank has branches or subsidiary companies, whichever is more.

Impaired credit facilities, for which specific provisions have been taken, are written off by charging the provision after all efforts have been made to recover the assets. Any surplus in the provisions is taken to the consolidated statement of income, while debt recoveries are taken to income.

Outstanding interest for accounts on issues outside the consolidated statement of financial position is recorded in accordance with the Board of Directors' decisions in that regard.

2.10 Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment in value. Moreover, property and equipment (except for land) are depreciated according to the straight-line method over their estimated useful lives using the following rates:

	%
Buildings	3
Fixtures, equipment and furniture	9- 15
Vehicles	15
Computers	20
Decorations	20

When the carrying values of property and equipment exceed their recoverable values, assets are written down to the recoverable value, and impairment losses are recorded in the consolidated statement of income.

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

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

2.11 Provisions

Provisions are recognized when the Bank has an obligation on the date of the consolidated statement of financial position as a result of past events, it is probable to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.12 Provision for Employees End-of-Service Indemnities

The employees' end-of-service indemnities provision is calculated at a rate of one month per service year for contracted employees more than 60 years old.

The required provision for end-of-service indemnities for the year is recorded in the consolidated statement of income while payments to departing employees are deducted from the provision amount.

2.13 Cost of Issuing or Purchasing Bank Shares

Any costs that result from purchasing or issuing bank shares are charged to retained earnings (net of the tax effect relating to those costs, if any). If the underwriting process or purchase process was incomplete, these costs are charged to the consolidated statement of income.

2.14 Income Tax

Income tax expenses represent accrued taxes and deferred taxes.

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

Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions in Jordan.

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

Deferred tax assets are reviewed as of the date of the consolidated financial statements, and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

2.15 Share capital

Any costs arising from the issue or purchase of the Bank's shares are recognized in retained earnings (net of the tax effect of such costs, if any). If the issue or purchase is not completed, these costs are recognized as an expense on the consolidated statement of income.

2.16 Treasury shares

Treasury shares are stated at cost, and these shares do not have any right to dividends distributed to shareholders. They do not have the right to participate or vote in meetings of the General Assembly of the Bank. The gain or loss arising from the sale of treasury shares is not recognized in the consolidated statement of income. The gain is recognized in the consolidated equity under a premium / discount on the issue of shares. The loss is recognized in retained earnings if the treasury share premium is exhausted.

2.17 Financial assets encumbered

Are those financial assets encumbered in favor of other parties with the right of the other party to dispose of them (sale or re-mortgage). The assessment of these assets is carried out in accordance with the accounting policies used to evaluate each of them according to their original classification.

2.18 Accounts Managed on Behalf of Customers

This item represents the accounts managed by the Bank on behalf of its customers and is not part of the Bank's assets. The fees and commissions for managing these accounts are shown in the consolidated statement of income. Furthermore, a provision is taken against the decline in the value of capital-guaranteed portfolios managed on behalf of customers.

2.19 Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position only when there are legal rights to offset the recognized amounts, the Bank intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

2.20 Realization of Income and Recognition of Expenses

Interest income is realized and expenses are recognized using the effective interest rate method, except for interest and commission on non-performing loans which are not recognized as revenue but recorded in the interest and commission in suspense account until they are received in cash.

Expenses are recognized on the accrual basis.

Commission is recorded as revenue when the related services are provided.

Dividends are recorded when realized (decided upon by the General Assembly of Shareholders).

2.21 Recognition of Financial Assets

Financial assets are recognized on the trading date which is the date the Bank commits itself to purchase or sell the financial assets.

2.22 Non-current assets held for sale

Non-current assets are classified as held for sale in the event that the recoveries of the restricted amounts will be mainly through sale rather than through continuing operations. The asset must be ready for sale in its current condition and the sale order must be highly probable. In addition, there is a commitment to the sale plan by the management so that the sale is eligible to be recognized as a completed sale within one year from the date of this classification.

When the Bank is committed to a sale plan involving loss of control over a subsidiary, it must classify all its assets and liabilities as held for sale, upon fulfillment of all the conditions referred to above.

Non-current assets classified as held for sale are measured at their carrying amount or at fair value less costs to sell, whichever is lower. The results of the company's business are also reported as a separate item in the consolidated statement of income as net income from discontinued operations.

2.23 Assets Seized by the Bank

Assets seized by the Bank are shown under "other assets" at the acquisition value or fair value, whichever is lower. As of the consolidated financial statements date, these assets are revalued individually at fair value. Any decline in their market value is taken to the consolidated statement of income whereas any such increase is not recognized. A subsequent increase is taken to the consolidated statement of income to the extent it does not exceed the previously recorded impairment.

Provision is provided against sized assets with more than four years aging according to central bank of Jordan regulation

2.24 Intangible Assets

Intangible assets acquired through consolidation are recognized at fair value at the date of acquisition. Intangible assets acquired through a method other than consolidation are recorded at cost.

Intangible assets are classified based on an estimate of their useful lives for a specified period or indefinite period. Intangible assets with a finite useful life are amortized during that life and the amortization is recognized in the consolidated statement of income. Intangible assets with an indefinite useful life are reviewed for impairment at the reporting date and any impairment loss is recognized in the consolidated statement of income.

Intangible assets arising from the business of the Bank are not capitalized and are recognized in the consolidated income statement in the same period.

Any indications of impairment of intangible assets are reviewed at each reporting date. The estimated useful lives of these assets are reviewed and any adjustments made to subsequent periods are made.

Computer and software systems are amortized over their estimated useful life over the straight-line method at a rate of 20-33% per annum.

Balances of financial assets and financial liabilities are translated at the rates of the foreign currencies prevailing at the consolidated statement of financial position date and announced by the Central Bank of Jordan.

Non-financial assets and non-monetary liabilities denominated in foreign currencies and at fair value are translated at fair value at the date when the fair value was determined.

Foreign exchange gains and losses are recognized in the consolidated statement of income.

The translation differences on non-monetary items and liabilities in foreign currencies (such as equity) are recognized as part of the change in fair value. At the balance sheet date, the assets and liabilities of branches and subsidiaries abroad are translated from the functional currency to the reporting currency at the average exchange rates The consolidated statement of financial position announced by the Central Bank of Jordan. Income and expense items are translated at the rate of exchange during the year and the resulting currency differences are presented in a separate line item in the consolidated statement of comprehensive income and within the consolidated equity. In the case of the sale of one of these companies or branches, the amount of foreign currency translation differences related thereto shall be recorded in the income / expense in the consolidated statement of income.

2.25 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances with the Central Bank of Jordan and balances with banks and financial institutions maturing within three months from purchase date, less balances due to banks and financial institutions maturing within three months and restricted funds.

2.26 Financial Derivatives and Hedge Accounting

For hedge accounting purposes, financial derivatives are stated at fair value. Hedges are classified as follows:

Fair value hedge:

Hedge for the change in the fair value exposures of the Bank's assets and liabilities.

When the conditions of effective fair value hedge are met, the resulting gain or loss from re-measuring the fair value hedge is recognized in the consolidated statement of income.

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

Cash flow hedge:

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

When the conditions of effective cash flow hedge are met, the gain or loss of the hedging instruments is recognized in the consolidated statement of other comprehensive income in owners' equity. Such gain or loss is transferred to the consolidated statement of income in the period in which the hedge transaction impacts the consolidated statement of income.

Hedge for net investment in foreign entities:

When the conditions of the hedge for net investment in foreign entities are met, fair value is measured for the hedging instrument of the hedged net assets. In case of an effective relationship, the effective portion of the loss or profit related to the hedging instrument is recognized in the consolidated statement of other comprehensive income and in owner's equity. The ineffective portion is recognized in the consolidated statement of income. The effective portion is recorded in the consolidated statement of income when the investment in foreign entities is sold.

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

(3) Accounting Estimates

- Preparation of the accompanying 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. 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 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 the Central Bank of Jordan instructions and IFRS 9.
 - Impairment loss for the properties seized by the Bank is taken after a sufficient and recent evaluation of the acquired properties has been conducted by approved surveyors, and impairment loss is reviewed periodically.
 - 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.

(4) Cash and Balances at Central Banks

	2018	2017
	JD	JD
Cash in vaults	48,208,766	51,727,554
Balances at Central Banks:		
Current and call accounts	1,502,120	17,646,622
Time and notice deposits	68,097,183	60,651,649
Mandatory cash reserve	93,128,823	94,233,506
Total	162,728,126	172,531,777
Less: Provision for expected credit losses	-	-
Net balance	162,728,126	172,531,777
Total	210,936,892	224,259,331

- Except for the statutory cash reserve, there are no restricted balances as of December 31, 2018 and 2017.
- There are no balances due within a period exceeding three months as of December 31, 2017 and 2018.
- The distribution of the total balances with central banks according to the Bank's internal classification categories as at 31 December 2018 and 2017:

Credit rating categories based on the Bank's bylaws	The first stage "individual"	The second stage "individual"	The third stage	Total	2017
	JD	JD	JD	JD	JD
From 2 to 5	-	-	-	-	-
From 6 to 7	3,230,763	-	-	3,230,763	4,352,949
From 8 to 10	-	-	-	-	-
Unclassified	159,497,363	-	-	159,497,363	168,178,830
Total	162,728,126	-	-	162,728,126	172,531,779

- Movement of balances with central banks during the year ended 31 December 2018:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	172,531,779	-	-	172,531,779
New balances during the year	37,304,334	-	-	37,304,334
Repaid / derecognized	(47,107,987)	-	-	(47,107,987)
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 year	162,728,126	-	-	162,728,126

- The movement has disclosed the provision for the expected credit losses of central bank balances during the year ended 31 December 2018:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	31,114	-	-	31,114
Expected credit losses on new balances during the year	-	-	-	-
Recoverable from expected credit losses on balances paid during the year *	(31,114)	-	-	(31,114)
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 year	-	-	-	-

* The savings in the provision includes 20,937 JD for the branches of Palestine, which were sold during the year 2018.

(5) Balances at Banks and Financial Institutions

The details of this item are as follows:

Description	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD
Current and call accounts	61,396	402,909	112,637,930	160,461,816	112,699,326	160,864,725
Deposits due within three months or less	2,126,942	3,500,000	100,776,273	153,292,109	102,903,215	156,792,109
Total balance at banks and financial institutions	2,188,338	3,902,909	213,414,203	313,753,925	215,602,541	317,656,834
Deduct: Provision for expected credit losses of balances with banks and financial institutions	(58)	-	(7,791)	-	(7,849)	-
Net balance at banks and financial institutions	2,188,280	-	213,406,412	313,753,925	215,594,692	317,656,834

Non-interest bearing balances at banks and financial institutions amounted to JD 75,825,974 as of December 31, 2018 (against JD 45,098,151 as of December 31, 2017).

Restricted balances amounted to JD 711,723 as of December 31, 2018 (against JD 2,558,072 as of December 31, 2017)

The distribution of the total balances with banks and financial institutions during the year ended 31 December 2018:

Credit rating categories based on the Bank's bylaws	The first stage "individual"	The second stage "individual"	The third stage	Total	2017
	JD	JD	JD	JD	JD
From 2 to 5	81,492,414	-	-	81,492,414	54,228,102
From 6 to 7	95,497,352	-	-	95,497,352	82,955,971
From 8 to 10	-	-	-	-	-
Unclassified	38,612,775	-	-	38,612,775	180,472,761
Total	215,602,541	-	-	215,602,541	317,656,834

Movement of balances with central banks during the year ended 31 December 2018:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	317,656,834	-	-	317,656,834
New balances during the year	83,731,204	-	-	83,731,204
Repaid / derecognized	(185,785,497)	-	-	(185,785,497)
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	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-
Total balance at the end of the year	215,602,541	-	-	215,602,541

The movement has disclosed the provision for the expected credit losses of banks and banking institutions during the year ended 31 December 2018:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	36,660	-	-	36,660
Expected credit losses on new balances during the year	15,795	-	-	15,795
Recoverable from expected credit losses on balances paid during the year *	(44,606)	-	-	(44,606)
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 year	7,849	-	-	7,849

* The savings in the provision includes 5,618 JD for the branches of Palestine, which were sold during the year 2018.

(6) Deposits at Banks and Financial Institutions

The details of this item are as follows:

Description	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD
Deposits	250,000	-	8,525,725	6,246,210	8,775,725	6,246,210
Total	250,000	-	8,525,725	6,246,210	8,775,725	6,246,210
Deduct: Provision for expected credit losses of balances with banks and financial institutions	(739)	-	(24,686)	-	(25,425)	-
	249,261	-	8,501,039	6,246,210	8,750,300	6,246,210

- Restricted deposits amounted to JD 17,725 as of December 31, 2018 and 2017.

- The distribution of total deposits with banks and financial institutions according to the Bank's internal classification categories as at 31 December 2018 and 2017:

Credit rating categories based on the Bank's bylaws	The first stage "individual"	The second stage "individual"	The third stage	Total	2017
	JD	JD	JD	JD	
From 2 to 5	-	-	-	-	-
From 6 to 7	8,775,725	-	-	8,775,725	17,725
From 8 to 10	-	-	-	-	-
Unclassified	-	-	-	-	6,228,485
Total	8,775,725	-	-	8,775,725	6,246,210

- The movement of deposits with banks and financial institutions during the year ended 31 December 2018 is as follows:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	6,246,210	-	-	6,246,210
New balances during the year	8,758,000	-	-	8,758,000
Repaid / derecognized	(6,228,485)	-	-	(6,228,485)
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 year	8,775,725	-	-	8,775,725

- The movement on the provision for credit losses expected for deposits with banks and banking institutions during the year ended 31 December 2018:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	55,700	-	-	55,700
Expected credit losses on new balances during the year	25,390	-	-	25,390
Recoverable from expected credit losses on balances paid during the year *	(55,665)	-	-	(55,665)
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 year	25,425	-	-	25,425

(7) Direct Credit Facilities – Net

The details of this item are as follows:

	2018	2017
	JD	JD
Individuals (retail):		
Overdraft accounts	174,248	12,451,875
Loans and promissory notes*	123,634,895	128,561,331
Credit cards	11,971,783	10,976,355
Real estate loans	243,384,566	222,533,778
Companies:		
Large		
Overdraft accounts	177,463,472	223,112,571
Loans and promissory notes*	920,815,187	806,059,454
Small and Medium		
Overdraft accounts	22,110,986	11,413,661
Loans and promissory notes*	72,966,444	94,088,879
Government and public sector	146,795,699	114,811,877
Total	1,719,317,280	1,624,009,781
Less: Provision of impairment loss in direct credit facilities	74,997,329	49,321,331
Interest in suspense	11,647,484	12,401,539
Net Direct Credit Facilities	1,632,672,467	1,562,286,911

* Net after deducting interest and commission received in advance amounting to JD 171,787 as of 31 December 2018 (against JD 227,653 as of 31 December 2017,).

- Non-performing credit facilities amounted to JD 159,947,162, which is equivalent to 9.3% of total direct credit facilities as of 31 December 2018 (against JD 89,714,830 which is equivalent to 5.5% of total direct credit facilities as of 31 December 2017).
- Non-performing credit facilities net of interest and commissions in suspense amounted to JD 148,299,678 JD which is equivalent to 8.7% of total direct credit facilities balance after deducting suspended interest as of 31 December 2018 (against JD 77,313,291 which is equivalent to 4.8% of total credit facilities balance after deducting suspended interest as of 31 December 2017).
- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to JD 96,250,442 which is equivalent to 5.6% of total direct credit facilities as of 31 December 2018 (against JD 67,116,547 which is equivalent to 4.1% as of 31 December 2017).

	Stage 1		Stage 2		Stage 3	Total
	individual	Collective	individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance as at the beginning of the year	1,316,496,757	-	157,562,769	-	149,950,255	1,624,009,781
New facilities during the year	410,055,164	-	37,367,599	-	59,120,719	506,543,482
Facilities paid during the year	(289,235,834)	-	(52,002,083)	-	(38,534,725)	(379,772,642)
What has been converted to the first stage	53,003,614	-	(52,279,688)	-	(723,926)	-
What has been converted to the second stage	(48,300,573)	-	49,610,798	-	(1,310,225)	-
What has been converted to the third stage	(14,306,937)	-	(8,588,692)	-	22,895,629	-
Changes resulting from modifications	-	-	-	-	-	-
Bad facilities (written off and transferred outside the statement of financial position)	(1,494)	-	(11,282)	-	(31,450,565)	(31,463,341)
Adjustments due to change in exchange rates	-	-	-	-	-	-
Total balance at the end of the year	1,427,710,697	-	131,659,421	-	159,947,162	1,719,317,280

Provision for Impairment Loss in Direct Credit Facilities

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

2018	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
Balance – beginning of the year	6,277,001	3,901,119	37,772,012	1,371,199	-	49,321,331
Effect of application of IFRS 9 - Net after tax	4,497,126	10,294,972	27,576,533	3,844,280	240,822	46,453,733
Balance adjusted at the beginning of the year	10,774,127	14,196,091	65,348,545	5,215,479	240,822	95,775,064
Deducted from income during the year	4,329,073	4,169,990	8,448,104	3,655,114	201,172	20,803,454
Surplus in provision for credit facilities*	(4,971,850)	(4,162,157)	(5,805,217)	(3,585,563)	(9,471)	(18,534,258)
Used from provision during the year (written-off) **	(351,642)	(26,084)	(5,323)	(293,671)	-	(676,721)
Debt transferred from the consolidated statement of financial position***	-	-	(22,370,210)	-	-	(22,370,210)
Balance – End of the Year	9,779,708	14,177,840	45,615,899	4,991,359	432,523	74,997,329
Total provisions for the first stage	4,587,782	1,286,251	2,823,877	303,990	432,523	9,434,423
Total provisions for the second stage	705,848	869,429	2,894,948	358,260	-	4,828,485
Total provisions for the third stage	4,486,078	12,022,160	39,897,074	4,329,109	-	60,734,420
Total	9,779,708	14,177,840	45,615,899	4,991,359	432,523	74,997,329

* The savings in the provision includes the amount of 59,690 JD for the branches of Palestine, which were sold during the year 2018.

2017	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
Balance – beginning of the year	6,442,539	5,471,122	59,072,935	2,133,777	-	73,120,373
Deducted from income during the year	1,739,660	827,082	26,175,921	355,617	-	29,098,280
Surplus in provision for credit facilities*	(1,560,757)	(2,397,085)	(9,699,989)	(1,066,520)	-	(14,724,351)
Used from provision during the year (written-off) **	(344,441)	-	-	(51,675)	-	(396,116)
Debt transferred from the consolidated statement of financial position ***	-	-	(37,776,855)	-	-	(37,776,855)
Balance – End of the Year	6,277,001	3,901,119	37,772,012	1,371,199	-	49,321,331
Total of watch list provisions	268,063	19,006	2,001,010	26,628	-	2,314,707
Total non-performing provisions	6,008,938	3,882,113	35,771,002	1,344,571	-	47,006,624
	6,277,001	3,901,119	37,772,012	1,371,199	-	49,321,331

* The amount of the savings of JD 1,346,527 relating to the United Company for Financial Investments is transferred to assets held for sale.

** During the year 2018, an amount of JD 841,971 has been written off from direct credit facilities based on the Board of Directors' approval (amount of JD 396,116 for the year 2017).

*** During the year 2018, non performing credit facilities including interest in suspense amounted to JD 30,621,370 (against JD 41,629,586 in 2017) were transferred to off-consolidated statement of financial position according to the approval of the Board of Directors.

- 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 18,534,258 as at 31 December 2018 (14,724,351 JD as at 31 December 2017).

- The movement on the provision for credit losses expected for direct facilities has been consolidated in the year ended 31 December 2018:

	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
Balance – beginning of the year	10,774,127	14,196,091	65,348,545	5,215,479	240,822	95,775,064
Expected credit losses on new facilities during the year	5,942,804	4,372,387	19,182,123	5,229,630	201,176	34,928,120
Recovered from expected credit losses on facilities paid during the year	(6,585,582)	(4,364,554)	(16,539,235)	(5,160,078)	(9,476)	(32,658,925)
What was converted to the first stage	405,211	(270,510)	3,357,452	115,973	-	3,608,126
What was converted to the second stage	(351,435)	(49,745)	(3,362,918)	577,897	-	(3,186,201)
What was converted to the third stage	(53,776)	320,255	5,466	(693,870)	-	(421,924)
Changes resulting from modifications	-	-	-	-	-	-
Provision for bad credit facilities	(351,642)	(26,084)	(22,375,534)	(293,671)	-	(23,046,932)
Adjustments due to change in exchange rates	-	-	-	-	-	-
Balance – End of the Year	9,779,708	14,177,840	45,615,899	4,991,359	432,523	74,997,329
Redistribution:						
Provisions on an individual level	9,779,708	14,177,840	45,615,899	4,991,359	432,523	74,997,329
Provisions at a collective level	-	-	-	-	-	-

Interest in Suspense

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

2018	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
Balance – beginning of the year	590,986	1,846,443	9,583,631	380,479	-	12,401,539
Add: Interest suspended during the year	1,370,887	1,499,597	5,130,348	806,962	-	8,807,794
Less: Interest reversed to income	(551,467)	(181,146)	(17,925)	(394,899)	-	(1,145,437)
Interest in suspense written-off	(80,029)	(31,695)	-	(53,527)	-	(165,251)
Non performing credit off-consolidated statement of financial positions	-	-	(8,251,161)	-	-	(8,251,161)
Balance - End of the Year	1,330,377	3,133,199	6,444,893	739,015	-	11,647,484
2017						
Balance – beginning of the year	643,062	1,819,453	11,537,660	414,911	-	14,415,086
Add: Interest suspended during the year	142,177	195,301	2,570,648	347,776	-	3,255,902
Less: Interest reversed to income	(80,622)	(168,311)	(668,788)	(382,208)	-	(1,299,929)
Interest in suspense written-off	(113,631)	-	(3,158)	-	-	(116,789)
Non performing credit off-consolidated statement of financial positions	-	-	(3,852,731)	-	-	(3,852,731)
Balance - End of the Year	590,986	1,846,443	9,583,631	380,479	-	12,401,539

The Bank adopts a policy for suspending interest off - the consolidated statement of financial position for credit facilities with lawsuits outstanding in courts. During the year 2018, suspended interest on non-performing credit facilities off the consolidated statement of financial position, as per the decision of the Board of Directors, amounted to JD 3,576,675 (JD 17,495,663 for the year 2017). Suspended interest on non-performing credit facilities out of the system totaled JD 20,293,579 as of December 31, 2018 (JD 23,870,254 for the year 2017).

- The breakdown of the total retail facilities by categories of the Bank's internal area as at 31 December 2018 and 2017:

Credit rating categories based on the Bank's bylaws	The first stage "individual"	The second stage "individual"	The third stage	Total	2017
	JD	JD	JD	JD	JD
From 2 to 5	2,967,893	290,708	-	3,258,601	10,450,496
From 6 to 7	115,158,381	3,934,845	-	119,093,226	-
From 8 to 10	-	-	13,429,099	13,429,099	283,280
Unclassified	-	-	-	-	125,604,301
Total	118,126,274	4,225,553	13,429,099	135,780,926	136,338,077

- The movement on the balance of the retail facilities during the year ended 31 December 2018 is as follows:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	124,283,309	4,851,869	7,202,899	136,338,077
New facilities during the year	54,329,295	1,501,463	5,737,354	61,568,112
Facilities paid during the year	(52,078,287)	(5,628,125)	(3,996,115)	(61,702,526)
What has been converted to the first stage	1,743,106	(1,391,808)	(351,298)	-
What has been converted to the second stage	(6,344,131)	6,717,737	(373,606)	-
What has been converted to the third stage	(3,805,536)	(1,818,151)	5,623,687	-
Changes resulting from modifications	-	-	-	-
Bad facilities (written off and transferred outside the statement of financial position)	(1,482)	(7,432)	(413,823)	(422,737)
Adjustments due to change in exchange rates	-	-	-	-
Total balance at the end of the year	118,126,274	4,225,553	13,429,099	135,780,926

- The movement on the provision for credit losses expected for the retail facilities during the year ended 31 December 2018:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	5,201,121	1,244,126	4,328,881	10,774,127
Expected credit losses on new credit facilities during the year	2,223,803	500,960	3,218,041	5,942,804
Recovered from expected credit losses on credit facilities paid during the year	(3,242,254)	(685,408)	(2,657,919)	(6,585,582)
What has been converted to the first stage	722,929	(422,572)	(300,357)	-
What has been converted to the second stage	(148,129)	486,139	(338,010)	-
What has been converted to the third stage	(169,591)	(415,002)	584,593	-
Changes resulting from modifications	-	-	-	-
Provision for bad facilities	(96)	(2,395)	(349,151)	(351,642)
Adjustments due to change in exchange rates	-	-	-	-
Total balance at the end of the year	4,587,782	705,848	4,486,078	9,779,708

The following table sets out the distribution of the total real estate credit facilities according to the Bank's internal classification categories as of 31 December 2018 and 2017:

Credit rating categories based on the Bank's bylaws	The first stage "individual"	The second stage "individual"	The third stage	Total	2017
	JD	JD	JD	JD	JD
From 2 to 5	62,903,664	7,717,624	-	70,621,288	60,154,445
From 6 to 7	102,911,544	18,411,907	-	121,323,451	18,909,169
From 8 to 10	-	-	51,439,827	51,439,827	28,075,734
Unclassified	-	-	-	-	139,257,283
Total	165,815,208	26,129,531	51,439,827	243,384,566	246,396,631

- The movement on the balance of real estate credit facilities during the year ended 31 December 2018 is as follows:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	180,223,224	27,381,366	38,792,041	246,396,631
New facilities during the year	38,443,881	5,226,666	9,461,736	53,132,282
Facilities paid during the year	(36,529,339)	(13,995,950)	(5,571,654)	(56,096,942)
What has been converted to the first stage	4,659,892	(4,560,236)	(99,656)	-
What has been converted to the second stage	(15,339,235)	15,543,291	(204,056)	-
What has been converted to the third stage	(5,643,215)	(3,465,606)	9,108,821	-
Changes resulting from modifications	-	-	-	-
Bad facilities (written off and transferred outside the statement of financial position)	-	-	(47,405)	(47,405)
Adjustments due to change in exchange rates	-	-	-	-
Total balance at the end of the year	165,815,208	26,129,531	51,439,827	243,384,566

- The movement on the provision for the expected credit losses for real estate credit facilities during the year ended 31 December 2018:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	2,103,125	1,559,870	10,533,095	14,196,091
Expected credit losses on new facilities during the year	539,155	359,190	3,474,042	4,372,387
Recovered from expected credit losses on facilities paid during the year	(1,085,519)	(999,886)	(2,279,149)	(4,364,554)
What has been converted to the first stage	336,600	(328,378)	(8,222)	-
What has been converted to the second stage	(500,776)	541,382	(40,606)	-
What has been converted to the third stage	(106,333)	(262,750)	369,083	-
Changes resulting from modifications	-	-	-	-
Provision for bad facilities	-	-	(26,084)	(26,084)
Adjustments due to change in exchange rates	-	-	-	-
Total balance at the end of the year	1,286,251	869,429	12,022,160	14,177,840

- The distribution of the total facilities of major companies according to the Bank's internal classification categories as at 31 December 2018 and 2017:

Credit rating categories based on the Bank's bylaws	The first stage "individual"	The second stage "individual"	The third stage	Total	2017
	JD	JD	JD	JD	JD
From 2 to 5	744,252,213	21,184,988	-	765,437,201	663,776,896
From 6 to 7	175,195,147	72,230,059	-	247,425,206	259,005,010
From 8 to 10	-	-	85,416,251	85,416,251	92,870,029
Unclassified	-	-	-	-	162,265
Total	919,447,360	93,415,047	85,416,251	1,098,278,659	1,015,814,200

- The movement on the balance of major corporate facilities during the year ended 31 December 2018 was as follows:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	810,582,584	112,199,666	93,031,950	1,015,814,200
New facilities during the year	225,294,547	28,254,842	39,775,368	293,324,757
Facilities paid during the year	(137,919,568)	(24,310,911)	(18,008,449)	(180,238,928)
What has been converted to the first stage	42,883,783	(42,708,485)	(175,298)	-
What has been converted to the second stage	(20,429,153)	20,431,775	(2,622)	-
What has been converted to the third stage	(964,832)	(451,840)	1,416,672	-
Changes resulting from modifications	-	-	-	-
Bad facilities (written off and transferred outside the statement of financial position)	-	-	(30,621,370)	(30,621,370)
Adjustments due to change in exchange rates	-	-	-	-
Total balance at the end of the year	919,447,360	93,415,047	85,416,251	1,098,278,659

- The movement on the provision for credit losses expected for major corporate facilities during the year ended 31 December 2018:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	3,063,761	6,528,384	55,756,400	65,348,545
Expected credit losses on new facilities during the year	749,469	1,557,649	16,875,005	19,182,123
Recovered from expected credit losses on facilities paid during the year	(4,346,805)	(1,828,167)	(10,364,263)	(16,539,235)
What has been converted to the first stage	3,435,709	(3,417,411)	(18,298)	-
What has been converted to the second stage	(61,723)	63,022	(1,299)	-
What has been converted to the third stage	(16,535)	(8,528)	25,064	-
Changes resulting from modifications	-	-	-	-
Provision for bad facilities	-	-	(22,375,534)	(22,375,534)
Adjustments due to change in exchange rates	-	-	-	-
Total balance at the end of the year	2,823,877	2,894,948	39,897,074	45,615,899

- The distribution of the total Small to Medium enterprise facilities according to the Bank's internal rating categories as at 31 December 2018 and 2017:

Credit rating categories based on the Bank's bylaws	The first stage "individual"	The second stage "individual"	The third stage	Total	2017
	JD	JD	JD	JD	JD
From 2 to 5	65,441,100	2,954,492	-	68,395,592	79,443,232
From 6 to 7	12,085,055	4,934,798	-	17,019,853	20,282,388
From 8 to 10	-	-	9,661,986	9,661,986	10,845,162
Unclassified	-	-	-	-	78,211
Total	77,526,155	7,889,290	9,661,986	95,077,430	110,648,993

- The movement on the balance of Small to Medium enterprises facilities during the year ended 31 December 2018 is as follows:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	90,556,934	9,168,694	10,923,365	110,648,993
New facilities during the year	35,181,602	2,384,628	4,146,261	41,712,491
Facilities paid during the year	(41,847,795)	(4,105,923)	(10,958,507)	(56,912,225)
What has been converted to the first stage	3,716,833	(3,619,159)	(97,674)	-
What has been converted to the second stage	(6,188,054)	6,917,995	(729,941)	-
What has been converted to the third stage	(3,893,353)	(2,853,095)	6,746,448	-
Changes resulting from modifications	-	-	-	-
Bad facilities (written off and transferred outside the statement of financial position)	(12)	(3,850)	(367,967)	(371,829)
Adjustments due to change in exchange rates	-	-	-	-
Total balance at the end of the year	77,526,155	7,889,290	9,661,986	95,077,430

- The movement on the provision for credit losses expected for the facilities of Small to Medium enterprises during the year ended 31 December 2018:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	345,539	231,648	4,638,293	5,215,479
Expected credit losses on new facilities during the year	235,207	318,973	4,675,450	5,229,630
Recovered from expected credit losses on facilities paid during the year	(392,723)	(767,227)	(4,000,129)	(5,160,078)
What has been converted to the first stage	156,503	(140,676)	(15,827)	-
What has been converted to the Second stage	(37,000)	754,869	(717,869)	-
What has been converted to the third stage	(3,530)	(36,296)	39,826	-
Changes resulting from modifications	-	-	-	-
Provision for bad facilities	(5)	(3,030)	(290,636)	(293,671)
Adjustments due to change in exchange rates	-	-	-	-
Total balance at the end of the year	303,990	358,260	4,329,109	4,991,359

- The distribution of the total government and public sector facilities according to the Bank's internal classification categories as at 31 December 2018 and 2017:

Credit rating categories based on the Bank's bylaws	The first stage "individual"	The second stage "individual"	The third stage	Total	2017
	JD	JD	JD	JD	JD
From 2 to 5	90,545,699	-	-	90,545,699	96,061,880
From 6 to 7	56,250,000	-	-	56,250,000	18,750,000
From 8 to 10	-	-	-	-	-
Unclassified	-	-	-	-	-
Total	146,795,699	-	-	146,795,699	114,811,880

- The movement on the balance of government and public sector facilities during the year ended 31 December 2018 is as follows:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	110,850,706	3,961,174	-	114,811,880
New facilities during the year	56,805,839	-	-	56,805,839
Facilities paid during the year	(20,860,846)	(3,961,174)	-	(24,822,020)
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	-	-	-	-
Bad facilities (written off and transferred outside the statement of financial position)	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-
Total balance at the end of the year	146,795,699	-	-	146,795,699

- The movement on the provision for credit losses expected for government and public sector facilities during the year ended 31 December 2018:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	231,353	9,469	-	240,822
Expected credit losses on new facilities during the year	201,170	-	-	201,170
Recovered from expected credit losses on facilities paid during the year	-	(9,469)	-	(9,469)
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	-	-	-	-
Provision for bad facilities	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-
Total balance at the end of the year	432,523	-	-	432,523

(8) Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	2018	2017
	JD	JD
Quoted shares in active markets	-	6,127,310
Quoted bonds in active markets	-	54,488,359
Unquoted bonds in active markets	-	6,058,000
Total	-	66,673,669
Bonds Analysis:		
Fixed rate	-	57,021,450
Floating rate	-	3,524,909
Total	-	60,546,359

(9) Financial Assets at Fair Value through Comprehensive Income

The details of this item are as follows:

	2018	2017
	JD	JD
Quoted shares in active markets	24,270,722	8,295,860
Unquoted shares in active markets	23,192,572	20,944,851
Total	47,463,294	29,240,711
Quoted bonds in active markets	66,144,429	-
Unquoted bonds in active markets	15,900,000	-
Total Bonds (Debt Instruments)	82,044,429	-
Less: Provision for impairment of debt instruments	(1,824,291)	-
Total net debt instruments	80,220,137	-
Total net financial assets through comprehensive income	127,683,431	29,240,711
Analysis of Bonds and Permissions:		
Fixed rate	61,962,188	-
Floating rate	18,257,949	-
Total	80,220,137	-

- Realized gain from the sale of shares through comprehensive income amounted to JD 192,477 in 2018, (JD 222,022 during the year 2017) booked directly to retained earnings in the consolidated statement of owners' equity.
- Cash dividends on the above investments amounted to JD 1,262,957 for the year ended December 31, 2018 (JD 866,046 for the year ended December 31, 2017).
- Realized gain amounted JD 2,379,578 through comprehensive income of which JD 1,618,685 was due to a settlement of bonds and was booked directly in the consolidated statement of income.
- The following table sets out the distribution of total debt instruments at fair value through comprehensive income according to the Bank's internal classification categories as at 31 December 2018 and 2017:

Credit rating categories based on the Bank's bylaws	The first stage "individual"	The second stage "individual"	The third stage	Total	2017
	JD	JD	JD	JD	JD
From 2 to 5	27,594,575	-	-	27,594,575	42,298,746
From 6 to 7	33,809,966	9,598,088	-	43,408,054	36,947,785
From 8 to 10	-	-	11,041,800	11,041,800	12,136,800
Unclassified	-	-	-	-	-
Total	61,404,541	9,598,088	11,041,800	82,044,429	91,383,331

- The movement on the balance of debt instruments at fair value through comprehensive income for the year ended 31 December 2018 is as follows:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	79,246,531	-	12,136,800	91,383,331
New debt instruments during the year	2,488,807	-	-	2,488,807
Debt instruments paid during the year	(10,115,611)	(617,098)	(1,095,000)	(11,827,709)
What has been converted to the first stage	-	-	-	-
What has been converted to the second stage	(10,215,186)	10,215,186	-	-
What has been converted to the third stage	-	-	-	-
Changes resulting from modifications	-	-	-	-
Bad debt instruments	-	-	-	-
Total balance at the end of the year	61,404,541	9,598,088	11,041,800	82,044,429

- The movement on the provision for the expected credit losses of debt instruments at fair value through comprehensive income during the year ended 31 December 2018:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	424,904	-	1,543,952	1,968,856
Expected credit losses on new debt instruments during the year	13,756	266,966	-	280,722
Recoverable from expected credit losses on debt instruments paid during the year *	(126,718)	-	(298,568)	(425,286)
What has been converted to the first stage	-	-	-	-
What has been converted to the second stage	(29,379)	29,379	-	-
What has been converted to the third stage	-	-	-	-
Changes resulting from modifications	-	-	-	-
Provision for bad debt instruments	-	-	-	-
Total balance at the end of the year	282,562	296,345	1,245,384	1,824,291

* The savings in the provision includes the amount of JD 23,804 for the branches of Palestine, which were sold during the year 2018.

(10) Financial Assets at Amortized Cost

The details of this item are as follows:

	2018	2017
	JD	JD
Quoted Financial Assets:		
Companies bonds and debentures	-	15,847,190
Total Quoted Financial Assets	-	15,847,190
Unquoted Financial Assets:		
Bonds and treasury bills	291,638,876	361,845,731
Companies bonds and debentures	1,418,000	17,408,000
Total Unquoted Financial Assets	293,056,876	379,253,731
Less: Provision for impairment of financial assets at amortized cost	(8,016)	-
Total	293,048,859	379,253,731
Bonds and Bills Analysis:		
Fixed rate	293,048,859	379,200,921
Floating rate	-	15,900,000
Total	293,048,859	395,100,921

- The breakdown of the total financial assets at amortized cost according to the Bank's internal classification categories as at 31 December 2018 and 2017:

Credit rating categories based on the Bank's bylaws	The first stage "individual"	The second stage "individual"	The third stage	Total	2017
	JD	JD	JD	JD	JD
From 2 to 5	-	-	-	-	-
From 6 to 7	293,056,876	-	-	293,056,876	37,925,731
From 8 to 10	-	-	-	-	-
Unclassified	-	-	-	-	-
Total	293,056,876	-	-	293,056,876	37,925,731

- Movement of financial assets at amortized cost during the year ended 31 December 2018:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	364,263,949	-	-	364,263,949
New investments during the year	15,001,384	-	-	15,001,384
Investments paid during the year	(86,208,456)	-	-	(86,208,456)
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	-	-	-	-
Bad Investments	-	-	-	-
Total balance at the end of the year	293,056,876	-	-	293,056,876

- The movement on the provision for the expected credit losses of financial assets at amortized cost during the year ended 31 December 2018:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	33,976	-	-	33,976
Expected credit losses on new investments during the year	-	-	-	-
Recoverable from expected credit losses on investments paid during the year	(25,960)	-	-	(25,960)
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	-	-	-	-
Provision for impaired investments	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-
Total balance at the end of the year	8,016	-	-	8,016

- The movement on the balance of investments during the year ended 31 December 2018 is as follows:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	443,510,480	-	12,136,800	455,647,280
New investments during the year	17,490,190	-	-	17,490,190
Investments paid during the year	(96,324,067)	(617,098)	(1,095,000)	(98,036,165)
Change in fair value	-	-	-	-
What has been converted to the first stage	-	-	-	-
What has been converted to the Second stage	(10,215,186)	10,215,186	-	-
What has been converted to the third stage	-	-	-	-
Changes resulting from modifications	-	-	-	-
Bad Investments	-	-	-	-
Total balance at the end of the year	354,461,417	9,598,088	11,041,800	375,101,305

- The movement on the provision for the expected credit losses for investments during the year ended 31 December 2018 is as follows:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	458,880	-	1,543,952	2,002,832
Expected credit losses on new investments during the year	13,755	266,965	-	280,720
Recoverable from expected credit losses on investments paid during the year	(152,678)	-	(298,567)	(451,245)
What has been converted to the first stage	-	-	-	-
What has been converted to the second stage	(29,379)	29,379	-	-
What has been converted to the third stage	-	-	-	-
Changes resulting from modifications	-	-	-	-
Provision for impaired investments	-	-	-	-
Total balance at the end of the year	290,578	296,345	1,245,384	1,832,307

(11) Property and EQUIPMENT – NET

a. The details of this item are as follows:

2018	Land	Buildings	Furniture, Fixtures and Equipment	Vehicles	Computers	Building Improvements	Total
	JD	JD	JD	JD	JD	JD	JD
Cost:							
Balance - beginning of the year	3,046,712	10,675,735	13,558,801	1,358,388	17,628,967	18,063,982	64,332,585
Additions	-	275,062	3,572,842	22,422	1,085,541	186,866	5,142,732
Disposals	-	466,906	1,636,381	188,893	3,272,925	1,787,439	7,352,544
Balance - End of the Year	3,046,712	10,483,891	15,495,262	1,191,917	15,441,583	16,463,409	62,122,773
Accumulated Depreciation:							
Balance - beginning of the year	-	2,094,076	9,023,348	643,408	13,287,793	12,180,121	37,228,748
Depreciation for the year	-	211,662	790,672	123,315	1,429,604	1,596,226	4,151,479
Disposals	-	-	984,070	49,471	2,787,504	1,054,040	4,875,085
Balance - End of the Year	-	2,305,739	8,829,950	717,252	11,929,893	12,722,309	36,505,142
Net Book Value of Property and Equipment	3,046,712	8,178,152	6,665,311	474,665	3,511,690	3,741,100	25,617,631
Add: Down payments on property and equipment purchases	-	-	489,081	-	-	-	489,081
Net Book Value of Property and Equipment - End of the Year	3,046,712	8,178,152	7,154,392	474,665	3,511,690	3,741,100	26,106,712
2017							
Cost:							
Balance - beginning of the year	3,046,712	10,371,614	11,900,762	1,321,588	16,264,101	15,446,620	58,351,397
Additions	-	304,122	1,968,512	66,300	1,364,867	2,617,362	6,321,163
Disposals	-	-	310,473	29,500	-	-	339,973
Balance - End of the Year	3,046,712	10,675,736	13,558,801	1,358,388	17,628,968	18,063,982	64,332,587
Accumulated Depreciation:							
Balance - beginning of the year	-	1,986,056	8,372,071	595,095	12,010,953	10,734,039	33,698,214
Depreciation for the year	-	214,226	797,985	122,919	1,435,021	1,561,303	4,131,454
Disposals	-	-	13,985	29,500	-	2,634	46,119
Balance - End of the Year	-	2,200,282	9,156,071	688,514	13,445,974	12,292,708	37,783,549
Net Book Value of Property and Equipment	3,046,712	8,475,454	4,402,730	669,874	4,182,994	5,771,274	26,549,038
Add: Down payments on property and equipment purchases	-	-	2,839,517	-	-	-	2,839,517
Net Book Value of Property and Equipment - End of the Year	3,046,712	8,475,454	7,242,247	669,874	4,182,994	5,771,274	29,388,555
Annual depreciation rate %	-	3	9-15	15	20	20	

b. Property and equipment include an amount of JD 22,560,894 as of December 31, 2018 (JD 25,409,733 as of December 31, 2017) representing fully depreciated assets.

(12) Intangible Assets - Net

The details of this item are as follows:

Year 2018	Computer Software and Applications	Total
	JD	JD
Balance - beginning of the year	5,095,610	5,095,610
Additions	83,175	83,175
Amortization for the year	2,158,466	2,158,466
Balance - End of the Year	3,020,319	3,020,319
Annual Amortization rate %	20-33	

Year 2017	Computer Software and Applications	Total
	JD	JD
Balance - beginning of the year	7,003,148	7,003,148
Additions	463,233	463,233
Amortization for the year	2,370,771	2,370,771
Balance - End of the Year	5,095,610	5,095,610
Annual Amortization rate %	20-33	

(13) Other Assets

The details of this item are as follows:

	2018	2017
	JD	JD
Accrued interest and income	15,705,154	14,976,084
Prepaid expenses	2,293,133	2,700,257
Assets seized by the Bank against debts - net	142,291,276	151,099,594
Debtors *	310,078	663,495
Clearing checks	773,738	389,498
Others *	8,845,456	10,967,857
Total	170,218,835	180,796,785

*Debtors and other assets include balances relating to subsidiaries of JD 89,257 as of December 31, 2018 (JD 147,959 as of December 31, 2017).

-The Central Bank of Jordan's instructions require that the Bank dispose of seized real estate within a period not exceeding two years from the start date of seizure. The Central Bank, in exceptional cases, extend this period for a maximum of two years respectively.

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

	2018			2017
	Seized Property	Other Seized Assets *	Total	Total
	JD	JD	JD	JD
Balance - beginning of the year - net	149,644,118	1,455,476	151,099,594	136,494,967
Additions **	4,221,330	-	4,221,330	28,608,940
Disposals	(3,519,172)	(622,922)	(4,142,094)	(7,078,656)
Provision as per CBJ instructions ***	217,627	-	217,627	(6,372,655)
Additional provision for properties acquired	(9,119,838)	-	(9,119,838)	-
Impairment loss	14,657	-	14,657	(553,002)
Balance - End of the Year	141,458,722	832,554	142,291,276	151,099,594

*This item represents shares in a local bank seized against due debts during the year 2014. Part of it has been sold during 2016, and 2018

** This item represents the provision for assets seized by the Bank against debts based on the instructions of the Central Bank of Jordan in which the bank started to provide for all assets that have been seized for a period of more than four years gradually in accordance with the instructions 10/1/4076 and 10/1/7096 and 10/1/6841 and 10/1/2510 issued on 14 February 2017. for properties acquired against debt, whereby 10% is deducted as an allowance against the properties acquired against the debt of the violation by the end of 2016 as a minimum And to continue to allocate 10% to 50% of these properties.

The provisions of 2018 and 2019 have been deferred by the Central Bank of Jordan to all banks. The Bank has recorded additional allocations from the Bank as a hedge for the coming years.

(14) Banks and Financial Institutions Deposits

The details of this item are as follows:

	December 31, 2018			December 31, 2017		
	Inside Kingdom	Outside Kingdom	Total	Inside Kingdom	Outside Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current and call accounts	-	15,931,389	15,931,389	-	1,161,121	1,161,121
Time deposits *	47,500,000	159,956,451	207,456,451	43,360,000	261,696,074	305,056,074
Total	47,500,000	175,887,840	223,387,840	43,360,000	262,857,195	306,217,195

* Time deposits due within a period exceeding three months amounted to JD 5,000,000 as of December 31, 2018 (JD 39,774,816 as of December 31, 2017).

(15) Customers' Deposits

The details of this item are as follows:

	December 31, 2018				
	Individuals	Companies		Government and Public Sector	Total
		Large	Small and Medium		
	JD	JD	JD	JD	JD
Current and call accounts	275,236,108	103,503,712	199,069,029	36,995,451	614,804,299
Saving deposits	153,312,982	115,403	3,851,299	778,819	158,058,504
Time deposits subject to notice	636,649,178	210,915,280	80,441,281	84,237,158	1,012,242,897
Certificates of deposit	67,082	-	-	-	67,082
Total	1,065,265,351	314,534,395	283,361,609	122,011,428	1,785,172,783
	December 31, 2017				
	Individuals	Companies		Government and Public Sector	Total
		Large	Small and Medium		
	JD	JD	JD	JD	JD
Current and call accounts	306,822,870	125,736,612	217,701,627	4,129,758	654,390,867
Saving deposits	170,792,970	3,253,071	5,163,170	583,086	179,792,297
Time deposits subject to notice	636,661,486	153,672,278	82,282,245	86,969,111	959,585,120
Certificates of deposit	2,940,701	11,599,949	-	-	14,540,650
Total	1,117,218,027	294,261,910	305,147,042	91,681,955	1,808,308,934

- The Government of Jordan and the public sector deposits inside the Kingdom amounted to JD 122,011,428, equivalent to 6.8% of total customers' deposits as of December 31, 2018 (JD 91,681,955, equivalent to 5.1% as of December 31, 2017).

- Non-interest bearing deposits amounted to JD 614,804,299 equivalent to 34.4% of total customers' deposits as of December 31, 2018 (JD 654,390,867, equivalent to 31.8% as of December 31, 2017).

- Restricted deposits amounted to JD 24,239,868, equivalent to 1.4% of total customers' deposits as of December 31, 2018 (JD 21,690,132, equivalent to 1.2% as of December 31, 2017).

- Dormant deposits amounted to JD 42,457,026 as of December 31, 2018 (JD 43,362,849 as of December 31, 2017).

(16) Cash Margins

The details of this item are as follows:

	2018	2017
	JD	JD
Cash margins against direct credit facilities	64,442,645	68,744,358
Cash margins against indirect credit facilities	30,270,442	27,360,130
Other margins	-	75,208
Total	94,713,087	96,179,696

(17) Borrowed Funds

These funds have been obtained under a loan agreement with the Central Bank of Jordan and Jordan Mortgage Refinance Company in which maturity dates that ranges between a period of less than 1 year to 22 years to finance micro -, small -, and medium - sized companies. These also include grants obtained from the Central Bank of Jordan for two years to finance micro -, small -, and medium-sized companies within a medium-term funding program as follows:

	Funds Borrowed	Amount	Number of Installments	Installment Repayment	Lending Interest Rate	Collaterals
December 31, 2018	JD	JD				
Loan through the Central Bank of Jordan	4,000,000	3,600,000	Repaid over 10 years	Semi annual	4.02%	-
Loan through the Central Bank of Jordan	3,000,000	2,370,000	Repaid over 6 years	Semi annual	2.50%	-
Loan through the Central Bank of Jordan	4,663,500	4,663,500	Repaid over 13 years	Semi annual	4.07%	-
Loan through the Central Bank of Jordan	1,611,086	1,611,086	Repaid over 22 years	Semi annual	3.00%	-
Loan through the Central Bank of Jordan	500,000	303,752	Repaid over 19 years	Semi annual	2.53%	-
Central Bank of Jordan borrowed funds	7,196,165	5,248,848	Repaid over 10 years	Monthly	1.00%	Upon demand
Central Bank of Jordan borrowed funds	1,050,000	999,946	Repaid over 10 years	Monthly	1.75%	Upon demand
Central Bank of Jordan borrowed funds	1,734,620	1,724,093	Repaid over 5 years	Monthly	1.00%	Upon demand
Central Bank of Jordan borrowed funds	4,982,708	3,263,464	Repaid over 5 years	Monthly	1.75%	Upon demand
Central Bank of Jordan borrowed funds	589,700	383,547	Repaid over one year	Monthly	1.75%	Upon demand
Central Bank of Jordan borrowed funds	806,000	80,582	Repaid over one year	Monthly	2.25%	Upon demand
Central Bank of Jordan borrowed funds	3,713,055	1,279,423	Repaid over one year	Monthly	1.00%	Upon demand
Central Bank of Jordan borrowed funds	500,000	35,718	Repaid over one year	Quarterly	2.25%	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 %	-
Local Bank	5,000,000	3,380,274	Not Applicable		6.5%	-
Local Bank*	5,000,000	2,739,210	Paid in 36 installments from the utilization date		6.5%	-
Local Bank*	5,000,000	1,774,856	Paid in 36 installments from the utilization date		6.5%	-
Loan through Jordan Mortgage Refinance Company*	5,000,000	5,000,000	Paid under one installment on 15 May 2019		5.55%	-
Loan through Jordan Mortgage Refinance Company*	5,000,000	5,000,000	Paid under one installment on 15 February 2020		6.20%	-
Loan through Jordan Mortgage Refinance Company*	10,000,000	10,000,000	Paid under one installment on 4 July 2021		6.55%	-
Total	99,346,834	83,458,298				

	Funds Borrowed	Amount	Number of Installments	Installment Repayment	Lending Interest Rate	Collaterals
December 31, 2017	JD	JD				
Loan through the Central Bank of Jordan	4,000,000	4,000,000	Repaid over 11 years	Semi annual	%3.253	-
Loan through the Central Bank of Jordan	3,000,000	2,790,000	Repaid over 7 years	Semi annual	%2.5	-
Loan through the Central Bank of Jordan	4,663,500	4,663,500	Repaid over 14 years	Semi annual	%3.303	-
Loan through the Central Bank of Jordan	1,611,086	1,611,085	Repaid over 22 years	Semi annual	%3	-
Central Bank of Jordan borrowed funds	6,899,643	5,287,584	Repaid over 5 years	Monthly	%1.732	Upon demand
Central Bank of Jordan borrowed funds	500,000	179,000	Repaid over 1 year and 3 months	Quarterly	%2.25	Upon demand
Central Bank of Jordan borrowed funds	3,663,460	3,663,460	Repaid over 10 years	Monthly	%1.375	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	-
Local Bank (short-term)*	5,000,000	3,270,927	Not Applicable	Not Applicable	%6	-
Local Bank (short-term)*	5,000,000	2,766,728	Not Applicable	Not Applicable	%6.25	-
Local Bank*	5,000,000	3,748,357	Paid in 36 installments from the utilization date		%6	-
Local Bank*	5,000,000	3,157,332	Paid in 36 installments from the utilization date		%6	-
Loan through Jordan Mortgage Refinance Company*	5,000,000	5,000,000	Paid under one installment on 15 May 2019		%5.55	-
Loan through Jordan Mortgage Refinance Company*	5,000,000	5,000,000	Paid under one installment on 5 August 2018		%4.35	-
Loan through Jordan Mortgage Refinance Company*	5,000,000	5,000,000	Paid under one installment on 5 August 2018		%5.75	-
Total	89,337,689	80,137,973				

(18) Other Provisions

The details of this item are as follows:

2018	Balance - Beginning of the Year	Provision for the Year	Released during the Year	Balance - End of the Year
	JD	JD	JD	JD
Provision for end of service indemnity	9,854,764	1,592,301	1,379,705	10,067,360
Provision for lawsuits against the Bank and contingent claims	1,066,365	430,900	24,581	1,472,684
Total	10,921,129	2,023,201	1,404,286	11,540,044
2017				
Provision for end of service indemnity	11,235,987	927,777	2,309,000	9,854,764
Provision for lawsuits against the Bank and contingent claims	869,544	360,000	163,179	1,066,365
Total	12,105,531	1,287,777	2,472,179	10,921,129

(19) Income Tax

a. Income tax provision

The movement on the provision for income tax during the year is as follows:

	2018	2017
	JD	JD
Balance - beginning of the year	12,210,713	14,567,302
Income tax for the year	15,498,943	15,529,378
Income tax paid	(15,656,643)	(17,779,527)
Transferred to liabilities directly attributable to assets held for sale	-	(106,440)
Balance - End of the Year	12,053,013	12,210,713

b. Income tax expense

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

	2018	2017
	JD	JD
Income tax for the year	15,498,943	15,529,378
Effect of deferred tax assets for the year	(1,531,123)	(1,401,106)
Effect of deferred tax liabilities for the year	-	-
Total	13,967,820	14,128,272

c. Tax Status

Below are the details of the tax status of the Bank's branches and subsidiary companies:

Branches / Companies	Income Tax Return up to End of the Year	Final Settlement up to End of the Year	Payment to Income and Sales Tax Department	Years under Dispute
Jordan branches	2017	2016	Accrued Taxes paid	None
Cyprus branch	2017	2017	Accrued Taxes paid	None
Ejarah Capital Leasing Company	2017	2015	Accrued Taxes paid	None
United Financial Investment Company	2017	2014	Accrued Taxes paid	None

d. Deferred Tax Assets / Liabilities:

The details of this item are as follows:

	2018				2018	2017
	Balance - Beginning of the Year	Amounts		Balance - End of the Year	Deferred Tax	Deferred Tax
		Realized	Additions			
	JD	JD	JD	JD	JD	JD
a- Deferred Tax Assets						
Provision for end-of-service indemnity	9,305,853	830,794	1,592,301	10,067,360	3,825,597	3,415,096
Provisions for seized assets	14,167,899	14,657	8,902,211	23,055,453	8,761,072	4,958,765
Provision for lawsuits against the Bank	1,061,052	19,268	360,000	1,401,784	532,678	372,898
Provision for watch list credit facilities	681,233	681,233	-	-	-	238,432
Provision for facilities	37,620,031	13,745,885	8,313,443	32,187,589	12,231,284	-
Provision for financing contracts - subsidiary company	405,340	204,663	63,860	264,537	63,489	97,282
Provision for indirect facilities	9,902,315	8,078,646	3,292,612	5,116,281	1,940,210	-
Provision for investments	1,979,025	345,735	302,673	1,935,963	562,100	-
Provisions for deposits with banks	96,920	80,180	15,795	32,535	11,571	-
Valuation losses from financial assets at fair value through profit or loss	6,334,237	1,095,000	-	5,239,237	1,990,910	2,216,983
Total	81,832,167	25,096,061	22,842,895	79,300,739	29,918,911	11,299,456
b- Deferred Tax Liabilities *						
Financial assets at fair value valuation reserve *	10,832,167	-	304,310	11,136,477	4,231,861	3,791,258
Total	10,832,167	-	304,310	11,136,477	4,231,861	3,791,258

* Deferred tax liabilities resulting from the revaluation gain of financial assets at fair value through comprehensive income are stated within the financial assets valuation reserve in the consolidated statement of owners' equity.

- Deferred tax assets have been calculated at 38% instead of 35%, in accordance with the amended Income Tax Law effective 1 January 2019.

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

	2018		2017	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance - beginning of the year	11,299,456	3,791,258	10,128,723	2,937,750
Effect of application of IFRS 9	17,282,559	-	-	-
Additions during the year	8,591,553	440,603	3,237,016	853,508
Released during the year	(7,254,657)	-	(2,066,283)	-
Balance - End of the Year	29,918,911	4,231,861	11,299,456	3,791,258

e. A summary of the reconciliation between declared income and taxable income:

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

	2018	2017
	JD	JD
Declared income	55,849,385	42,313,123
Add: Unacceptable tax expenses	24,623,102	11,473,627
Less: Profits not subject to tax	(27,063,779)	(7,070,763)
Taxable Income	53,408,708	46,715,987
Income Tax Rates:		
Jordan branches	35%	35%
Palestine branches	20%	20%
Cyprus branch	12.5%	12.5%
Subsidiary companies	24%	24%

(20) Other Liabilities

The details of this item are as follows:

	2018	2017
	JD	JD
Accrued interest	11,374,835	10,113,609
Inward transfers	871,635	1,712,868
Accounts payable (a)	268,544	1,472,545
Accrued expenses	1,218,987	1,466,268
Temporary deposits - customers	13,428,515	4,007,668
Temporary deposits (b)	3,679,796	3,649,262
Shareholders' deposits (c)	4,835,893	4,549,436
Accepted and certified checks	7,094,249	7,041,805
Lock boxes deposits	501,043	499,999
Subscriptions deposits (c)	131,782	131,879
Expected credit losses against indirect facilities - Note (44)	5,112,741	-
Other liabilities (a)	12,126,758	10,721,673
Total	60,644,778	45,367,012

(a) Accounts payable and other liabilities include balances related to the subsidiaries amounting to JD 790,585 as of 31 December 2018 (JD 1,751,673 as of 31 December 2017).

(b) This item represents temporary payment deposits to other public shareholding companies.

(c) This item represents refunds of subscriptions in public shareholding companies under establishment.

(21) Authorized and Paid-up Capital

Paid-up capital amounted to JD 100 million, divided into 100 million shares at a par value of JD 1 per share as of December 31, 2018 and 2017.

(22) Reserves

The details of the reserves as of December 31, 2018 and 2017 are as follows:

a. Statutory Reserve

This item represents the accumulated amount of the appropriations from income before tax at 10% during the current and previous years according to the Banks Law and the Jordanian Companies Law. This amount is not distributable to shareholders.

b. Voluntary Reserve

This item represents the accumulated amount of appropriations from income before tax at a maximum rate of 20% per year. The voluntary reserve is to be used according to a resolution by the Board of Directors. The General Assembly has the right to distribute this reserve or any portion thereof as dividends to shareholders.

c. Pro-Cyclicality Reserve

This item represents the risk reserve taken according to the Palestine Monetary Authority at 15% from annual net income after tax, for the purpose of supporting the Bank's capital in Palestine and facing risks related to the Banking sector. This reserve will accumulate until reaching 20% of paid-up capital. It is not allowed to use any part of the pro-cyclicality fluctuation reserve or to reduce it in any way without the prior approval of the Palestine Monetary Authority.

d. General Banking Risks Reserve

This item represents a general bank risk reserve which is calculated and deducted in accordance with the instructions of the Central Bank of Jordan. The reserve was reversed on retained earnings effective from 1 January 2018, IFRS 9 was applied in respect of expected credit losses on financial assets and liabilities.

The following represents the distribution of the general banking risks reserve according to the Bank's branches:

	2018	2017
	JD	JD
Jordan branches	-	11,549,670
Cyprus branches	-	1,880,671
Palestine branches	-	238,034
Subsidiary Companies	-	620,500
Total	-	14,288,875

- The following are the restricted reserves:

Name of Reserve	2018	2017	Nature of Restriction
	JD	JD	
Statutory reserve	91,350,185	86,034,401	According to the Jordanian Companies Law and the Banks Law.
Pro-cyclicality reserve	-	227,597	According to Palestine Monetary Authority Instructions.
General banking risks reserve	-	14,288,875	According to the Central Bank of Jordan.

(23) Financial Assets at Fair Value Valuation Reserve - Net of Tax

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

	2018	2017
	JD	JD
Balance - beginning of the year	8,135,930	6,133,272
Unrealized gain (loss)	(3,342,333)	2,634,144
Realized Gain (loss)	(192,476)	222,022
Deferred tax liabilities	(440,603)	(853,508)
Balance - End of the Year *	4,160,518	8,135,930

* The financial assets valuation reserve is presented as a net amount after deducting the related deferred tax liabilities of JD 4,231,861 as of December 31, 2018 (JD 3,791,258 as of December 31, 2017), and it is not transferable to the consolidated statement of income.

(24) Retained Earnings

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

	2018	2017
	JD	JD
Balance - beginning of the year	99,275,774	105,999,129
Effect of application of IFRS 9 - Net after tax	(41,210,085)	-
Balance adjusted at the beginning of the period	58,065,689	105,999,129
Gain (loss) from financial assets at fair value through comprehensive income - Net of tax (Note 9)	192,476	(222,022)
Income for the year	42,143,508	26,955,793
Transferred from general banking risks	14,288,875	-
Transferred to reserves	(16,258,065)	(13,457,126)
Dividends paid (Note 25)	(20,000,000)	(20,000,000)
Balance - End of the Year	78,432,483	99,275,774

- Retained earnings includes JD 29,918,911 as of December 31, 2018 restricted against deferred tax assets according to the Central Bank of Jordan instructions (JD 11,299,456 as of December 31, 2017).
- Retained earnings includes JD 3,573,266 as of December 31, 2018 JD 3,920,703 as of December 31, 2017) 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.
- The restriction is waived for the amount realized from actual sale, which represents the revaluation of financial assets.
- In accordance with Central Bank of Jordan instructions No. 2018/13, the cumulative balance of the general bank risk reserve item of JD 14,288,875 as at 1 January 2018 was transferred to the retained earnings item to offset the effect of IFRS 9 and the surplus is not allowed to be disposed of after the deduction .
- Use of Credit financial assets valuation reserve is restricted and requires the preapproval of the Central Bank of Jordan and the security exchange commission.

(25) proposed dividends

Proposed dividends to shareholders for the current year is 20% of paid-up capital, which is equivalent to JD 20 million. This percentage is subject to the General Assembly's approval. In the prior year, dividends were distributed at 20% of paid-up capital, which is also equivalent to JD 20 million.

(26) Interest Income

The details of this item are as follows:

	2018	2017
	JD	JD
Direct credit facilities:		
Individuals (retail)		
Overdraft accounts	3,254	82,038
Loans and promissory notes	8,352,622	6,857,984
Credit cards	2,008,632	1,776,455
Real - estate loans	13,622,475	13,329,313
Companies		
Large		
Overdraft accounts	12,884,033	14,510,198
Loans and promissory notes	63,436,533	51,025,293
Small and medium		
Overdraft accounts	1,858,425	661,251
Loans and promissory notes	10,609,482	10,692,659
Government and public sector	3,341,048	7,740,298
Balances at central banks	2,267,247	973,517
Balances and deposits at banks and financial institutions		
Financial assets at amortized cost	15,524,718	17,972,445
Financial assets at fair value through profit or loss		
Financial assets at fair value through Other comprehensive income		
Total	146,443,509	138,865,522

(27) Interest Expense

The details of this item are as follows:

	2018	2017
	JD	JD
Deposits at banks and financial institutions	7,898,815	8,320,894
Customers deposits		
Time and notice deposits	36,928,824	26,791,657
Cash margins	2,161,723	1,728,834
Current and call accounts	267,115	220,250
Saving accounts	909,628	916,274
Certificates of deposit	50,876	100,922
Borrowed funds	4,169,430	3,038,887
Loan guarantee fees	3,112,187	3,163,438
Total	55,498,598	44,281,156

(28) Net Commission Income

The details of this item are as follows:

	2018	2017
	JD	JD
Commission-direct credit facilities	4,171,855	3,862,193
Commission-indirect credit facilities	6,116,650	5,689,975
Other commissions	1,112,145	1,749,611
Total	11,400,650	11,301,779

(29) Foreign Currency Income

The details of this item are as follows:

	2018	2017
	JD	JD
Income from trading / dealing	3,402,892	3,573,470
Gain from valuation	557,665	1,323,048
Total	3,960,557	4,896,518

(30) Gains (Losses) from Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	Realized Gains	Unrealized gains	Dividends Income	Total
	JD	JD	JD	JD
2018	-	-	-	-
Companies shares	-	-	-	-
Companies bonds	-	-	-	-
Total	-	-	-	-

	Realized Gains	Unrealized gains	Dividends Income	Total
	JD	JD	JD	JD
2017				
Companies shares	48,495	(172,720)	236,531	112,306
Companies bonds	191,459	316,581	-	508,040
Total	239,954	143,861	236,531	620,346

(31) Other Income

The details of this item are as follows:

	2018	2017
	JD	JD
Rental of deposit boxes	193,197	195,749
Stamps income	62,738	61,256
Credit cards income	6,961,157	5,916,278
Recovery of debts previously written-off	842,027	286,700
Shares trading revenue - subsidiary company	410,248	231,031
Telecommunication income	357,770	388,604
Transfers income	1,427,225	1,442,824
Gain on sale of seized assets	246,146	-
Gain on sale of property and equipment	3,096	20,200
Others	2,955,652	2,599,512
Total	13,459,256	11,142,154

(32) Employees Expenses

The details of this item are as follows:

	2018	2017
	JD	JD
Salaries, allowances and employees' benefits	22,188,555	22,103,532
Contribution in social security	2,259,435	2,174,456
Medical expenses	1,560,566	1,352,920
Staff training	167,340	198,261
Travel expenses - per diems	392,486	396,083
Employees life insurance	141,248	126,189
Value added tax	-	196,598
Total	26,709,630	26,548,039

(33) Other Expenses

The details of this item are as follows:

	2018	2017
	JD	JD
Rentals	2,934,060	3,171,530
Stationery	813,563	848,589
Advertisements	2,152,742	1,413,007
Subscriptions	244,392	251,212
Telecommunication expenses	1,329,541	1,317,525
Maintenance and repairs	3,560,348	3,127,075
Insurance expenses	1,119,148	1,067,521
Legal fees	122,238	112,672
Water, electricity and heating	1,206,912	1,710,993
Fees, taxes and stamps	776,510	834,297
Professional fees	200,263	286,893
Cards services expenses	4,102,021	3,086,773
Transportation expense	207,174	176,193
Correspondents services fees	292,867	275,103
Security services	303,762	235,242
Donations and social responsibility	886,132	778,327
Hospitality	88,090	98,105
Board of Directors' remunerations	90,000	90,000
Impairment loss of assets seized by the Bank against due debts (Note 13)	8,887,554	6,925,657
Loss on sale of seized assets	890,163	596,535
Management fees (Note 36)	904,684	904,684
Impairment on assets classified as held for sale	950,087	872,862
Others	4,404,972	2,858,794
Total	36,467,223	31,039,589

(34) Earnings Per Share - Bank's Shareholders (Basic and Diluted)

The details of this item are as follows:

	2018	2017
	JD	JD
Income for the year attributed to the Bank's shareholders	42,143,508	26,955,793
	Share	Share
Weighted average number of shares	100,000,000	100,000,000
Earnings per share pertains to the Bank's Shareholders:		
	JD/Share	JD/Share
(Basic and Diluted)	-/421	-/270
Income for the year from continuous operations attributed to the Bank's shareholders	41,881,565	28,184,851
Weighted average number of shares	100,000,000	100,000,000
Earnings per share from continuous operations	-/419	-/282
Income (Loss) for the year from non-continuous operations attributed to the Bank's shareholders	261,943	(1,229,058)
Weighted average number of shares	100,000,000	100,000,000
Earnings per share from non-continuous operations to the Bank's Shareholders:		
(Basic and Diluted)	-/003	(-/012)

(35) Cash and Cash Equivalents

The details of this item are as follows:

	2018	2017
	JD	JD
Balances at central banks due within three months	210,936,892	224,259,331
Add: Balances at banks and financial institutions due within three months		
Less: Banks and financial institutions deposits due within three months		
Restricted balances - Note (5)	711,723	2,558,072
Total	207,432,021	272,915,714

(36) Transactions with Related Parties

The Bank entered into transactions with subsidiary companies, affiliate companies, major shareholders, Board of Directors, and executive management within the normal banking practice and according to the normal interest rates. All of the credit facilities granted to related parties are considered to be performing facilities, and no impairment provisions have been taken as of the consolidated financial statements date.

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

	Related Party					Total	
	Affiliates	Board of Directors Members *	Executive Managers *	Subsidiaries	Others**	2018	2017
	JD	JD	JD	JD	JD	JD	JD
On- Consolidated Statement of Financial Position Items:							
Direct credit facilities *	-	30,684	2,525,599	1,501,191	5,644	4,063,118	2,995,708
Banks and financial institutions deposits	92,227,771	-	-	-	-	92,227,771	257,630,282
Deposits	-	59,383,819	3,786,326	1,352,775	974,812	65,497,732	52,361,918
Deposits at banks and financial institutions	1,770,877	-	-	-	-	1,770,877	51,413,086
Cash margins	5,625	-	-	4,000	-	9,625	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-	2,398,124
Financial assets at fair value through other comprehensive income	34,802,801	-	-	-	14,369,302	49,172,103	20,180,613
Financial assets at amortized cost	-	-	-	-	-	-	14,846,972
Asset held for sale	-	-	-	3,506,406	-	3,506,406	4,162,033
Liabilities directly related to assets held for sale	-	-	-	681,576	-	681,576	661,794
Off- Consolidated Statement of Financial Position Items:							
Letters of guarantee	5,000	11,000	-	1,064,000	56,500	1,136,500	957,325
Letters of credit	123,366	-	-	544,891	4,254,000	4,922,257	4,767,279
						Total	
						2018	2017
Consolidated Statement of Income items:							
						JD	JD
Interest and commission income ***	804,778	120	7,829	4,830	-	817,557	847,086
Interest and commission expense ****	674,635	1,176,673	4,224	935	-	1,856,467	4,434,694
Management fees	904,684	-	-	-	-	904,684	904,684
Financial assets dividends	888,589	-	-	-	-	888,589	694,561

* Included in the direct credit facilities granted to the executive management and Board of Directors of JD 103, representing credit facilities granted to the Board of Directors of Ejarah Finance Leasing Company (subsidiary company) as of December 31, 2018 (JD 28,171 as of December 31, 2017).

* Included in the direct credit facilities to the executive management and Board of Directors of JD 21,751, representing credit facilities granted to the Board of directors of "Specialized Management Co. For Investment & Financial Advisory (subsidiary company) as of December 31, 2018 (JD 28,696 as of December 31, 2017)."

** Company in which the bank has voting rights in their Board of Directors.

*** Interest rate ranges from 1.75% to 9.5%.

**** Interest rate ranges from 0.25% to 5.4%.

-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.

Salaries and Remunerations of Executive Management:

Salaries of the Executive Management of the Bank and its subsidiaries amounted to JD 3,710,323 for the year 2018 (against JD 3,494,297 for the year 2017).

(37). Fair value of financial assets and financial liabilities that are not carried at fair value in the consolidated financial statements

There are material differences between the book value and fair value for the financial assets and liabilities at the year ended 31 December 2018, 2017.

(38) Risk Management

The Board of Directors performs its role in ensuring that the Bank manages the various risks and adopts the policies and procedures that streamline the Bank's risks management through the Risks and Audit Committee. Moreover, the Bank sets the risks acceptable limits (risk appetite). The Risks Management Department evaluates, controls, and recommends mitigating risks, and submits the necessary reports to higher management independently from the other Bank's departments (risk takers) which perform other banking activities in order to ensure the objectivity of the Risks Management Department in analyzing the various risk types.

Furthermore, the Risks Management Department is responsible for the market operating, credit, and liquidity risks (within the Assets and Liabilities Model) of the Bank's local and external branches. It submits its reports to the Risks and Audit Committee within the Board of Directors. These reports are audited by the Internal Audit Department.

Credit risk refers to the risk that a counterparty will default on its credit terms, and/or its creditworthiness will deteriorate resulting in financial loss to the Bank.

The Board of Directors periodically reviews the credit risk management policies compatible with the laws and the Central Bank of Jordan instructions after being prepared by the concerned departments. Moreover, the Board of Directors ensures that management of the Bank works according to these policies and executes the related requirements. Moreover, these policies include the Bank's credit policy through which many factors are determined such as:

- Setting clear requirements, policies, and decision-making procedures relating to the new or to be renewed credit facilities or any material amendment thereon within specified authorities that match the size and specifications of the credit facilities. Among the factors taken into consideration when granting credit are the purpose of the credit facilities and payment sources.
- Taking decisions within qualified management levels. Moreover, the Bank has various credit committees at the executive management level and the Board of Directors' level. This is done away from the impact of conflict of interest in a manner that guarantees the soundness and independence of the evaluation procedures of the customer requesting credit and the related compatibility with the Bank's credit policy requirements.
- Laying out clear and effective policies and procedures for managing and executing credit including continuous analysis of the ability and readiness of the borrower to pay according to contractual terms, monitoring the credit documentation and any credit terms and covenants, and continuously controlling and evaluating guarantees.
- Establishing adequate policies and procedures to ensure evaluation and management of non-performing credit and its classification in addition to evaluating the adequacy of the provisions monthly based on the instructions of the Central Bank of Jordan and other regulatory authorities under which the Bank operates. This is in addition to a clear policy for writing off debt. Moreover, the Board of Directors approves the adequacy of these provisions.
- Having an independent department that follows up on troubled debts through amicable settlements prior to dealing with them legally.
- Determining the type and size of the required guarantee based on the customer's credit risk evaluation according to clear acceptance procedures and customer's evaluation standards.
- Periodically monitoring the fair value of the guarantees. In case their value becomes less than what is specified in the loan terms, the customer is required to provide more guarantees. Upon assessing the adequacy of the provisions, the necessary evaluation of the guarantees is performed.
- Disposing of any guarantee owned after repayment of the customer's debts. In general, seized real estates are not used for the Bank's operations.
- Having an internal credit rating system for its customers documented and approved by the Board of Directors. Any factor contributing to the customer's default is considered in a manner that helps in measuring and rating the customer's risks, and consequently, facilitating the decision-making process and the pricing of credit facilities.

- Having clear rating standards taking into consideration the various financial and non-financial factors. The credit rating system is reviewed and evaluated independently from the credit department through the Risks Management Department in coordination with the concerned departments.
- Having specified and documented controls and ceilings with clear policies and procedures that guarantee commitment to these ceilings and obtaining prior approvals for any override. These controls and ceilings are reviewed and amended periodically, if necessary. Moreover, there are ceilings specified and approved by the Board of Directors relating to dealing with various banks, countries, and economic sectors.
- Providing the Board of Directors with a clear picture and analysis of the credit portfolio through the Risks Management Department that clarifies the portfolio's quality, various classifications, and any concentrations therein, in addition to historical and banking benchmarks.
- The Bank adheres to the instructions of the Central Bank of Jordan relating to credit concentration and related parties. The Bank deals with them on an aggregate basis and accords them special care, exercises control, and expresses explicit and clear disclosure thereon when preparing the Bank's consolidated financial statements. The required credit facilities are presented to the Board of Directors by the related parties provided that the persons granted the credit facilities have no influence over the Board of Directors and receive no preferential treatment over the Bank's customers.

Credit risk exposure (after the provision for impairment loss and interest in suspense and before guarantees and other risk - mitigating factors):

	2018	2017
On- Consolidated Statement of Financial Position Items	JD	JD
Balances at central banks	162,728,126	172,531,777
Balances at banks and financial institutions	215,594,692	317,656,834
Deposits at banks and financial institutions	8,750,300	6,246,210
Direct Credit Facilities:		
Individuals	124,670,841	145,121,574
Real estate loans	226,073,528	216,786,216
Companies		
Large companies	1,046,217,866	981,816,382
Small and medium companies (SMEs)	89,347,056	103,750,862
Government and public sector	146,363,176	114,811,877
Bonds, Bills and Debentures:		
Financial assets at fair value through profit or loss	-	60,546,359
Financial assets at fair value through other comprehensive income	127,683,431	-
Financial assets at amortized cost	293,048,859	395,100,921
Other assets	16,786,533	16,029,077
Off- Consolidated Statement of Financial Position Items		
Letters of guarantee	230,633,629	251,836,340
Letters of credit	91,187,682	65,101,415
Letters of acceptance	26,037,322	24,319,531
Unutilized credit facilities ceilings	294,180,264	159,542,008
Total	3,099,303,305	3,031,197,383

Credit exposures according to the degree of risk are categorized according to the following table:

December 31, 2017	Individuals	Real Estate Loans	Companies			Government and Public Sector	Other Assets	Banks and Other Financial Institutions	Bonds and Treasury Bills	Total
			Large	Small and Medium	JD					
Low risk	13,514,413	2,233,511	3,262,700	1,369,416	67,116,547	-	362,845,949	172,531,777	622,874,313	
Acceptable risk	129,142,720	207,691,339	851,364,812	97,589,465	47,695,330	16,029,077	91,564,531	323,903,044	1,764,980,318	
Of which is due(*):										
within 30 days	1,122,945	893,551	22,651,004	3,144,921	-	-	-	-	27,812,421	
From 31 to 60 days	975,679	1,105,655	17,404,180	2,593,818	-	-	-	-	22,079,332	
Watch list	1,919,996	1,267,052	109,194,523	933,127	-	-	-	-	113,314,698	
Non-performing:										
Substandard	1,516,736	253,670	13,134,033	596,918	-	-	-	-	15,501,357	
Allowance provided	1,519,491	2,474,881	11,479,240	721,321	-	-	-	-	16,194,933	
Bad debt	4,376,205	8,613,325	40,736,717	4,292,293	-	597,078	1,236,800	-	59,852,418	
Total	151,989,561	222,533,778	1,029,172,025	105,502,540	114,811,877	16,626,155	455,647,280	496,434,821	2,592,718,037	
Less: Provision for impairment loss	6,277,001	3,901,119	37,772,012	1,371,199	-	-	-	-	49,321,331	
Interest in suspense	590,986	1,846,443	9,583,631	380,479	-	597,078	-	-	12,998,617	
Net	145,121,574	216,786,216	981,816,382	103,750,862	114,811,877	16,029,077	455,647,280	496,434,821	2,530,398,089	
Credit classification:										
From AAA to -A							3,526,371	209,193,104	212,719,475	
From +BBB to -B							65,667,160	60,291	65,727,451	
Less than -B							-	1,862,432	1,862,432	
Unclassified							23,607,800	112,788,217	136,396,017	
Governments and public sector							362,845,949	172,531,777	535,377,726	
Total							455,647,280	496,435,821	952,083,101	

- The whole debt balance becomes due when one of the installments or interest is due. Moreover, the overdraft account is considered due when it exceeds the ceiling.

- Credit exposures include credit facilities, balances, deposits at banks, bonds and treasury bills and any other assets that have credit exposure.

The fair value of guarantees provided against direct credit facilities, which are assessed by the CBJ by independent experts at least once in two years, is distributed as follows: Cash balances are stated at fair value based on exchange rates, issued by the Central Bank of Jordan and shall be calculated separately, provided that the cash balance does not exceed the balance of the credit facilities in any case:

December 31, 2018	Total exposure value		Fair value of collateral					"Net exposure after Guarantees"		Expected credit loss			
	JD	JD	Cash Insurance	Shares traded	Bank guarantees are acceptable	Real estate	Cars	Others	Total value of collateral	JD	JD	JD	JD
Balances with central banks	162,728,126	-	-	-	-	-	-	-	-	-	162,728,126	-	-
Balances with banks and financial institutions	215,602,541	-	-	-	-	-	-	-	-	-	215,602,541	-	7,849
Deposits with banks and financial institutions	8,750,300	-	-	-	-	-	-	-	-	-	8,750,300	-	25,425
Direct credit facilities:													
Individuals	135,780,926	3,079,137	410,707	-	-	18,242,847	25,422,639	155,079	47,310,410	88,470,516	88,470,516	9,779,708	
Real state loans	243,384,566	4,304,534	-	-	-	340,871,682	2,196,063	59,999	347,432,278	-104,047,712	-104,047,712	14,177,840	
Major companies	1,098,278,658	19,878,486	182,465,457	119,948,886	7,620,858	377,649,816	-	-	707,563,503	390,715,155	390,715,155	45,615,899	
small and medium Entities SME's	95,077,430	8,236,299	2,571,050	-	-	46,826,918	14,303,201	539,342	72,476,810	22,600,620	22,600,620	4,991,359	
Government and the public sector	146,795,699	98,000,000	-	-	-	-	-	-	98,000,000	48,795,699	48,795,699	432,523	
Bonds, Assignment and Permissions:													
Within financial assets at fair value through statement of income													
Within financial assets at fair value through other comprehensive income	82,044,429	-	16,685,049	-	-	1,818,902	-	-	18,503,951	63,540,478	63,540,478	1,824,290	
Within financial assets at amortized cost	293,056,876	-	-	-	-	-	-	-	-	293,056,876	293,056,876	8,016	
Derivatives of financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets encumbered (debt instruments)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	2,481,499,552	133,498,457	202,132,263	119,948,886	785,410,165	49,542,761	754,420	1,291,286,952	1,190,212,600	76,862,910	1,190,212,600	76,862,910	
Financial guarantees	233,177,652	27,342,787	7,726,041	354,647	26,793,964	1,959,698	28,680	64,205,818	168,971,834	2,544,023	168,971,834	2,544,023	
Documentary Credits	91,458,705	2,229,008	2,962,192	-	7,417,059	92,360	-	12,700,619	78,758,086	271,023	78,758,086	271,023	
Other obligations	322,515,281	24,872,284	50,065,221	-	72,681,246	3,653,534	89,699	151,361,984	171,153,297	2,297,695	171,153,297	2,297,695	
Total	647,151,638	54,444,079	60,753,454	354,647	106,892,269	5,705,592	118,380	228,268,421	418,883,217	5,112,741	418,883,217	5,112,741	
total summation	3,128,651,190	187,942,536	262,885,717	120,303,533	892,302,434	55,248,353	872,800	1,519,555,373	1,609,095,817	81,975,651	1,609,095,817	81,975,651	

December 31, 2018	Total exposure value	Fair value of collateral							"Net exposure after Guarantees "	Expected credit loss
		Cash Insurance	Shares traded	Bank guarantees are acceptable	Real estate	Cars	Others	Total value of collateral		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central banks	-	-	-	-	-	-	-	-	-	-
Balances with banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Direct credit facilities:										
Individuals	13,429,099	225,697	-	-	4,652,426	5,840,613	-	10,718,737	2,710,362	4,486,078
Real estate loans	51,439,827	11,295	-	-	55,839,014	349,259	-	56,199,567	-	12,022,160
Major companies	85,416,251	2,503,946	-	-	58,818,456	40,495	-	61,362,896	24,053,355	39,897,075
small and medium Entities SME's	9,661,986	108,334	-	-	9,195,800	1,369,436	72,000	10,745,570	-	4,329,109
Government and the public sector										
Bonds, Assignment and Permissions:										
Within financial assets at fair value through statement of income										
Within financial assets at fair value through other comprehensive income	11,041,800	-	16,685,049	-	1,818,902	-	-	18,503,951	-	1,245,384
Within financial assets at amortized cost	-	-	-	-	-	-	-	-	-	-
Derivatives of financial instruments	-	-	-	-	-	-	-	-	-	-
Financial assets encumbered (debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	170,988,962	2,849,272	16,685,049	-	130,324,598	7,599,803	72,000	157,530,722	26,763,717	61,979,805
Financial guarantees	2,009,207	135,777	-	-	244,670	78,180	-	458,627	1,550,583	1,749,771
Documentary Credits	-	-	-	-	-	-	-	-	-	-
Other obligations	1,317,974	56,056	-	-	1,001,249	365,946	-	1,423,251	-	389,035
Total	3,327,181	191,832	-	-	1,245,919	444,127	-	1,881,878	1,550,583	2,138,806
Total	174,316,144	3,041,104	16,685,049	-	131,570,517	8,043,930	72,000	159,412,600	28,314,300	64,118,611

The following represent the distribution details of the fair value of collaterals against direct credit facilities valued in accordance with the requirements of the Central Bank of Jordan through independent experts at least once every 2 years. The cash margins balance is stated at fair value based on the exchange rates issued by the Central Bank of Jordan, and it is calculated individually as long as the margins balance does not exceed the credit facilities balance in any way:

December 31, 2017	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
Guarantees against:						
Low risk	17,117,340	-	10,595,936	-	-	27,713,276
Acceptable risk	17,480,713	176,509,813	319,007,042	122,835,743	-	635,833,311
Watch list	-	4,500,563	82,767,203	50,560	-	87,318,326
Non-performing:						
Substandard	-	253,670	3,768,927	752,000	-	4,774,597
Allowance provided	-	3,471,881	4,337,806	1,433,678	-	9,243,365
Bad debt	-	8,272,247	9,410,457	4,763,651	-	22,446,355
Total	34,598,053	193,008,174	429,887,371	129,835,632	-	787,329,230
Of it:						
Cash margins	25,967,648	2,233,511	11,588,528	-	-	39,789,687
Accepted letters of guarantee	-	-	3,300,000	-	-	3,300,000
Real estate	-	190,774,663	190,785,253	121,652,998	-	503,212,914
Trade stocks	-	-	218,447,476	-	-	218,447,476
Vehicles and equipment	8,630,405	-	5,766,114	8,182,634	-	22,579,153
Total	34,598,053	193,008,174	429,887,371	129,835,632	-	787,329,230

Scheduled Debts:

Scheduled debts represent debts previously classified as non-performing credit facilities, and have been taken out from the framework of non-performing credit facilities according to proper scheduling and classified as watch-list debts. Furthermore, the scheduled debts amounted to JD 73,676,855 in the year 2018 (JD 21,793,566 in the year 2017).

Restructured debt

"Restructuring debts means reorganizing credit facilities in terms of adjusting payments, extending their term, postponing some installments, or extending the grace period. Restructured but unclassified debts amounted to JD 6,462,214 for the year 2018 (JD 50,571,332 for the year 2017)."

Bonds, Bills and Debentures

The following table illustrates the classification of bonds, bills and debentures according to external rating institutions as of December 31, 2018 and 2017:

Rating Grade	Rating Institution	Financial Assets at Fair Value through the Profit or Loss	Within Financial Assets at Amortized Cost	Total as of December 31,	
				2018	2017
		JD	JD	JD	JD
A+	Fitch	3,433,609	-	3,433,609	3,526,371
B+	Fitch	11,019,232	-	11,019,232	6,612,652
B-	Fitch	5,536,663	-	5,536,663	6,673,463
BB-	Fitch	3,478,309	-	3,478,309	-
BBB-	Fitch	9,011,502	-	9,011,502	3,602,535
B1	Moody's	17,906,434	-	17,906,434	-
B2	Moody's	4,967,369	-	4,967,369	-
Ba1	Moody's	3,503,405	-	3,503,405	3,558,506
Baa1	Moody's	6,988,253	-	6,988,253	7,049,816
Baa2	Moody's	-	-	-	6,628,265
Baa3	Moody's	4,578,946	-	4,578,946	2,103,603
B+	Moody's	9,796,416	-	9,796,416	-
B+	S&P	-	-	-	20,221,322
BBB-	S&P	-	-	-	9,217,000
Governmental	-	-	291,638,876	291,638,876	362,845,949
Unclassified	-	-	1,409,984	1,409,984	23,607,800
Total		80,220,137	293,048,859	373,268,996	455,647,280

A. Credit risk exposure according to the economic sector is as follows:

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	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	162,728,126	-	-	-	-	-	-	162,728,126
Balances at banks and financial institutions	214,284,081	-	-	-	-	-	-	-	-	-	1,310,611	-	-	-	-	-	-	-	-	-	-	215,594,692
Deposits at banks and financial institutions	8,750,300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,750,300
Direct credit facilities - net	55,140,046	382,276,907	279,872,537	189,609,815	29,455,811	7,986,992	208,599,689	146,363,176	333,367,493	-	-	-	-	-	-	-	-	-	-	-	-	1,632,672,467
Bonds, Bills and Debentures:																						
Within financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income.	29,886,774	3,503,406	9,796,416	-	-	-	-	-	-	-	-	-	-	-	23,443,095	-	-	-	-	-	-	80,220,137
Within financial assets at amortized cost	1,409,984	-	-	-	-	-	-	-	-	-	-	-	-	-	291,638,876	-	-	-	-	-	-	293,048,859
Total / for the current year	309,471,184	385,780,313	289,668,953	189,609,815	29,455,811	9,297,603	208,599,689	624,173,273	346,957,939	-	2,393,014,581	9,297,603	208,599,689	624,173,273	346,957,939	-	2,393,014,581	-	-	-	-	2,393,014,581
Financial guarantees	29,135,881	40,017,727	39,450,352	-	1,986,216	1,898,288	4,728,922	-	113,416,242	-	-	-	-	-	-	-	-	-	-	-	-	230,633,629
Documentary Credits	4,606,540	49,531,319	20,894,494	-	25,758	-	196,148	-	15,933,424	-	-	-	-	-	-	-	-	-	-	-	-	91,187,682
Other Liabilities	22,172,226	67,687,282	102,851,627	-	4,898,844	1,061,970	33,639,728	-	87,905,909	-	-	-	-	-	-	-	-	-	-	-	-	320,217,586
Total / comparative figures	365,385,831	543,016,641	452,865,426	189,609,815	36,366,630	12,257,862	247,164,486	624,173,273	564,213,515	-	3,035,053,478	12,257,862	247,164,486	624,173,273	564,213,515	-	3,035,053,478	-	-	-	-	3,035,053,478

B. Distribution of exposures by classification stages according to IFRS 9

	The first stage "Individual"	The first stage "Collective"	The second stage "Individual"	The second stage "Collective"	The third stage	Total
	JD	JD	JD	JD	JD	JD
Financial	355,821,041	-	9,391,213	-	173,577	365,385,831
Industrial	494,390,580	-	43,011,257	-	5,614,803	543,016,641
Trade	397,469,166	-	36,892,153	-	18,504,107	452,865,426
Real-estate	136,156,755	-	18,657,096	-	34,795,964	189,609,815
Agricultural	18,107,189	-	17,719,607	-	539,834	36,366,630
Shares	12,155,863	-	101,999	-	-	12,257,862
Individuals	203,902,852	-	10,638,626	-	32,623,008	247,164,486
Government and Public Sector	624,173,273	-	-	-	-	624,173,273
Services	543,439,785	-	14,426,291	-	6,347,439	564,213,515
Others	-	-	-	-	-	-
Total	2,785,616,505	-	150,838,242	-	98,598,732	3,035,053,478

Concentration of credit exposures by economic sector as at 31 December 2017:

Description/ Economic sector	Financial	Industrial	Trade	Real-estate	Agricultural	Shares	Individuals	Government and Public Sector	Services	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Total / comparative figures	575,790,260	473,602,888	203,447,512	216,928,016	30,806,779	6,589,624	145,121,574	504,552,610	373,558,826	2,530,398,089

A. Total distribution of exposures by geographic region:

Geographical area	Inside Jordan		Other Middle East Countries		Europe		Asia*		Africa*		America		Other Countries		Total	
	JD		JD		JD		JD		JD		JD		JD		JD	
Balances at central banks	159,497,363		-		3,230,763		-		-		-		-		162,728,126	
Balances at banks and financial institutions	2,189,620		97,955,109		62,359,130		921,189		104,194		34,976,715		17,088,735		215,594,692	
Deposits at banks and financial institutions	249,260		8,483,349		-		17,690		-		-		-		8,750,300	
Credit facilities:	1,456,138,231		-		176,534,236		-		-		-		-		1,632,672,467	
Bonds, Bills and Debentures :																
Within financial assets at fair value through profit or loss																
Within financial assets at fair value through other comprehensive income	32,670,214		29,548,975		3,503,406		14,497,542		-		-		-		80,220,137	
Within financial assets carried at amortized cost	293,048,859		-		-		-		-		-		-		293,048,859	
Derivatives of financial instruments	-		-		-		-		-		-		-		-	
Financial assets encumbered (debt instruments)	-		-		-		-		-		-		-		-	
Other assets	-		-		-		-		-		-		-		-	
Total / current year	1,943,793,548		135,987,433		245,627,534		15,436,421		104,194		34,976,715		17,088,735		2,393,014,581	
Financial guarantees	207,501,503		-		23,132,125		-		-		-		-		230,633,629	
Documentary Credits	81,931,499		-		9,256,183		-		-		-		-		91,187,682	
Other liabilities	294,349,315		-		25,868,271		-		-		-		-		320,217,586	
Total / comparative figures	2,527,575,865		135,987,433		303,884,115		15,436,421		104,194		34,976,715		17,088,735		3,035,053,478	

	The first stage "Individual"		The first stage "Collective"		The second stage "Individual"		The second stage "Collective"		The third stage		Total	
	JD		JD		JD		JD		JD		JD	
Inside Jordan	2,289,112,849		-		141,428,262		-		97,034,754		2,527,575,865	
Other Middle East Countries	135,987,433		-		-		-		-		135,987,433	
Europe	302,211,900		-		108,237		-		1,563,978		303,884,115	
Asia*	6,134,678		-		9,301,743		-		-		15,436,421	
Africa*	104,194		-		-		-		-		104,194	
America	34,976,715		-		-		-		-		34,976,715	
Other Countries	17,088,735		-		-		-		-		17,088,735	
Total	2,785,616,505		-		150,838,242		-		98,598,732		3,035,053,478	

Concentration of credit exposures by economic sector as at 31 December 2017:

Description/Economic sector	Inside Jordan		Other Middle East Countries		Europe		Asia*		Africa*		America		Other countries		Total	
	JD		JD		JD		JD		JD		JD		JD		JD	
Total / comparative figures	1,908,891,641		231,773,910		281,518,852		76,784		104,309		107,861,593		111,000		2,530,338,089	

* Excluding Middle Eastern countries.

Credit exposures that have been reclassified

A. Total exposures that have been reclassified:

	Stage 2		Stage 3		Total exposures that have been reclassified	Percentage of exposures that have been reclassified
	Total exposures	Exposures that have been reclassified	Total exposures"	Exposures that have been reclassified"		
	JD	JD	JD	JD	JD	
Balances at central banks	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-
Direct credit facilities:						
For individuals	4,225,553	2,788,254	13,429,098	513,834	3,302,088	18.7%
Real estate loans	26,129,531	7,408,501	51,439,827	285,108	7,693,610	9.90%
Large	93,415,047	51,448,757	85,416,251	720	51,449,478	28.80%
Small and medium (SMEs)	7,889,290	5,083,817	9,661,986	861,451	5,945,268	33.90%
Government and public sector	-	-	-	-	-	-
Bonds, Bills and Debentures :						
Within financial assets at fair value through profit or loss	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	9,598,088	-	11,041,800	-	-	-
Within financial assets carried at amortized cost	-	-	-	-	-	-
Derivatives of financial instruments	-	-	-	-	-	-
Financial assets encumbered (debt instruments)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	141,257,509	66,729,330	170,988,962	1,661,114	68,390,444	-
Financial guarantees	7,201,206	3,468,771	2,009,210	46,845	3,515,616	-
Documentary Credits	161,458	4,015,316	-	-	4,015,316	-
Other liabilities	7,504,918	-	1,317,974	-	-	-
Total	14,867,582	7,484,087	3,327,184	46,845	7,530,932	-
Total / comparative figures	156,125,090	74,213,417	174,316,146	1,707,959	75,921,376	-

B. Expected credit losses on exposures that have been reclassified:

	The exposures that have been reclassified			Expected credit loss on exposures that have been reclassified							
	Total exposures rated from Stage2		Total exposures rated from Stage3	Total exposures that have been reclassified		The first stage "Individual"		The second stage "collective"		The third stage "collective"	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-
Direct credit facilities:											
For individuals	2,788,254	513,834	3,302,088	639,015	67,157	-	-	-	-	-	706,173
Real estate loans	7,408,501	285,108	7,693,610	466,121	16,182	-	-	-	-	-	482,303
Large	51,448,757	720	51,449,478	4,823,908	14	-	-	-	-	-	4,823,922
Small and medium (SMEs)	5,083,817	861,451	5,945,268	1,022,543	14,041	-	-	-	-	-	1,036,584
Government and public sector	-	-	-	-	-	-	-	-	-	-	-
Bonds, Bills and Debentures :											
Within financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Within financial assets carried at amortized cost	-	-	-	-	-	-	-	-	-	-	-
Derivatives of financial instruments	-	-	-	-	-	-	-	-	-	-	-
Financial assets encumbered (debt instruments)	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-
Total	66,729,330	1,661,114	68,390,444	6,951,587	97,394	-	-	-	-	-	7,048,981
Financial guarantees	3,468,771	46,845	3,515,616	98,143	544	-	-	-	-	-	98,687
Documentary Credits	4,015,316	-	4,015,316	30,928	-	-	-	-	-	-	30,928
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total	7,484,087	46,845	7,530,932	129,071	544	-	-	-	-	-	129,615
Total / comparative figures	74,213,417	1,707,959	75,921,376	7,080,659	97,937	-	-	-	-	-	7,178,596

	Classification Category according to instructions (47/2009)	Total gross exposure	Expected credit Loss (ECL)	Probability of Default (PD)	Classification according to external institutions	Exposure at Default (EAD) in millions	Loss at Default (LGD)%
First Stage							
	Performing	198,110,138					
	Performing	11,561,859	2,422	0.271 TO 0.286%	2	11,561,859	43.495 TO 45.628%
	Performing	812,317	278	0.304%	-2	812,317	45.633%
	Performing	2,254,514	1,301	0.241 TO 0.398%	+2	2,254,514	42.895 TO 45.624%
	Performing	20,333,993	2,436	0.382 TO 0.404%	3	1,480,680	43.801 TO 45.644%
	Performing	3,783,008	7,146	0.453 TO 0.833%	-3	3,613,270	43.842 TO 45.626%
	Performing	630,434	145	0.341 TO 0.358%	+3	630,434	44.031 TO 45.638%
	Performing	21,230,403	658	0.560%	4	7,407,283	57.760%
	Performing	13,735,244	39,112	0.606 TO 1.672%	-4	13,915,252	43.083 TO 45.697%
	Performing	34,081,785	18,697	0.481 TO 1.930%	+4	7,609,000	44.173 TO 52.689%
	Performing	52,200	715	0.775 TO 13.459%	5	52,200	45.440 TO 53.493%
	Performing	231,993	368	0.869 TO 0.897%	-5	231,993	44.573 TO 45.513%
	Performing	3,607,557	15,135	0.695 TO 0.790%	+5	3,629,300	45.118 TO 57.832%
	Performing	13,122,041	79,316	1.079 TO 3.714%	6	14,356,111	44.263 TO 52.689%
	Performing	109,185,629	166,819	1.092 TO 2.875%	-6	110,672,369	44.290 TO 52.689%
	Performing	309,627,285	122	0.961 TO 0.979%	+6	81,977	45.477 TO 45.927%
	Performing	3,276,494	304	1.026 TO 1.439%	+7	3,276,494	44.857 TO 58.807%
2	Performing	626,779	78	0.057 TO 0.060%		626,779	37.543 TO 42.984%
-2	Performing	4,914,274	941	0.065 TO 0.230%		4,914,274	21.131 TO 52.049%
+3	Performing	56,761,131	11,702	0.029 TO 1.079%		56,761,131	0.000 TO 53.493%
3	Performing	75,669,175	26,819	0.142 TO 1.665%		75,669,175	9.709 TO 52.689%
-3	Performing	86,486,481	21,049	0.041 TO 0.513%		86,486,481	0.000 TO 53.493%
+4	Performing	129,321,906	65,548	0.076 TO 1.239%		114,670,692	0.000 TO 53.493%
4	Performing	273,382,980	278,763	0.097 TO 1.959%		273,382,980	0.000 TO 53.493%
-4	Performing	36,790,065	49,482	0.171 TO 2.162%		36,790,062	0.000 TO 53.493%
+5	Performing	178,056,646	284,020	0.451 TO 2.977%		179,460,992	0.000 TO 50.566%
5	Performing	311,251,069	692,092	0.307 TO 3.727%		311,251,055	0.000 TO 53.493%
-5	Performing	321,147,473	1,209,493	0.513 TO 4.713%		324,408,931	0.000 TO 53.493%
+6	Performing	166,300,122	866,989	0.868 TO 4.945%		166,302,353	0.000 TO 53.493%
6	Performing	165,623,047	700,685	0.725 TO 6.099%		166,676,574	0.000 TO 53.493%
-6	Performing	50,384,741	782,400	3.915 TO 7.815%		50,384,738	0.000 TO 53.493%
+7	Performing	34,003,483	838,571	5.650 TO 10.425%		34,003,483	0.000 TO 53.493%
7	Performing	84,069,054	2,946,773	8.200 TO 15.554%		84,068,299	0.000 TO 53.493%
-7	Performing	47,631,498	2,188,198	11.926 TO 17.323%		47,630,634	0.000 TO 53.493%
10	Performing	28,310,758	1,130,579	17.348 TO 85.262%		28,310,082	0.000 TO 53.493%
-5	Watch-list	1,867,803	152,500	1.841 TO 2.514%		1,867,803	8.167 TO 22.886%
		2,798,235,380	12,581,656			2,225,251,572	

	Classification Category according to instructions (47/2009)	Total gross exposure	Expected credit Loss (ECL)	Probability of Default (PD)	Classification according to external institutions	Exposure at Default (EAD) in millions	Loss at Default (LGD)%
Second Stage							
	Performing	3,443,081	34,334	1.647%	6	3,545,049	46.072%
	Performing	2,658,751	244,064	3.938%	-6	2,864,318	52.689%
	Performing	3,496,256	17,948	1.393%	+6	3,544,130	46.137%
+3	Performing	16,980	23	0.093%		16,980	53.493%
3	Performing	290,000	528	0.669%		290,000	15.615%
-3	Performing	86,991	251	0.272 TO 1.087%		86,991	13.292 TO 16.073%
-4	Performing	1,929,272	1,960	0.497 TO 1.342%		1,929,272	8.559 TO 53.493%
+5	Performing	2,012,562	1,985	0.736 TO 1.400%		2,012,562	2.309 TO 46.631%
5	Performing	7,639,415	52,811	0.909 TO 3.238%		7,639,415	0.000 TO 53.493%
-5	Performing	14,389,599	21,782	1.079 TO 4.543%		14,551,088	0.000 TO 53.493%
+6	Performing	200,737	781	1.964 TO 3.673%		200,737	0.000 TO 53.493%
6	Performing	7,469,015	107,587	2.709 TO 6.172%		7,468,674	0.000 TO 53.493%
-6	Performing	1,986,211	43,900	3.915 TO 5.912%		1,986,209	0.000 TO 53.493%
+7	Performing	1,497,591	45,503	5.650 TO 8.107%		1,497,591	9.442 TO 53.493%
7	Performing	5,879,933	456,310	8.200 TO 14.465%		5,878,568	0.000 TO 65.506%
-7	Performing	6,454,793	522,748	12.064 TO 21.479%		6,454,793	0.000 TO 53.493%
10	Performing	5,658,904	580,678	17.417 TO 100%		5,650,559	0.000 TO 65.506%
3	Performing	100,000	56	0.185%		100,000	39.929%
-3	Watch – List	606,339	107	0.182 TO 0.273%		606,339	7.636 TO 37.418%
+5	Watch – List	6,190,837	58,128	0.811 TO 1.477%		6,190,837	40.827 TO 46.182%
5	Watch – List	4,924,825	12,105	1.403 TO 3.183%		4,924,825	1.879 TO 46.364%
-5	Watch – List	4,996,771	24,085	1.623 TO 2.311%		4,996,095	9.762 TO 46.555%
+6	Watch – List	6,211,110	117,802	2.033 TO 4.244%		6,211,110	8.398 TO 53.493%
6	Watch – List	26,367,149	1,288,853	2.709 TO 6.340%		26,367,148	15.877 TO 53.493%
-6	Watch – List	18,351,907	136,011	3.915 TO 6.019%		18,351,904	29.716 TO 53.493%
+7	Watch – List	8,448,462	430,438	5.650 TO 9.157%		8,448,462	40.800 TO 53.493%
7	Watch – List	62,779	4,164	8.408 TO 11.914%		62,779	19.051 TO 53.493%
-7	Watch – List	10,447,198	423,478	12.197 TO 18.339%		11,233,799	9.547 TO 53.493%
10	Watch – List	4,288,928	643,287	17.417 TO 100%		4,288,549	0.000 TO 53.493%
+7	Sub - standard	434	18	8.042%		434	53.493%
7	Sub - standard	2,066	126	8.428 TO 11.914%		2,066	53.493%
-7	Sub - standard	500	36	13.459%		500	53.493%
10	Sub - standard	15,694	3,499	38.777 TO 65.928%		15,694	40.800%
		156,125,090	5,275,383			157,417,479	

	Classification Category according to instructions (47/2009)	Total gross exposure	Expected credit Loss (ECL)	Probability of Default (PD)	Classification according to external institutions	Exposure at Default (EAD) in millions	Loss at Default (LGD)%
Third Stage							
	Performing	11,041,800	1,245,384	100 %	10	11,041,800	10.000 TO 99.990%
+3	Performing	14,490	8,111	0.093%		14,490	55.979%
-4	Performing	8,074	1,479	0.497 TO 0.536%		8,074	53.493 TO 55.979%
5	Performing	6,347	1,832	0.909%		6,347	53.493 TO 55.979%
-5	Performing	21,039		1.590%		21,039	0.000%
+6	Performing	251,353	23,548	2.033 TO 2.646%		246,068	8.315 TO 62.437%
6	Performing	103,752	11,937	2.864 TO 3.881%		103,752	9.544 TO 57.493%
-6	Performing	661,423	31,575	3.915 TO 5.646%		657,373	0.000 TO 59.670%
+7	Performing	620,748	125,886	5.668 TO 8.021%		620,734	14.815 TO 59.670%
7	Performing	284,555	63,911	8.302 TO 11.811%		284,555	16.137 TO 65.975%
-7	Performing	427,642	92,402	12.197 TO 17.323%		411,653	0.000 TO 65.975%
10	Performing	6,608,190	1,678,000	17.446 TO 100.000%		6,571,209	0.000 TO 99.990%
6	Performing	5,625	105	3.022 TO 3.756%		5,625	53.493 TO 55.979%
-6	Performing	24,394	9,698	4.210 TO 5.452%		24,394	53.493 TO 55.979%
+7	Performing	1,106	619	7.030%		1,106	55.979%
7	Performing	3,466	1,678	8.747 TO 11.066%		3,466	53.493 TO 62.437%
-7	Performing	6,210	3,358	12.346 TO 17.323%		6,210	53.493 TO 62.973%
10	Performing	7,023,544	2,594,778	17.964 TO 100.000%		6,723,575	0.000 TO 99.990%
-4	Sub - standard	10,803	6,047	0.497%		10,803	55.979%
+6	Sub - standard	86	1	2.132%		86	53.493%
6	Sub - standard	12,812	4,029	2.709 TO 3.642%		12,812	40.800 TO 55.979%
-6	Sub - standard	128,393	17,248	3.998 TO 5.646%		128,393	40.800 TO 57.493%
+7	Sub - standard	139,741	29,309	5.650 TO 8.107%		139,546	40.800 TO 55.979%
7	Sub - standard	335,479	84,145	8.335 TO 11.914%		335,070	25.024 TO 62.973%
-7	Sub - standard	341,872	35,786	11.926 TO 16.956%		339,117	0.000 TO 62.973%
10	Sub - standard	7,259,223	2,284,333	17.925 TO 100.000%		7,138,441	0.000 TO 99.990%
-4	Doubtful	2,153	16	0.497%		2,153	53.493%
-5	Doubtful	239	2	1.748%		239	53.493%
+6	Doubtful	113	1	2.479%		113	53.493%
6	Doubtful	12,546	2,131	2.733 TO 3.881%		12,419	40.800 TO 64.508%
-6	Doubtful	51,211	1,688	3.915 TO 5.580%		51,209	40.800 TO 55.979%
+7	Doubtful	49,423	5,733	5.741 TO 8.015%		49,375	53.493 TO 55.979%
7	Doubtful	60,338	22,880	8.358 TO 11.914%		59,465	40.800 TO 57.493%
-7	Doubtful	69,735	34,314	12.211 TO 17.223%		69,491	0.000 TO 65.044%
10	Doubtful	23,415,191	4,522,056	17.925 TO 100.000%		22,284,547	0.000 TO 99.990%
-4	Bad debt	36,193	2,384	0.536%		32,653	53.493 TO 55.979%
5	Bad debt	8,324	37	0.980%		7,655	53.493%
-5	Bad debt	35,146	10,321	1.559%		24,243	53.493 TO 55.979%
+6	Bad debt	13,261	5,281	2.033 TO 2.400%		13,028	40.800 TO 53.493%
6	Bad debt	13,776	3,530	2.709 TO 3.788%		13,728	53.493 TO 55.979%
-6	Bad debt	264,472	32,514	3.915 TO 5.646%		263,471	0.000 TO 55.979%
+7	Bad debt	251,891	70,828	5.650 TO 8.013%		233,830	40.630 TO 55.979%
7	Bad debt	581,340	117,084	8.212 TO 11.914%		517,911	5.262 TO 83.842%
-7	Bad debt	991,755	223,538	12.211 TO 17.323%		917,280	0.000 TO 84.652%
10	Bad debt	113,116,873	50,709,071	17.454 TO 100.000%		103,793,696	0.000 TO 99.990%
		174,316,146	174,316,146			163,202,241	

(38) Risks Management

(a) Market Risk

Market risk is the potential losses that may arise from the changes in market prices such as the change in interest rates, foreign currency exchange rates, equity instrument prices, and consequently, the change in the fair value of the cash flows of the financial instruments on - and off – the consolidated statement of financial position.

The Bank has specified policies and procedures through which market risks are identified, measured, monitored, and controlled. These policies and procedures are reviewed periodically. Moreover, the Investment Policy Committee studies and recommends them after ensuring their compatibility with the instructions of the Central Bank of Jordan. After that, they are approved by the Board of Directors.

The acceptable risks policy is set within the Treasury operations, and includes ceilings that govern market risks. These ceilings are adopted, and their application is ensured periodically and constantly through monitoring their implementation by the risks management and submitting various periodic reports to the Assets and Liabilities Committee as well as to the Board of Directors.

The Bank has a shares and bonds investment portfolio for trading purposes (financial assets at fair value through the income statement) and adopts the sensitivity analysis method thereon whereby present risks are measured according to the Standardized Approach for calculating minimum capital based on Basel Committee recommendations.

(b) Interest Rate Risk

Interest rate risk results from the potential change in interest rates, and consequently, the potential impact on the cash flows or the fair value of financial instruments.

The Bank is exposed to interest rate risks as a result of the timing gaps of repricing assets and liabilities. These gaps are periodically monitored by the Assets and Liabilities Committee. Moreover, various hedging methods are used to remain within the acceptable interest rate gap limits.

- Sensitivity Analysis:

For the year 2018			
Currency	"The change in interest rate increase (Percentage point) "	"Sensitivity of interest income (profits and losses)"	Sensitivity of Owners' Equity
	%	JD	JD
US Dollar	1	(1,762,379)	634,823
Euro	1	(71,735)	-
Sterling Pound	1	(64,090)	-
Other currencies	1	(77,323)	-
Currency	"The change in interest rate decrease (Percentage point) "	"Sensitivity of interest income (profits and losses)"	Sensitivity of Owners' Equity
	%	JD	JD
US Dollar	1	1,762,379	(507,051)
Euro	1	71,735	-
Sterling Pound	1	64,090	-
Other currencies	1	77,323	-

For the year 2017			
Currency	"The change in interest rate increase (Percentage point) "	"Sensitivity of interest income (profits and losses)"	Sensitivity of Owners' Equity
	%	JD	JD
US Dollar	1	(1,091,221)	(2,943,719)
Euro	1	(62,124)	-
Sterling Pound	1	(37,481)	-
Other currencies	1	5,282	(64,638)

Currency	"The change in interest rate decrease (Percentage point) "	"Sensitivity of interest income (profits and losses)"	Sensitivity of Owners' Equity
	%	JD	JD
US Dollar	1	1,091,221	2,434,781
Euro	1	62,124	-
Sterling Pound	1	37,481	-
Other currencies	1	(5,282)	63,452

Foreign Currencies Risk:

The following table illustrates the currencies to which the Bank is exposed, the potential and reasonable change in their rates against the Jordanian Dinar, and the related impact on the consolidated statement of income. The currencies positions are monitored daily to ensure that they are within the determined limits. Moreover, the related reports are submitted to the Assets and Liabilities Committee and Board of Directors.

For the year 2018			
Currency	Percentage increase in exchange rate	Effect on profits & losses	Effect on Owners' Equity
	%	JD	JD
Euro	5	163	-
Sterling Pound	5	5,586	-
Japanese Yen	5	1,465	-
Other currencies	5	23,020	-

For the year 2017			
Currency	Percentage decrease in exchange rate	Effect on profits & losses	Effect on Owners' Equity
	%	JD	JD
Euro	5	12,290	-
Sterling Pound	5	2,190	-
Japanese Yen	5	1,474	-
Other currencies	5	13,897	-

- Risks of change in share prices:

This represents the risk resulting from the decline in the fair value of the investment portfolio of the shares due to the changes in the value of the share market index and the change in the value of shares individually.

For the year 2018			
Index of	Change in index	Effect on profit and loss	Effect on Owner's Equity
	%	JD	JD
Amman Stock Exchange	5	-	196,401
Palestine Stock Exchange	5	-	284,052
Kuwait Stock Exchange	5	-	(27,469)
NASDAQ – USA	5	-	265,068

For the year 2017			
Index of	Change in index	Effect on profit and loss	Effect on Owner's Equity
	%	JD	JD
Amman Stock Exchange	5	146,814	16,624
Palestine Stock Exchange	5	16,205	16,864
Kuwait Stock Exchange	5	17,566	-

Interest Rate Repricing Gap:

maturities, whichever are nearer, to lower risks in interest rates, studying gaps in the related interest rates, and using hedging policies through the adoption of advanced financial instruments such as derivatives.

Reclassification is made in accordance with the pricing interest periods or maturity, whichever are nearer.

Interest rate sensitivity is as follows:

December 31, 2018	Interest Rate Repricing Gap						Non-Interest Bearing	Total
	Less than One Month	More than 1 Month up to 3 Months	More than 3 Months up to 6 Months	More than 6 Months up to 1 Year	More than 1 Year up to 3 Years	More than 3 Years		
Assets:	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at central banks	3,230,763	-	-	-	-	-	207,706,129	210,936,892
Balances at banks and financial institutions	36,835,973	102,932,745	-	-	-	-	75,825,974	215,594,692
Deposits at banks and financial institutions	-	-	8,750,300	-	-	-	-	8,750,300
Direct credit facilities - net	522,094,763	146,988,225	130,656,200	669,613,027	93,992,150	69,328,102	-	1,632,672,467
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-
Financial assets at fair value through comprehensive income	-	-	-	4,539,257	38,699,995	36,980,885	47,463,294	127,683,431
Financial assets at amortized cost	-	48,300,481	5,691,328	24,156,290	176,095,763	38,804,997	-	293,048,859
Property and equipment - net	-	-	-	-	-	-	26,106,712	26,106,712
Intangible assets - net	-	-	-	-	-	-	3,020,319	3,020,319
Deferred tax assets	-	-	-	-	-	-	29,918,911	29,918,911
Other assets	2,307,956	12,563,732	8,682,278	11,379,641	6,981,644	10,886,755	117,416,829	170,218,835
Assets held for sale	-	-	-	-	-	-	3,493,721	3,493,721
Total Assets	564,469,455	310,785,183	153,780,106	709,688,215	315,769,552	156,000,739	510,951,889	2,721,445,139
Liabilities:								
Banks and financial institutions deposits	2,889,729	-	218,387,840	-	-	-	2,110,271	223,387,840
Customers deposits	258,115,586	553,375,614	243,083,176	115,751,208	42,900	-	614,804,299	1,785,172,783
Cash margin	38,216,306	30,177,145	9,620,589	16,617,760	-	-	81,287	94,713,087
Borrowed funds	3,645,274	96,267	5,499,847	918,155	52,102,439	21,196,316	-	83,458,298
Other provisions	-	-	-	-	-	-	11,540,044	11,540,044
Provision for income tax	-	-	-	-	-	-	12,053,013	12,053,013
Deferred tax liabilities	-	-	-	-	-	-	4,231,861	4,231,861
Other liabilities	19,139,038	7,867,926	7,321,880	7,631,055	8,750,295	9,934,584	-	60,644,778
Liabilities directly linked to assets held for sale	-	-	-	-	-	-	681,626	681,626
Total Liabilities	322,005,933	591,516,952	483,913,332	140,918,178	60,895,634	31,130,900	645,502,401	2,275,883,330
Interest Rate Repricing Gap	242,463,522	(280,731,769)	(330,133,226)	568,770,037	254,873,918	124,869,839	(134,550,512)	445,561,809
Total Assets	811,820,252	174,706,269	169,583,322	703,184,512	356,164,806	147,816,278	468,931,587	2,832,207,026
Total Liabilities	349,440,520	631,226,177	509,873,594	180,783,039	43,518,237	45,991,776	602,962,361	2,363,795,704
Interest Rate Repricing Gap	462,379,732	(456,519,908)	(340,290,272)	522,401,473	312,646,569	101,824,502	(134,030,774)	468,411,322

Concentration in foreign currency risk

	US Dollar		Euro		Pound Sterling		Japanese Yen		Others		Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
December 31, 2018											
Assets:											
Cash and balances at central banks	55,829,450	4,318,521	324,915	-	544,659	61,017,546					
Balances at banks and financial institutions	121,364,867	56,445,555	22,230,198	249,598	12,972,633	213,262,851					
Deposits at banks and financial institutions	8,750,300	-	-	-	-	8,750,300					
Direct credit facilities - net	344,966,818	4,318,108	406,404	-	-	349,691,330					
Financial assets at fair value through comprehensive income	90,434,529	96,596	-	-	10,350,874	100,881,999					
Financial assets at amortized cost	64,651,717	-	-	-	-	64,651,717					
Financial assets at fair value through profit or loss	1,183,184	-	-	-	-	1,183,184					
Property and equipment	80,988	-	-	-	-	80,988					
Intangible assets	87,420	-	-	-	-	87,420					
Other assets	6,793,671	932,175	110,264	-	51,242	7,887,352					
Total Assets	694,142,944	66,110,955	23,071,781	249,598	23,919,408	807,494,686					
Liabilities:											
Banks and financial institutions deposits	182,830,103	219,414	108,916	4,921	10,535,838	193,699,192					
Customers' deposits	427,331,963	61,237,773	22,052,372	213,146	11,572,715	522,407,969					
Cash margins	19,509,833	2,769,262	776,921	2,239	1,493,005	24,551,261					
Other liabilities	70,900	-	-	-	-	70,900					
Miscellaneous allowances	-	277,217	-	-	-	277,217					
Income tax provision	3,712,688	1,596,089	21,848	-	76,074	5,406,699					
Total Liabilities	633,455,487	66,099,755	22,960,058	220,306	23,677,633	746,413,238					
Net Concentration on Consolidated Statement of Financial Position for the Current Year	60,687,457	11,200	111,724	29,292	241,775	61,081,447					
Off-Statement of Consolidated Financial Position Contingent Liabilities for the Current Year	199,964,698	15,539,430	183,931	87,961	6,236,831	222,012,851					

	December 31, 2017						
	US Dollar	Euro	Pound Sterling	Japanese Yen	Others	Total	
	JD	JD	JD	JD	JD	JD	
Assets:							
Cash and balances at central banks	61,686,970	6,164,021	1,592,478	-	648,284	70,091,753	
Balances at banks and financial institutions	222,451,984	42,535,224	13,126,427	55,195	5,399,644	283,568,474	
Deposits at banks and financial institutions	6,246,210	-	-	-	-	6,246,210	
Direct credit facilities - net	334,609,748	2,179,663	-	-	15,908,103	352,697,514	
Financial assets at fair value through comprehensive income	21,477,906	22,432	-	-	-	21,500,338	
Financial assets at amortized cost	79,506,229	-	-	-	-	79,506,229	
Financial assets at fair value through profit or loss	52,915,679	-	-	-	8,427,514	61,343,193	
Property and equipment	1,306,290	-	-	-	-	1,306,290	
Intangible assets	123,988	-	-	-	-	123,988	
Other assets	6,758,669	175,352	106,286	-	10,650	7,050,957	
Total Assets	787,083,673	51,076,692	14,825,191	55,195	30,394,195	883,434,946	
Liabilities:							
Banks and financial institutions deposits	254,340,122	4,428,263	3,337	8,140	513,568	259,293,430	
Customers' deposits	458,973,636	45,625,996	14,432,542	17,569	18,800,280	537,850,023	
Cash margins	20,462,674	652,092	341,513	-	1,467,576	22,923,855	
Other liabilities	6,864,908	124,536	4,005	-	12,354	7,005,803	
Total Liabilities	740,641,340	50,830,887	14,781,397	25,709	20,793,778	827,073,111	
Net Concentration on Consolidated Statement of Financial Position for the Current Year							
	46,442,333	245,805	43,794	29,486	9,600,417	56,361,835	
Off-Statement of Consolidated Financial Position Contingent Liabilities for the Current Year							
	228,887,662	13,227,693	513,332	-	5,358,771	247,987,458	

38/ c. Liquidity Risk

First: The following table illustrates the distribution of liabilities (undiscounted) on the basis of the remaining period to the contractual maturity at the date of the consolidated financial statements:

Liquidity risk is defined as the loss to which the Bank might be exposed due to the unavailability of the necessary funds to finance its increased operations or obligations upon their maturity at the appropriate cost and time (considered as part of the Assets and Liabilities Management/ ALM).

- The Bank adheres to the liquidity ratios set by the Central Bank of Jordan and other regulatory authorities under which the Bank's external branches operate. Liquidity is monitored daily by the Bank.
- Liquidity is also monitored by the Assets and Liabilities Management Committee headed by the General Manager through periodic reports.

	Less than One Month	More than 1 Month up to 3 Months	More than 3 Months up to 6 Months	More than 6 Months up to 1 Year	More than 1 Year up to 3 Years	More than 3 Years	Not Tied to a Specific Maturity	Total
December 31, 2018	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Banks and financial institutions deposits	19,431,389	-	203,956,450	-	-	-	-	223,387,840
Customers' deposits	772,919,885	653,375,614	243,083,176	115,751,208	42,900	-	-	1,785,172,783
Cash margins	38,297,594	30,177,145	9,620,588	16,617,760	-	-	-	94,713,087
Borrowed funds	3,645,274	96,267	5,499,847	918,155	52,102,439	21,196,317	-	83,458,298
Other provisions	-	-	-	-	-	-	11,540,044	11,540,044
Income tax provision	-	-	12,053,013	-	-	-	-	12,053,013
Deferred tax liabilities	-	-	-	-	-	-	4,231,861	4,231,861
Other liabilities	19,139,038	7,867,926	7,321,880	7,631,055	8,750,295	9,934,584	-	60,644,778
Liabilities directly related to assets held for sale	-	-	-	-	-	-	681,626	681,626
Total Liabilities	853,433,180	691,516,952	481,534,954	140,918,178	60,895,634	31,130,901	16,453,531	2,275,883,330
Total Assets	418,275,903	171,301,392	20,403,865	57,281,852	1,532,710,578	267,723,646	253,747,903	2,721,445,139
December 31, 2017								
Liabilities:								
Banks and financial institutions deposits	29,521,121	-	269,646,258	7,049,816	-	-	-	306,217,195
Customers' deposits	860,302,385	597,885,703	219,897,065	126,657,293	3,566,488	-	-	1,808,308,934
Cash margins	17,418,259	28,566,645	8,348,913	41,845,879	-	-	-	96,179,696
Borrowed funds	-	-	8,663,500	-	33,735,093	37,739,380	-	80,137,973
Other provisions	-	-	-	-	-	-	10,921,129	10,921,129
Income tax provision	1,553,250	-	10,657,463	-	-	-	-	12,210,713
Deferred tax liabilities	-	-	-	-	-	-	3,791,258	3,791,258
Other liabilities	17,576,222	4,773,829	3,317,858	5,230,051	6,216,656	8,252,396	-	45,367,012
Liabilities directly related to assets held for sale	-	661,794	-	-	-	-	-	661,794
Total Liabilities	926,371,237	631,887,971	520,531,057	180,783,039	43,518,237	45,991,776	14,712,387	2,363,795,704
Total Assets	1,046,965,984	173,833,407	169,583,322	703,184,512	356,164,806	147,816,278	234,658,717	2,832,207,026

Second: Items outside the consolidated statement of financial position (in total):

	For one year	From one year to Five years	More than five years	Total
31 December 2018	JD	JD	JD	JD
Credits and Acceptances	117,610,844	-	-	117,610,844
Unused ceilings (direct and indirect)	296,363,142	-	-	296,363,142
Guarantees	233,177,652	-	-	233,177,652
Operating lease commitments	99,295	2,215,595	15,808,490	18,123,380
Total	647,250,933	2,215,595	15,808,490	665,275,018

	For one year	From one year to Five years	More than five years	Total
31 December 2017	JD	JD	JD	JD
Credits and Acceptances	89,420,946	-	-	89,420,946
Unused ceilings (direct and indirect)	159,542,008	-	-	159,542,008
Guarantees	251,836,340	-	-	251,836,340
Operating lease commitments	147,806	2,591,119	17,995,341	20,734,266
Total	500,947,100	2,591,119	17,995,341	521,533,560

(39) Information on the Bank's Business Activities

a. The Bank is organized, for managerial purposes, into four major sectors. These sectors are measured according to reports used by the Chief Executive Officer and key decision makers at the Bank. Moreover, the Bank owns two subsidiaries: one in the financial brokerage sector, and the other in the finance leasing sector 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.
- Financial consulting services: This item includes practicing financial consulting services and IPOs management.

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

	Total																
	For the Year Ended December 31,											2017					
	Individuals		Corporations		Treasury		Brokerage		Leasing		Financial advisory		Others		2018		
JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
Gross income for the year	20,597,641	66,601,345	27,371,135	-	4,875,801	423,782	4,818,625	124,688,329	123,411,209								
Less: Provision for impairment loss in direct credit facilities	(634,945)	2,532,778	(210,365)	-	384,960	256,457	-	2,328,885	15,720,456								
Results of Business Sector	21,232,586	64,068,567	27,581,500	-	4,490,841	167,325	4,818,625	122,359,444	107,690,753								
Less: Expenditures not distributed over sectors	-	-	-	-	-	-	66,510,059	66,510,059	65,377,630								
Income before Income Tax	21,232,586	64,068,567	27,581,500	-	4,490,841	167,325	(61,691,434)	55,849,385	42,313,123								
Less: Income tax expense for the year	-	-	-	-	1,009,867	-	13,967,820	13,967,820	14,128,272								
Income for the Year from continuous operations	21,232,586	64,068,567	27,581,500	-	3,480,974	167,325	(75,659,254)	41,881,565	28,184,851								
Net Income for the year from non continuous operations	-	-	-	261,943	-	-	-	261,943	(1,229,058)								
Net Income for the year	21,232,586	64,068,567	27,581,500	261,943	3,480,974	167,325	(75,659,254)	42,143,508	26,955,793								
Capital Expenditures							2,494,402	2,494,402	5,135,931								
Depreciation and Amortization							6,309,945	6,309,945	6,502,225								
Sector's Assets	350,744,369	1,244,860,010	855,993,819	3,493,721	64,696,407	319,596	-	2,520,107,921	2,679,246,544								
Assets not distributed over sectors	-	-	-	-	-	-	201,337,218	201,337,218	152,960,482								
Total Assets	350,744,369	1,244,860,010	855,993,819	3,493,721	64,696,407	319,596	201,337,218	2,721,445,139	2,832,207,026								
Sector's Liabilities	1,065,265,351	834,620,519	311,077,999	681,626	31,098,128	32,529	-	2,242,776,152	2,334,713,136								
Liabilities not distributed over sectors	-	-	-	-	-	-	33,107,178	33,107,178	29,082,568								
Total Liabilities	1,065,265,351	834,620,519	311,077,999	681,626	31,098,128	32,529	33,107,178	2,275,883,330	2,363,795,704								

b. Information on the Geographical Allocation:

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 and Palestine.

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

	Inside Kingdom		Outside Kingdom		Total	
	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD
Gross income	107,445,923	107,949,686	17,242,406	15,461,523	124,688,329	123,411,209
Capital expenditures	2,494,402	5,135,931	-	-	2,494,402	5,135,931

	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD
Total Assets	2,217,414,530	2,311,742,291	504,030,609	520,464,735	2,721,445,139	2,832,207,026

(40) Capital Management

a. Description of Capital

Capital is classified into several types: paid capital, economic capital, and regulatory capital. According to the Companies Law, regulatory capital is defined as the total items determined by the Central Bank of Jordan for regulatory purposes relating to capital adequacy as per the Central Bank of Jordan's instructions.

b. 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.

c. 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 into 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:

	2018	2017
	JD	JD
Primary capital for ordinary shareholders (CET 1)	425,562	434,122
Regulatory adjustments (deductions from the primary capital for ordinary shareholders)	(47,331)	(21,491)
Supplementary	12,582	14,289
Regulatory amendments (deduction of tier 2)	(7,402)	(4,248)
Regulatory capital	383,411	421,672
Assets Weighted by Risks	2,246,270	2,304,735
Primary Capital Adequacy Ratio(CET 1)	16.84%	17.86%
Ratio of first tranche of the capital	16.84%	17.86%
Regulatory capital adequacy ratio	17.07%	17.86%

* Basic capital is calculated after the issuance of investments in banks and a subsidiary.

(41) Accounts Managed on Behalf of Customers

There are no investment portfolios managed by the Bank on behalf of customers.

(42) Analysis of the Maturities of Assets and Liabilities

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

	Up to One Year	More than One Year	Total
	JD	JD	JD
December 31, 2018			
ASSETS:	210,936,892	-	210,936,892
Cash and balances at central banks	215,594,692	-	215,594,692
Balances at banks and financial institutions	8,750,300	-	8,750,300
Deposits at banks and financial institutions	1,477,829,193	154,843,274	1,632,672,467
Direct credit facilities - net	-	-	-
Financial assets at fair value through profit or loss	4,539,257	123,144,174	127,683,431
Financial assets at fair value through comprehensive income	78,148,099	214,900,760	293,048,859
Financial assets at amortized cost	-	26,106,712	26,106,712
Property and equipment - net	-	3,020,319	3,020,319
Intangible assets - net	-	29,918,911	29,918,911
Deferred tax assets	45,913,252	124,305,583	170,218,835
Other assets	-	3,493,721	3,493,721
Assets held for sale - net	2,041,711,685	679,733,454	2,721,445,139
TOTAL ASSETS			
LIABILITIES			
Banks and financial institutions deposits	223,387,840	-	223,387,840
Customers deposits	1,785,129,883	42,900	1,785,172,783
Cash margins	94,713,087	-	94,713,087
Borrowed funds	10,159,542	73,298,756	83,458,298
Other provisions	-	11,540,044	11,540,044
Provision for income tax	12,053,013	-	12,053,013
Deferred tax liabilities	-	4,231,861	4,231,861
Other liabilities	41,959,899	18,684,879	60,644,778
Liabilities directly linked to assets held for sale	-	681,626	681,626
TOTAL LIABILITIES	2,167,403,263	108,480,066	2,275,883,330
NET ASSETS	1,500,140,251	1,945,702,061	445,561,809

	Up to One Year	More than One Year	Total
	JD	JD	JD
December 31, 2017			
ASSETS:			
Cash and balances at central banks	224,259,331	-	224,259,331
Balances at banks and financial institutions	317,656,834	-	317,656,834
Deposits at banks and financial institutions	6,246,210	-	6,246,210
Direct credit facilities - net	955,153,646	607,133,265	1,562,286,911
Financial assets at fair value through profit or loss	141,800	66,531,869	66,673,669
Financial assets at fair value through comprehensive income	-	29,240,711	29,240,711
Financial assets at amortized cost	96,893,136	298,207,785	395,100,921
Property and equipment - net	-	29,388,555	29,388,555
Intangible assets - net	-	5,095,610	5,095,610
Deferred tax assets	-	11,299,456	11,299,456
Other assets	22,420,858	158,375,927	180,796,785
Assets held for sale - net	4,162,033	-	4,162,033
TOTAL ASSETS	1,626,933,848	1,205,273,178	2,832,207,026
LIABILITIES			
Banks and financial institutions deposits	306,217,195	-	306,217,195
Customers deposits	1,804,742,446	3,566,488	1,808,308,934
Cash margins	96,179,696	-	96,179,696
Borrowed funds	8,663,500	71,474,473	80,137,973
Other provisions	-	10,921,129	10,921,129
Provision for income tax	12,210,713	-	12,210,713
Deferred tax liabilities	-	3,791,258	3,791,258
Other liabilities	30,897,960	14,469,052	45,367,012
Liabilities directly linked to assets held for sale	661,794	-	661,794
TOTAL LIABILITIES	2,259,573,304	104,222,400	2,363,795,704
NET ASSETS	(632,639,456)	1,101,050,778	468,411,322

(43) .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 how to determine the fair value of these financial assets and liabilities(evaluation methods and inputs used).”

	Fair Value		The Level of Fair Value	Evaluation Method and Inputs used	Important Intangible Inputs	Relation between the Fair Value and the Important Intangible Inputs
	December 31, 2018	2017				
Financial Assets/Financial Liabilities	2018	2017				
	JD	JD				
Financial Assets at Fair Value						
Financial Assets at Fair Value Through Profit or Loss						
Companies shares	-	6,127,310	Level One	Rates stated in financial markets	N/A	N/A
Companies bonds	-	60,546,359	Level One & Two	Rates stated in financial markets and comparing them with the market price of a similar financial instrument	N/A	N/A
Total	-	66,673,669				
Foreign currency derivatives contracts			Level One	Rates stated in financial markets	N/A	N/A
Financial Assets at Fair Value through Comprehensive Income						
Shares with available market price	24,270,722	8,295,860	Level One	Rates stated in financial markets	N/A	N/A
Shares with no available market price	23,192,572	20,944,851	Level Two	Rates stated in financial markets and comparing them with the market price of a similar financial instrument	N/A	N/A
Securities listed in active markets	66,144,429	-				
Securities not listed in active markets	15,900,000	-				
Total	129,507,722	29,240,711				
Total Financial Assets at Fair Value	129,507,722	95,914,380				

There were no transfers between level 1 and level 2 during the year 2017 and 2018.

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 financial statements of the Bank 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 either maturity or short-term interest rates repriced during the year.

	December 31, 2018		December 31, 2017		The Level of Fair Value
	Book value	Fair Value	Book value	Fair Value	
	JD	JD	JD	JD	
Financial Assets of Non-specified Fair Value					
Cash at central banks	162,728,126	162,741,804	172,531,777	172,546,455	Level Two
Balances at banks and financial institutions	215,594,692	215,705,328	317,656,834	317,797,478	Level Two
Deposits at banks and financial institutions	8,750,300	8,780,166	6,246,210	6,276,210	Level Two
Direct credit facilities	1,632,672,467	1,642,480,993	1,562,286,911	1,570,998,242	Level Two
Financial assets at amortized cost	293,048,859	297,727,364	395,100,921	400,779,415	Level One & Two
Total Financial Assets of Non-specified Fair Value	2,312,774,089	2,327,435,655	2,453,822,653	2,468,397,800	
Financial Liabilities of Non-specified Fair Value					
Banks and financial institutions deposits	223,387,840	224,871,539	306,217,195	307,780,894	Level Two
Customers' deposits	1,785,172,783	1,792,120,284	1,808,308,934	1,815,456,440	Level Two
Cash margin	94,713,087	95,240,353	96,179,696	96,691,439	Level Two
Borrowed funds	83,458,298	84,370,601	80,137,973	81,024,528	Level Two
Total Financial Liabilities of Non-specified Fair Value	2,186,732,008	2,196,602,777	2,290,843,798	2,300,953,301	

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.

(44) Commitments and Contingent Liabilities (Off- Consolidated Statement of Financial Position)

A. Credit commitments and contingencies:

	2018	2017
	JD	JD
a. Credits, guarantees and acceptances		
Letters of credit	91,458,705	65,101,415
Letters of acceptances		
Letters of guarantee:		
Payments	122,131,189	122,557,181
Performance bonds	85,004,471	99,395,848
Other	26,041,992	29,883,311
Unutilized credit facilities ceilings	26,152,139	24,319,531
Total	350,788,496	500,799,294
b. Other liabilities		
Ceilings are direct untapped credit facilities	156,785,685	159,542,008
Roofs Unutilized indirect credit facilities	139,577,457	-
Total	296,363,142	159,542,008
Total indirect facilities	647,151,638	500,799,294

B. Contractual obligations:

	2018	2017
	JD	JD
Contracts to purchase property and equipment	1,299,781	2,000,533
Construction contracts	902,691	2,468,839
Other purchases contracts	291,930	666,559
Total	2,494,402	5,135,931

C. Operating leases amounted to JD 18,123,380 with periods ranging from 1 to 10 years (JD 20,734,266 as of December 31, 2017).

Following is the movement of the balance of indirect credit facilities in a cumulative manner during the year ended 31 December 2018:

	The first stage "individual"	The first stage "collective"	The second stage "individual"	The second stage "collective"	Third Stage	Total
	JD	JD	JD	JD		
Total balance as at the beginning of the year	471,405,900	-	15,865,361	-	13,528,033	500,799,294
New facilities during the year	406,146,194	-	7,944,559	-	1,656,992	415,747,744
Facilities paid during the year	(244,710,963)	-	(12,629,065)	-	(12,055,372)	(269,395,400)
What has been converted to the first stage	4,423,382	-	(4,413,882)	-	(9,500)	-
What has been converted to the Second stage	(8,124,375)	-	8,198,495	-	(74,120)	-
What has been converted to the third stage	(183,262)	-	(97,886)	-	281,148	-
Changes resulting from modifications	-	-	-	-	-	-
Bad facilities (written off and transferred outside the statement of financial position)	-	-	-	-	-	-
Total balance at the end of the year	628,956,875	-	14,867,582	-	3,327,181	647,151,638

The movement on the provision for credit losses expected for indirect facilities is presented in a cumulative manner during the year ended 31 December 2018:

	The first stage "individual"	The first stage "collective"	The second stage "individual"	The second stage "collective"	Third Stage	Total
	JD	JD	JD	JD		
Balance at the beginning of the modified year	2,480,999	-	498,517	-	6,933,089	9,912,606
Expected credit losses on new facilities during the year	2,275,187	-	126,927	-	820,443	3,222,557
Recovered from expected credit losses on facilities paid during the year	(2,021,823)	-	(467,048)	-	(5,533,551)	(8,022,422)
What has been converted to the first stage	146,980	-	(138,112)	-	(8,868)	-
What has been converted to the Second stage	(57,251)	-	131,371	-	(74,120)	-
What has been converted to the third stage	(711)	-	(1,102)	-	1,812	-
Changes resulting from modifications	-	-	-	-	-	-
Bad facilities (written off and transferred outside the statement of financial position)	-	-	-	-	-	-
Total balance at the end of the year	2,823,381	-	150,553	-	2,138,806	5,112,741

*Provision savings amounts to JD 10,290 for the branches of Palestine, which were sold during the year 2018.

- The distribution of the total documentary credits according to the Bank's internal classification categories as at 31 December 2018 and 2017:

Credit rating categories based on the Bank's bylaws	The first stage "individual"	The second stage "individual"	The third stage	Total	2017
	JD	JD	JD	JD	JD
From 2 to 5	84,952,942	-	-	84,952,942	41,645,153
From 6 to 7	6,344,305	161,458	-	6,505,763	23,456,262
From 8 to 10	-	-	-	-	-
Unclassified	-	-	-	-	-
Total	91,297,247	161,458	-	91,458,705	65,101,415

- The Movement has disclosed the balance of documentary credits during the year ended 31 December 2018:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	60,524,037	4,577,378	-	65,101,415
New facilities during the year	47,337,383	160,503	-	47,497,886
Facilities paid during the year	(17,752,951)	(3,387,644)	-	(21,140,595)
What has been converted to the first stage	1,237,339	(1,237,339)	-	-
What has been converted to the Second stage	(48,560)	48,560	-	-
What has been converted to the third stage	-	-	-	-
Changes resulting from modifications	-	-	-	-
Bad facilities (written off and transferred outside the statement of financial position)	-	-	-	-
Total balance at the end of the year	91,297,248	161,458	-	91,458,706

- The movement has disclosed the provision for credit losses expected for documentary credits during the year ended 31 December 2018:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	666,126	181,396	-	847,522
Expected credit losses on new facilities during the year	151,397	784	-	152,181
Recovered from expected credit losses on facilities paid during the year	(618,816)	(109,864)	-	(728,681)
What has been converted to the first stage	78,070	(78,070)	-	-
What has been converted to the Second stage	(6,541)	6,541	-	-
What has been converted to the third stage	-	-	-	-
Changes resulting from modifications	-	-	-	-
Provision for bad facilities	-	-	-	-
Total balance at the end of the year	270,235	788	-	271,023

- The distribution of total guarantees according to the Bank's internal classification categories as at 31 December 2018 and 2017:

Credit rating categories based on the Bank's bylaws	The first stage "individual"	The second stage "individual"	The third stage	Total	2017
	JD	JD	JD	JD	JD
From 2 to 5	188,826,637	6,128,667	-	194,955,304	179,995,859
From 6 to 7	35,140,602	1,072,539	-	36,213,141	59,489,375
From 8 to 10	-	-	2,009,207	2,009,207	12,351,106
Unclassified	-	-	-	-	-
Total	223,967,239	7,201,206	2,009,207	233,177,652	251,836,340

- The movement on the balance of guarantees during the year ended 31 December 2018 is as follows:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	234,122,169	4,299,565	13,414,606	251,836,340
New facilities during the year	53,363,283	410,288	339,018	54,112,589
Facilities paid during the year	(58,997,731)	(1,831,601)	(11,941,945)	(72,771,277)
What has been converted to the first stage	3,186,043	(3,176,543)	(9,500)	-
What has been converted to the Second stage	(7,523,263)	7,597,383	(74,120)	-
What has been converted to the third stage	(183,262)	(97,886)	281,148	-
Changes resulting from modifications	-	-	-	-
Bad facilities (written off and transferred outside the statement of financial position)	-	-	-	-
Total balance at the end of the year	223,967,239	7,201,206	2,009,207	233,177,652

- The movement on the provision for credit losses expected for guarantees during the year ended 31 December 2018 is as follows:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	1,646,608	88,161	6,870,335	8,605,104
Expected credit losses on new facilities during the year	380,438	6,983	431,408	818,829
Recovered from expected credit losses on facilities paid during the year	(1,280,940)	(128,173)	(5,470,797)	(6,879,910)
What has been converted to the first stage	68,910	(60,043)	(8,868)	-
What has been converted to the Second stage	(50,301)	124,421	(74,120)	-
What has been converted to the third stage	(711)	(1,102)	1,812	-
Changes resulting from modifications	-	-	-	-
Provision for bad facilities	-	-	-	-
Total balance at the end of the year	764,004	30,249	1,749,771	2,544,023

- The following table sets out the distribution of gross receipts according to the Bank's internal classification categories as at 31 December 2018 and 2017:

Credit rating categories based on the Bank's bylaws	The first stage "individual"	The second stage "individual"	The third stage	Total	2017
	JD	JD	JD	JD	JD
From 2 to 5	24,637,150	145,262	-	24,782,412	10,954,248
From 6 to 7	1,369,727	-	-	1,369,727	13,251,856
From 8 to 10	-	-	-	-	-
Unclassified	-	-	-	-	113,427
Total	26,006,877	145,262	-	26,152,139	24,319,531

- The movement on the balance of guarantees during the year ended 31 December 2018 is as follows:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	17,217,686	6,988,418	113,427	24,319,531
New facilities during the year	17,760,015	14,113	-	17,774,128
Facilities paid during the year	(8,418,273)	(7,409,820)	(113,427)	(15,941,520)
What has been converted to the first stage	-	-	-	-
What has been converted to the Second stage	(552,552)	552,552	-	-
What has been converted to the third stage	-	-	-	-
Changes resulting from modifications	-	-	-	-
Bad facilities (written off and transferred outside the statement of financial position)	-	-	-	-
Total balance at the end of the year	26,006,877	145,262	-	26,152,139

- The movement has disclosed the provision for the expected credit losses of receipts during the year ended 31 December 2018:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	168,266	228,959	62,754	459,979
Expected credit losses on new facilities during the year	68,331	337	-	68,668
Recovered from expected credit losses on facilities paid during the year	(122,066)	(229,010)	(62,754)	(413,830)
What has been converted to the first stage	-	-	-	-
What has been converted to the Second stage	(408)	408	-	-
What has been converted to the third stage	-	-	-	-
Changes resulting from modifications	-	-	-	-
Provision for bad facilities	-	-	-	-
Total balance at the end of the year	114,123	694	-	114,817

- The distribution of the total unutilized ceilings of direct facilities according to the Bank's internal classification categories as at 31 December 2018 and 2017:

Credit rating categories based on the Bank's bylaws	The first stage "individual"	The second stage "individual"	The third stage	Total	2017
	JD	JD	JD	JD	JD
From 2 to 5	96,906,054	1,065,951	-	97,972,005	-
From 6 to 7	54,788,789	2,759,263	-	57,548,052	-
From 8 to 10	-	-	1,265,628	1,265,628	-
Unclassified	-	-	-	-	-
Total	151,694,843	3,825,214	1,265,628	156,785,685	-

- The movement of the unutilized balance of direct facilities during the year ended 31 December 2018 is as follows:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	159,542,008	-	-	159,542,008
New facilities during the year	151,694,843	3,825,214	1,265,628	156,785,685
Facilities paid during the year	(159,542,008)	-	-	(159,542,008)
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	-	-	-	-
Bad facilities (written off and transferred outside the statement of financial position)	-	-	-	-
Total balance at the end of the year	151,694,843	3,825,214	1,265,628	156,785,685

- The movement on the provision for the expected credit losses for unutilized balances of direct facilities during the year ended 31 December 2018 is as follows:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	-	-	-	-
Expected credit losses on new facilities during the year	1,287,806	101,563	351,953	1,741,322
Recovered from expected credit losses on facilities paid during the year	-	-	-	-
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	-	-	-	-
Provision for bad facilities	-	-	-	-
Total balance at the end of the year	1,287,806	101,563	351,953	1,741,322

- The distribution of the total unused ceilings for indirect facilities according to the Bank's internal classification categories as at 31 December 2018 and 2017:

Credit rating categories based on the Bank's bylaws	The first stage "individual"	The second stage "individual"	The third stage	Total	2017
	JD	JD	JD	JD	JD
From 2 to 5	118,070,749	3,534,442	-	121,605,191	-
From 6 to 7	17,919,920	-	-	17,919,920	-
From 8 to 10	-	-	52,346	52,346	-
Unclassified	-	-	-	-	-
Total	135,990,669	3,534,442	52,346	139,577,457	-

- The movement on the balance of unutilized balances of indirect facilities during the year ended 31 December 2018 is as follows:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	-	-	-	-
New facilities during the year	135,990,669	3,534,442	52,346	139,577,457
Facilities paid during the year	-	-	-	-
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	-	-	-	-
Bad facilities (written off and transferred outside the statement of financial position)	-	-	-	-
Total balance at the end of the year	135,990,669	3,534,442	52,346	139,577,457

- The movement on the provision for the expected credit losses for unutilized balances of indirect facilities during the year ended 31 December 2018 is as follows:

	The first stage "individual"	The second stage "individual"	The third stage	Total
	JD	JD	JD	JD
Total balance as at the beginning of the year	-	-	-	-
Expected credit losses on new facilities during the year	387,215	17,259	37,082	441,556
Recovered from expected credit losses on facilities paid during the year	-	-	-	-
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	-	-	-	-
Provision for bad facilities	-	-	-	-
Total balance at the end of the year	387,215	17,259	37,082	441,556

(45) Issues on the bank

A. The value of the cases against the Bank amounted to JD 10,402,410 as of December 31, 2018 compared to JD 7,660,583 as of December 31, 2017. In the opinion of the Bank's Management and Legal Advisor, the Bank will not incur obligations exceeding the appropriated amount of JD 1,472,684 As at 31 December 2018 compared to JOD 1,066,365 as at 31 December 2017.

B There are no cases against subsidiaries as at 31 December 2018 and 2017.

(46) Assets held for sale and discontinued operations

In accordance with the decision of the Investment Management Committee on December 27, 2017, it was decided to sell the Bank's share in United Financial Investments Company where the Board Committee for Management and Investment approved the above decision of the Committee on 7 January 2018. Detailed study.

	2018	2017
(Loss) for the year from discontinued operations	JD	JD
Net income (loss) for the year	1,994,327	(2,276,737)
Total expenses	(1,516,454)	(770,316)
(Loss) for the year before tax	477,873	(3,047,053)
Tax benefits / tax expense	43,759	599,509
Net profit (loss) for the year	521,632	(2,447,544)
The Parent Company's share of (loss) profits of the subsidiary	261,943	(1,229,058)

	As of 31 December 2018	
	Company Data	Partner share (Bank)
	JD	JD
Assets held for sale		
Cash in the treasury and balances with banks	1,856,447	932,233
Direct credit facilities	2,882,570	1,447,511
Financial assets at fair value through statement of income	4,270,522	2,144,485
Financial assets at fair value through comprehensive income	41,672	20,926
Property and equipment, net	391,751	196,722
Intangible assets net	152	76
Deferred tax assets	972,094	488,147
Other assets	172,395	86,570
Total assets	10,587,603	5,316,670
Deduct: Impairment of assets held for sale	-	(1,822,949)
	10,587,603	3,493,721
Liabilities associated with assets held for sale		
Income tax provision	84,479	42,422
Other liabilities	1,272,910	639,204
Total liabilities	1,357,389	681,626
Equity directly related to assets held for sale	(35,505)	(17,829)



Bees have an economic value not only due to the production of honey, pollen and beeswax, but also for their vital function in pollinating agricultural crops

Statement of Disclosure for the Financial Year ending 31/12/2018, in accordance with article (4) of the disclosure regulations, the accounting and auditing standards issued by the Jordan Securities Commission.

Item

4a: Chairman's Statement: Included in the report.

4b/1: Description of main activities: Included in the report.

The Bank operates through its head office in Abdali - Amman and 64 branches in Jordan and one branch in Cyprus. Total capital expenditure for the year 2018 amounted to JOD5.14 million. The table below shows the Bank's locations and the number of staff at each.

Location	No. of Staff	Location	No. of Staff	Location	No. of Staff	Location	No. of Staff
Head Office	582	Dabouq Branch	10	Al-Ahliyya Amman University Branch	8	Yarmouk University Branch- Irbid	10
Main Branch	16	City Mall Branch	11	Baq'ah Branch	10	Al-Mafraq Branch	8
Abdali Branch	18	Shmeissani Branch	14	Madaba Branch	9	Al-Karak Branch	7
Jabal Amman Branch	14	King Hussein Bin Talal St. Branch – Zarqa	8	Al-Salt Branch	7	Aqaba Branch	11
Wehdat Branch	11	Abdali Mall Branch	9	King Abdullah Bureau Branch	5	Zarqa Branch	11
Tla' El 'Ali Branch	14	Tabarbour Branch	9	Khalda Branch	10	Russaifeh Branch	9
Jabal Al-Hussein Branch	11	Al-Rabiyah Branch	10	Dair Ghbar Branch	7	Zarqa Free Zone Branch	9
Commercial Center Branch	11	Vegetable Market Branch	10	Taj Mall Branch	8	New Zarqa Branch	9
Abu-Alanda Branch	9	M. Munawarah St. Branch	12	Galleria Mall Branch	8	M. Al-Riyadeah Branch	10
Yarmouk Branch	10	Sweifiyah Branch	10	Northern Hashmi Branch	8	King Abdullah II St. Branch – Irbid	9
Wadi El-Seir Branch	11	Nazzal Branch	9	Mecca Street Branch	12	Jerash Branch	9
Jubaiha Branch	11	Mecca Mall Branch	9	Zahrn Branch	7	Dome of the Rock Branch	9
Amra Branch	9	Petra University Branch	6	Al-Rawnaq Branch	9	Jawal Branch	4
Abdoun Branch	12	Al-Mougablain Branch	10	Southern Sweileh Branch	9	Abu Hassan Mall Branch	7
Abu-Nsair Branch	8	Marj El-Hamam Branch	9	Irbid Branch	18	Cyprus Branch	12
Marka Branch	11	Zain Branch	9	Wadi Saqra Branch	10		
Ibn Khaldoun Branch	8	Samarah Mall Branch	5	Al-Husson St. Branch- Irbid	8		
United Financial Investments Co. (Subsidiary)*					14		
Ejara Leasing Co. (Subsidiary)					25		
Specialized Management Co. For Investment & Financial Advisory (Sanad Capital) (Subsidiary)					3		

4b /2: Subsidiaries:

United Financial Investments Company

United Financial Investments Co. (UFICO) was established in 1980 as a private shareholding company with a capital of JD150 thousand. In 1995 the company was restructured as a public shareholding company with a capital of JD1.5 million. The company's capital was increased during the period from 1997 to 2010 in several stages through the distribution of free shares to the shareholders. The company's capital is currently JD8 million.

The company offers brokerage and advisory services, and obtained from the Jordan Securities Commission the license to work as an investment manager and license to work in margin trading.

The Company's H.Q. is located in Shmeissani, Amman with 14 working employees.

* On 27/12/2017 the Bank decided to sell part of its stake in UFICO . The sale is expected to be completed during the first quarter of 2018. Accordingly, and in accordance with the requirements of International Financial Reporting Standard No. (5) The results of the Company's business in the Bank's financial statements for 2017 are shown in net profit from discontinued operations and the above information for the Company for 2017 is for disclosure purposes only.

Ejara Leasing Company

Jordan Kuwait Bank established Ejara Leasing Company on January 6, 2011. The company was registered as a private shareholding company with paid-up capital JD10 million (USD14.1m) fully paid by the Bank. In September 2012 Ejara's capital was raised to JD20 million (USD28.2m).

Ejara Leasing Company aims to provide innovative and high quality leasing services to supplement the banking and financing services offered at Jordan Kuwait Bank to be in line with the developments in the financial market, meet the needs of the Bank's clients and support the various economic activities, through leasing fixed assets and providing different financing alternatives in light of the changes in the financial and banking markets.

The Company's H.Q. is located in Tahawabet Complex No. 61, Mecca Street, Amman, in addition to a branch in Aqaba and a branch in Irbid with a total of 25 employees.

Specialized Management Co. For Investment & Financial Advisory (Sanad Capital)

Sanad Capital was founded on 22/11/2016 as a private limited company with a paid-up capital of JD530 thousand (USD747 thousand) fully paid by the Bank. The company, which commenced its operations during the first quarter of 2017, offers a wide range of financial and advisory services including managing stocks and bonds issued, financial advisory services to companies and family groups, in addition to offering financial opportunities such as establishing real estate investment funds and other financial and advisory services. Sanad Capital received its lead managed and financial advisor licenses from Jordan Securities Commission at the beginning of 2017.

The Company's H.Q. is located in the Mecca Street, Amman with 3 working employees.

4b/3/a: Members of the Board of Directors' Biographies:

1. H. E. Mr. Abdel Karim A. Kabariti

Chairman, Representative of Al Rawabi United Holding Co. - Kuwait

Date of membership: 15/7/1997

Date of Birth: 15/12/1949

Education: Bachelor degree in Business and Finance with Honors from St. Edwards University-USA, 1973.

Current Positions:

- Chairman, Algeria Gulf Bank – Algeria / Representative of Jordan Kuwait Bank
- Board Member, Jordan Dairy Company
- Board Member, Burgan Bank – Kuwait

Previous Official & Governmental Positions:

- Member of the Jordanian Senate, Head of the Economics & Finance Committee (2005 - 2007)
- Member of the Jordanian Senate, First Deputy to the Speaker (2000 – 2002)
- Chief of the Royal Court, (1999 - 2000)
- Member of the Twelfth and the Eleventh Jordanian Parliaments (1993 – 1997) and (1989 – 1993) / Head of the Economics & Finance Committee (1993 – 1995)
- Prime Minister, Minister of Foreign Affairs and Minister of Defense (1996 - 1997)
- Minister of Foreign Affairs (1995 - 1996)
- Minister of Labor (1991 - 1993)
- Minister of Tourism (1989 - 1991)

Previous Business Experiences:

- Worked at many financial institutions / private business (1973 – 1989)

2. Mr. Faisal H. Al -Ayyar

Vice Chairman

Date of membership: 15/7/1997

Date of Birth: 20/12/1954

Education: Graduated as a fighter pilot – USA, 1976 and Jordanian Aviation Academy, 1981

Current and Previous Positions:

- Chairman, Panther Media Group (OSN) - Dubai, UAE
- Vice Chairman (Executive), Kuwait Projects Co. (Holding) - Kuwait
- Vice Chairman, Gulf Insurance Group - Kuwait
- Vice Chairman, United Gulf Holding – Bahrain
- Vice Chairman, United Gulf Bank - Bahrain
- Vice Chairman, Mashare'a Al-Khair Est. - Kuwait
- Board Member, Saudi Dairy & Foodstuff Co. (SADAFCO) – Kingdom Saudi Arabia
- Board Member, Gulf Egypt for Hotels & Tourism Co. - Egypt
- Trustee, American University of Kuwait - Kuwait
- Honorary Chairman, Kuwait Association for Learning Differences – Kuwait

Honors & Awards:

- Kuwait Financial Forum 2009, for contributions to the Kuwait investment sector and success in global financial markets
- Tunis Arab Economic Forum 2007
- Lifetime Achievement Award, Beirut Arab Economic Forum 2007
- Arab Bankers Association of North America (ABANA) Achievement Award in 2005

3. Mr. Masaud M. Jawhar Hayat

Board Member, Representative of Kuwait Projects Co. (Holding) - Kuwait

Date of Membership: 20/2/2001

Date of Birth: 11/9/1953

Education: Bachelor degree in Economics, Kuwait University, 1973 and a High Diploma in Banking Studies, 1975.

Current and Previous Positions:

- Chief Executive Officer of the banking sector, Kuwait Projects Co. (Holding) - Kuwait (2010 – Present)
- Chairman, United Gulf Bank – Bahrain
- Chairman, United Gulf Holding – Bahrain
- Chairman & Chairman of the Executive Committee, Tunis International Bank - Tunis
- Vice Chairman, FIMBank - Malta
- Vice Chairman & Chairman of the Executive Committee, Algeria Gulf Bank - Algeria
- Vice Chairman & Chairman of the Executive Committee, Bank of Baghdad - Iraq
- Board Member, KIPCO Asset Management Co. (KAMCO) - Kuwait
- Board Member, Burgan Bank - Kuwait
- Board Member, North African Co. - Kuwait
- Board Member, Mashare'a Al-Khair Est. - Kuwait

4. Mr. Tariq M. Abdul Salam

Board Member

Date of Membership: 15/7/1997

Date of Birth: 24/8/1965

Education: Bachelor degree in Accounting, Kuwait University, 1987. Diploma in International Securities, Kuwait, 1996.

Current Positions:

- Chief Executive Officer of the Investment sector, Kuwait Projects Co. (Holding) - Kuwait (2011 - Present)
- Chairman, United Real Estate Company - Kuwait (2010 - Present)
- Vice Chairman, Kuwait Clearing Co. – Kuwait (2004 - Present)
- Vice Chairman, North Africa Co. Holding (2014 – Present)
- Board Member, KIPCO Asset Management Co. (KAMCO) - Kuwait (2013 - Present)
- Board Member, Saudi Dairy & Foodstuff Co. (SADAFCO) – Kingdom Saudi Arabia (2012 - Present)
- Board Member, Qurain Petrochemical Industries Co. (2012 - Present)

Previous Positions:

- Chief Executive Officer, United Real Estate Company- Kuwait (2006-2011)
- General Manager, KIPCO Asset Management Co. (KAMCO) (1998 - 2006)
- Vice President, Trading and Investment Portfolio Management, Kuwait Investments Projects Co.- Kuwait (1996 – 1999)
- Manager, Trading and Global Investment Projects Department, Kuwait Investment Projects Co.-Kuwait (1992 - 1996)

5. Mr. Mohammad A. AlMadi

Board Member, Representative of Social Security Corporation

Date of Membership: 5/9/2016

Date of Birth: 18/4/1971

Education: Bachelor degree in Accounting, Yarmouk University, 1992, Master degree in Financing, Jordan University, 1998.

Current Positions:

- Head of Internal Audit, Social Security Investment Fund (2003 – Present)

Previous Positions:

- Internal Audit Department, Central Bank of Jordan (1994 – 2003)
- Arab Bank (1993)
- Accounts Audit, Deloitte and Touche (1992 – 1993)

6. Dr. Yousef M. Goussous

Board Member, Representative of Al Rawabi United Holding Co. - Kuwait

Date of Membership: 20/2/2001

Date of Birth: 1/1/1939

Education: Bachelor degree in medicine, Ain Shams University-Egypt, 1965 and then completed his specialization in heart diseases at Houston University, Texas-USA, 1973.

Current and Previous Positions:

- Deputy Head of Management Committee, Amman Surgical Hospital
- Member of the Jordan Senate (27/9/2016 – Present)
- Member of the Jordanian Senate (2011 – 2013)
- Lecturer on heart disease at the University of Jordan and at the Jordan University for Science and Technology
- Senior consultant at Queen Alia Center for Heart Disease and Surgery
- Served as Manager of Al Hussein Medical Center and Chief of the Royal Medical Services
- Fellow of several distinguished British and American medical institutions
- Holder of several elite civil, military and medical medals of achievement in Jordan and abroad

7. Mr. Mansour A. Louzi

Board Member, Representative of Strategy Company for Investments

Date of Membership: 15/3/2009

Date of Birth: 28/6/1961

Education: Bachelor degree in Business Administration and Marketing, St. Edwards University, Texas -USA, 1983.

Current Positions:

- Business Development Manager, Siemens Company - Jordan Branch
- Board Member, United Financial Investments Co. / Representative of Jordan Kuwait Bank

Previous Positions:

- Administrative Manager, Siemens Company -Jordan Branch (1993 - 2006)
- Central Bank of Jordan – International Relations Dept. - Investment Unit (1985 - 1993)
- Jordan Armed Forces – Studies & Development Dept. (1984 - 1985)

8. Mr. Bijan Khosrowshahi

Board Member, Representative of Odyssey Reinsurance Co. - U.S.A

Date of Membership: 23/3/2011

Date of Birth: 23/7/1961

Education: MBA, 1986 and Bachelor degree in Mechanical Engineering, Drexel University, USA, 1983.

Current Positions:

- President of Fairfax International, London
- Board member, Representative of Fairfax Financial Holdings Limited for the following companies:
- Gulf Insurance Group – Kuwait
- Gulf Insurance & Reinsurance Company (GIRI) - Kuwait
- Bahrain Kuwait Insurance – Bahrain
- Arab Misr Insurance Group – Egypt
- Arab Orient Insurance Company – Jordan
- Alliance Insurance P.S.C. - Dubai
- BRIT Limited - United Kingdom
- Commercial International Bank – Egypt

Previous Positions:

- President & CEO, Fuji Fire and Marine Insurance Company, Japan
- President, AIG's General Insurance operations, Seoul, Korea (2001-2004)
- Vice Chairman and Managing Director, AIG Sigorta, Istanbul, Turkey (1997-2001)
- Regional Vice President, AIG's domestic property and casualty operations for the Mid-Atlantic region, USA
- Held various underwriting and management positions with increasing responsibilities, AIG, USA since 1986

9. H.E. Dr. Marwan J. Muasher

Independent Board Member

Date of membership: 25/4/2016

Date of Birth: 14/6/1956

Education: PhD in Computer Engineering, Perdue University-USA, 1981, Masters of Science in Computer Engineering, Perdue University-USA, 1978, Bachelor of Science in Computer Engineering, Perdue University-USA, 1977.

Current Positions:

- Board Member, Masafat For Specialized Transport Co. (4/2015 – present)
- Board Member, Ready Mix Concrete & Construction Supplies Co. (2/2016 – present)
- Board Member, Premier Business & Projects Co. (26/4/2018- Present)
- Vice President for Studies, The Middle East Program, The Carnegie Endowment for International Peace (2010-present)
- Member of the Board of Trustees, American University of Beirut (2007-present)
- Member of the Aspen Ministers Forum (2009- present)
- Advisory Board Member, IMF Middle East Department (2010 – present)
- Advisory Board Member, Purdue University Global Policy Research Institute (2010 –present)
- Advisory Board Member, The Hague Institute for Global Justice (2011- present)
- Board Member, Partners for Demographic Change (2013- present)
- Board Member, The Asfari Foundation (2013 –present)
- Board Member, The Global Centre on Pluralism (2014- present)

Previous Positions:

- Senior Fellow, Yale University (2010-2011)
- Senior Vice President – External Affairs, The World Bank (2007-2010)
- Member of the Jordanian Senate (2005-2007)
- Deputy Prime Minister and Government Spokesperson (7/2005-11/2005)
- Minister of the Royal Court (Chief of Staff) for King Abdullah II of Jordan (4/2005-7/2005)
- Deputy Prime Minister in charge of reform and government performance (2004-2005)
- Minister of Foreign Affairs (2002-2004)
- Jordan's Ambassador to the United States (1997-2002)
- Minister of Media Affairs and Government Spokesperson (1996-1997)

10. Mr. Hani K. Hunaidi

Independent Board Member

Date of membership: 25/4/2016

Date of Birth: 15/8/1949

Education: Master of Business Administration (MBA), Portland State University –USA, 1980 and Bachelor of Business Administration, American University of Beirut. 1973, Certified Public Accountant (CPA).

Current Positions:

- Chairman, Mediterranean Industries Company
- Chairman, Mediterranean Energy Company

Previous Positions:

- Managing Director, Jordan Kuwait Company for Agriculture and Food Products (1986-1992)
- Project General Manager, Jordan Management and Consultancy Corp. (1984-1986)
- Financial and Administrative Manager, Jordan Securities Corp. (1982-1984)
- Auditor, Touch Ross & Co. (1980-1982)
- Project Senior Accountant, Consolidated Contractor Company (1976-1978)
- Accountant, Safwan Trading & Contracting Co. Kuwait (1973-1974)

11. Mr. Majed F. Burjak

Independent Board Member

Date of membership: 25/4/2016

Date of Birth: 4/2/1947

Education: Bachelor degree in Public Administration and Political Science, Jordan University, 1969.

Previous Positions:

- Deputy General Manager/Support Services Group, Jordan Kuwait Bank (2007-2011)
- Assistance General Manager/Operations, Jordan Kuwait Bank (1998-2007)
- Assistant General Manager for Technology and Operations, Export and Finance Bank (1996- 1998)
- Senior Business Manager, ANZ Banking Corporation - Australia (1993-1996)
- Country Operations Manager, Grindlays Bank (1969-1993)

12. Mr. Safwan S. Toqan

Independent Board Member

Date of membership: 7/12/2016

Date of Birth: 23/10/1942

Education: Bachelor degree in Business Administration, American University - Beirut, 1966, Master degree in Economics, University of South California – USA, 1976, PhD in Economics, University of South California –USA, 1980.

Previous Positions:

- Member of the 26th Jordanian Senate
- Chairman, Amman Stock Exchange (2012-2013)
- Chairman, Jordan Phosphate Mines Company (2000 – 2004)
- General Manager, Social Security Corporation (1994 – 1999)
- Secretary General, Ministry of Planning (1989 – 1994)
- Assistant Professor, Yarmouk University (1981 – 1989)
- Lecturer, University of South California – USA (1975 – 1980)
- Central Bank of Jordan (1966 – 1975)

13. H.E. Mr. Marwan M. Awad

Independent Board Member

Date of membership: 23/5/2018

Date of Birth: 11/3/1951

Education: Master degree in Economics from Vanderbilt University-USA, 1980, A Diploma of Higher Education in economic development from Vanderbilt University –USA, 1980 and Bachelor degree in Business Administration, Jordan University, 1973.

Current Positions:

- General Manager, First International for Consultation and Arbitration
- Chairman, Jordanian Elaf Co. for Integrated Solutions
- Chairman, Business Risk Experts Forum
- Vice Chairman, World Union of Arab Bankers – Beirut
- Member of Board of Trustees, Arab Academy for Banking and Financial Sciences

Previous Official & Governmental Positions:

- Minister of Finance (1996-1997)
- Secretary General, Ministry of Industry and Trade (1991 – 1993)

Previous Business Experiences:

- Chairman, Social Security Investment Board
- Vice Chairman, Royal Jordanian
- General Manager and CEO, Jordan Ahli Bank
- Manager, Investment and International Relations, Central Bank of Jordan
- General Manager and CEO, Middle East Investment Bank
- Executive Director, Qatar Islamic Bank
- General Manager, Industrial Development Bank
- Director and founder, Arab Institute of Banking Studies

4b/3/b: Members of the Executive Managements' Biographies:

1. Mr. "Moh'd Yaser" M. Al -Asmar

Position: General Manager

Date of Birth: 1947

Date of joining: 15/9/1990

Education: Bachelor degree in Business Administration, University of Jordan, 1970.

Previous Positions:

- Asst. General Manager, Credit Department (1990 – 1993)
- Asst. General Manager, Credit Administration and Control, Commercial Bank of Kuwait - Kuwait (1971 – 1990)

Current Memberships:

- Board Member, Jordan Payment and Clearing Co. /Representative of Jordan Kuwait Bank (1/5/2017- Present)

Previous Memberships:

- Board Member, The Association of Banks in Jordan (2010 - 2015)
- Board Secretary (1993-2014)
- Board Member, Arab Orient Insurance Co./ Representative of Jordan Kuwait Bank (July, 2009- March, 2013)
- Vice Chairman, The Association of Banks in Jordan (2005-2010)
- Chairman and Board Member, Arab Orient Insurance Co. / Representative of Strategy Company for Investments (Jan. 2009-June 2009)

2. Mr. Tawfiq A. Mukahal

Position: Deputy General Manager – Head of Banking Group

Date of Birth: 1951

Date of joining: 12/10/1991

Education: Secondary School Certificate, 1969

Previous Positions:

- Asst. General Manager, Credit Dept. (1998 – 2007)
- Executive Manager, Credit Dept. (1993 – 1997)
- Manager, Marketing & Credit Unit (1991 – 1993)
- Manager, Marketing & Credit Dept., National Bank of Kuwait – Kuwait (1971 – 1990)

Memberships:

- Board Member, Jordan Mortgage Refinance Co./ Representative of Jordan Kuwait Bank
- Board Member, Jordan Loan Guarantee Corporation / Representative of Jordan Kuwait Bank
- Board Member, Arab Orient Insurance Co.

Previous Memberships:

- Board Member, Jordan Steel Co./ Representative of Jordan Kuwait Bank
- Board Member, Kingdom Electricity Co. /Representative of Daman Energy Investment Co.

3. Mr. William J. Dababneh

Position: Head of Treasury, Investment & Intl. Relations

Date of Birth: 1957

Date of joining: 27/8/1994

Education: Secondary School Certificate, 1975

Previous Positions:

- 17 Years of experience in various banks and the last was Arab Jordanian Investment Bank (1990 – 1994)

4. Mrs. Hiyam S. Habash

Position: Head of Finance

Date of Birth: 1955

Date of joining: 6/2/1999

Education: Diploma in Applied Science, American Lebanese University, 1978

Previous Positions:

- Financial Manager, New English School (1992 – 1997)
- Financial Manager, Petra Bank (1978 – 1989)

Memberships:

- Board Member, Specialized Management Co. For Investment & Financial Advisory (fully owned subsidiary) (14/12/2016 – present)

5. Mr. Haethum S. Buttikhi

Position: Head of Retail & Private Banking

Date of Birth: 1977

Date of joining: 1/6/2003

Education: Royal Military Academy, Sandhurst - U.K., 1996.

Bachelor degree in Political Science & International Relations, Kent University – U.K., 2000

Previous Positions:

- Executive Manager, Private Banking Unit (2006 - 2007)
- Manager, Main Branch (2003 - 2005)

Memberships:

- Chairman, Ejara Leasing Co. (fully owned subsidiary) (2011 – present)
- Chairman, Specialized Management Co. For Investment & Financial Advisory (fully owned subsidiary) (19/11/2017 – present)
- Chairman, United Financial Investments Co. (19/9/2017 – present)
- Vice Chairman, Middle East Payment Services (MEPS) / Representative of Jordan Kuwait Bank (2009 – Present)
- Board member, Quds Bank / Representative of Jordan Kuwait Bank (26/7/2018 – Present)
- Board of Trustees, The Jordan Museum (8/10/2017 – present)
- Board Member, Queen Rania Foundation (21/2/2018 – present)

Previous Memberships:

- Board Member, United Financial Investments Co. (22/5/2005 – 19/9/2017)
- Board Member, Jordan Phosphate Mines Co./ Representative of Jordan Kuwait Bank (2012 – 14/4/2016)

6. Mr. Abdel Kareem M. Friehat

Position: Head of Operations & Information Technology

Date of Birth: 1966

Date of joining: 6/10/2013

Education: Bachelor degree in Electrical Engineering, Mu'tah University, 1988

Previous Positions:

- CEO, Almanar CroweHorwath – Saudi Arabia (2011-2013)
- Chief Information Officer, Bank Al Jazira - Saudi Arabia (2001-2011)
- Secretary General, Ministry of Information and Communication Technology - Jordan (2007-2008)
- General Manager, ComNet (1999-2001)
- Communications Consultant, Housing Bank for Trade and Finance (1995-1999)
- Communications Engineer, Communications Dept. Jordanian Armed Forces (1988-1995)

Memberships:

- Board Member, Ejara Leasing Co. (fully owned subsidiary)
- Board Member, Middle East Payment Services (MEPS) / Representative of Burgan Bank

7. Mr. Ibrahim E. Kashet

Position: Head of Legal Affairs

Date of Birth: 1962

Date of joining: 1/4/1989

Education: Bachelor degree in Law, University of Jordan, 1986

Previous Positions:

- Legal Department (2000 – Present)
- Credit Department (1994 – 2000)
- Credit Follow Up Department (1989 – 1994)

Memberships:

- Vice Chairman, Amad Investment and Real Estate Development
- Member of the Jordanian Writers Association

8. Mr. Zuhdi B. Al-Jayousi

Position: Head of Corporate Credit

Date of Birth: 1970

Date of joining: 6/9/1997

Education: Bachelor degree in Accounting, Al- Ahliyya Amman University, 1994

Previous Positions:

- General Banking Experience, Jordan & Gulf Bank, (1994 –1997)

Memberships:

- Board Member, Comprehensive Leasing Co. / Representative of Jordan Kuwait Bank (2006 - Present)

9. Mr. Moh'd J. Azem Hammad

Position: Head of Risk Department

Date of Birth: 1972

Date of joining: 10/8/1999

Education: Master degree in Banking & Finance, The Arab Academy for Banking & Financial Studies, 1999

Previous Positions:

- General Banking Experience, Arab Real Estate Bank, (1994 –1999).

10. Mr. Abdallah I. Mismar

Position: Head of Administrative Affairs Dept.

Date of Birth: 1973

Date of joining: 5/3/2000

Education: Bachelor degree in Law, Al-Ahliyya Amman University, 1997

Previous Positions:

- Legal Affairs Department at Ministry of Interior (1997-2000)

11. Mr. Daoud A. Issa

Position: Head of Human Resources Department

Date of Birth: 1973

Date of joining: 18/11/2012

Education: Bachelor degree in Economics, Yarmouk University, 1998

Previous Positions:

- Head of HR planning and budget and Head of Personnel, Qatar Petroleum and its affiliated companies - Qatar (2004-2012)
- Personnel Manager, Lotus Trading and Contracting Company – Qatar (2001 – 2004)
- Personnel and Public Relations Manager, Engineering Technical Contracting Company – Jordan (2000-2001)

12. Mr. Ibraheem F. Taani

Position: Head of Internal Audit Department

Date of Birth: 1964

Date of joining: 4/11/2013

Education: Master degree in finance and banking, Arab Academy for Banking and Financial Sciences, 1994

Previous Positions:

- Head of Internal Audit, Standard Chartered Bank – Jordan (2011-2013)
- Executive Vice President, ABC Investment (2009-2011)
- Chief Financial Officer, Aloula Geojit – KSA (2007-2009)
- Head of Examiners/ Inspectors - Central Bank of Jordan (1989-2007)
- Financial Analyst, Jordan Securities Commission (1988-1989)

13. Mr. Fadi M. Ayyad

Position: Head of Compliance

Date of Birth: 1971

Date of joining: 29/4/2018

Education: Bachelor degree in accounting from Biuret Arab University , 1995

Previous Positions:

- Vice president group Compliance, First Abu Dhabi Bank – UAE (2010-2018)
- Senior Compliance Manager Head of Financial crime Unit, Barclays – UAE (2008-2010)
- Regional Compliance Officer, MoneyGram – UAE (2007-2008)
- Regulatory Compliance Acting Manager, Doha Bank – Qatar (2006-2007)
- Regulate Compliance Area Officer, Arab Bank – Jordan (2005-2006)
- Team Leader Operation & Sales Services Officer, Arbift (2004-2005)
- Operation & Administration Officer, NBAD (2000-2004)
- Assistant Head of Foreign Trade Department, Arab Bank (1991-2000)

14. Mr. Ibrahim F. Bisha

Position: Co-Head, Treasury, Investment & Intl. Relations

Date of Birth: 1971

Date of joining: 19/6/2001

Education: Master degree in Business Administration, Maastricht School of Management – Cyprus, 2005

Previous Positions:

- Banking, Jordan Kuwait Bank (Cyprus Branch), (2001 – 2006)
- Banking, Al-Jazeera Bank – Saudi Arabia, (1999 – 2001)
- Banking, Dar Ithmar Financial Services, (1997 – 1999)
- Banking, Amman Investment Bank, (1992 – 1997)

Memberships:

- Board Member, United Cable Industries Co. / Representative of Jordan Kuwait Bank

15. Dr. Makram A. Al- Qutob

Position: Co-Head, Corporate Credit

Date of Birth: 1965

Date of joining: 16/5/2004

Education: PhD in Accounting, Arab Academy for Banking and Financial Sciences, 2009.

Previous Positions:

- Arab Bank (1998-2004)
- Arab Thought Forum (1990-1998)

Memberships:

- Board Member, Al-Isra Education & Investment / Representative of Jordan Kuwait Bank
- Vice Chairman, Jordan Commercial Banks Co. / Representative of Jordan Kuwait Bank (15/8/2017- present)
- Board Member, Consortium Banks Investment Group / Representative of Jordan Kuwait Bank (10/5/2017 – present)

4b/4: Shareholders who own 1% or more of the Bank's shares (2018 & 2017)

Shareholder	Nationality	No. of Shares 31/12/2018	%	No. of Shares 31/12/2017	%	Ultimate Beneficiary	Mortgaged Shares	% Mortgaged Shares to total Shares held	Mortgagor
Al Rawabi United Holding Co.	Kuwaiti	50,926,827	50.927	50,926,827	50.927	KAMCO Investment Co. (portfolios Account)	-	-	-
Social Security Corporation	Jordanian	21,041,644	21.042	21,041,644	21.042	Itself	-	-	-
Odyssey Reinsurance Company	American	5,850,000	5.850	5,850,000	5.850	Mr. Prem Watsa	-	-	-
Kuwait Wealth Holding Ltd.	Virgin Islands	2,421,036	2.421	2,421,036	2.421	<ul style="list-style-type: none"> • Mrs. Fatima Malas • Mr. Awn Kabariti • Mrs. Nour Kabariti 	-	-	-
Orient Holding Company	Kuwaiti	1,097,246	1.097	1,097,246	1.097	<ul style="list-style-type: none"> • Sheikha Al Anoud Athbi Al Sabah • Sheikha Wasmiah Athbi Al Sabah • Sheikh Salem Al-Ali Al-Sabah • Al Bateel Real Estate Company • Sheikha Al Anoud Al Ahmad Al Jaber Al Sabah • Sheikh Fahad Salem Al Ali Al Sabah • Sheikha Muneera Athbi Salem Al Sabah 	-	-	-

4b/5: Competitive position: The Bank operates within the Jordanian banking sector, which includes 24 local and foreign banks. The Bank has 64 branches in Jordan and a branch in Cyprus. The Bank's main activities include the acceptance of deposits, granting credit, and offering banking and investment services to various economic sectors, institutions and individuals. The Bank's share of the total banking facilities in Jordan was 5.66% and 5.11% of total deposits as at 31/12/2018.

4b/6: Major Suppliers and Clients:

No.	Supplier	% of total purchases
1	Arab Orient Insurance Co/	11.171%

- 4b/7:** - The Bank does not enjoy any governmental concessions or protection in accordance with the prevailing rules and regulations.
- The Bank does not have any patents or franchise rights acquired by the Bank.

4b/8: There has been no material effect on the Bank's operations, products or competitiveness as a result of any government or international organizations' decisions.

4b/9: Human Resources, Training and Organizational Structure:

Total number of employees as at 31/12/2018 was (1201) of whom (12) were employed at the Cyprus branch. In addition, there were (42) employees at the Subsidiary companies.

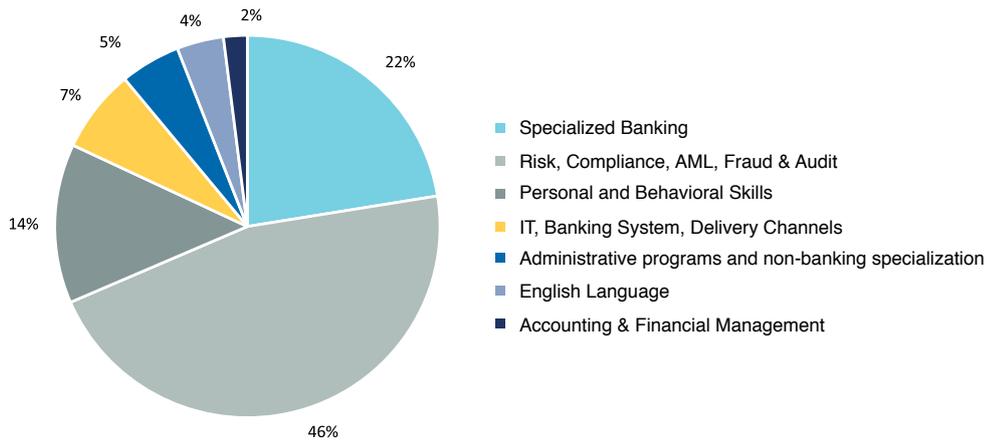
Staff educational qualifications:

Qualification	Jordan Kuwait Bank	United Financial Investments Co.	Ejara Leasing Co.	Sanad Capital
PhD	1	-	-	-
Masters	68	1	1	1
Higher Diploma	4	-	-	-
Bachelor	942	6	19	2
Diploma	105	3	2	-
Secondary School Certificate	30	4	3	-
Pre- Secondary School Certificate	51	-	-	-
Total	1201	14	25	3

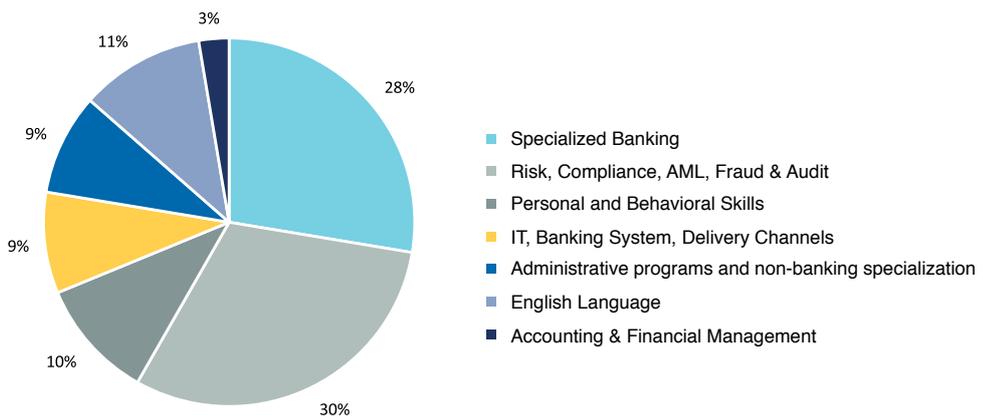
Staff training during 2018:

Training Subject	External Training		Internal Training		Total	
	No. of Courses	No. of Participants	No. of Courses	No. of Participants	No. of Courses	No. of Participants
Specialized Banking	30	62	54	829	84	891
Compliance, AML, Fraud & Audit	27	71	66	1758	93	1829
Personal and Behavioral Skills	1	3	31	532	32	535
IT, Banking Systems, Delivery Channels	9	24	18	255	27	279
Administrative programs and non-banking specialization	19	75	8	126	27	201
English Language	25	25	8	131	33	156
Accounting & Financial Management	4	10	4	69	8	79
Total	115	270	189	3700	304	3970

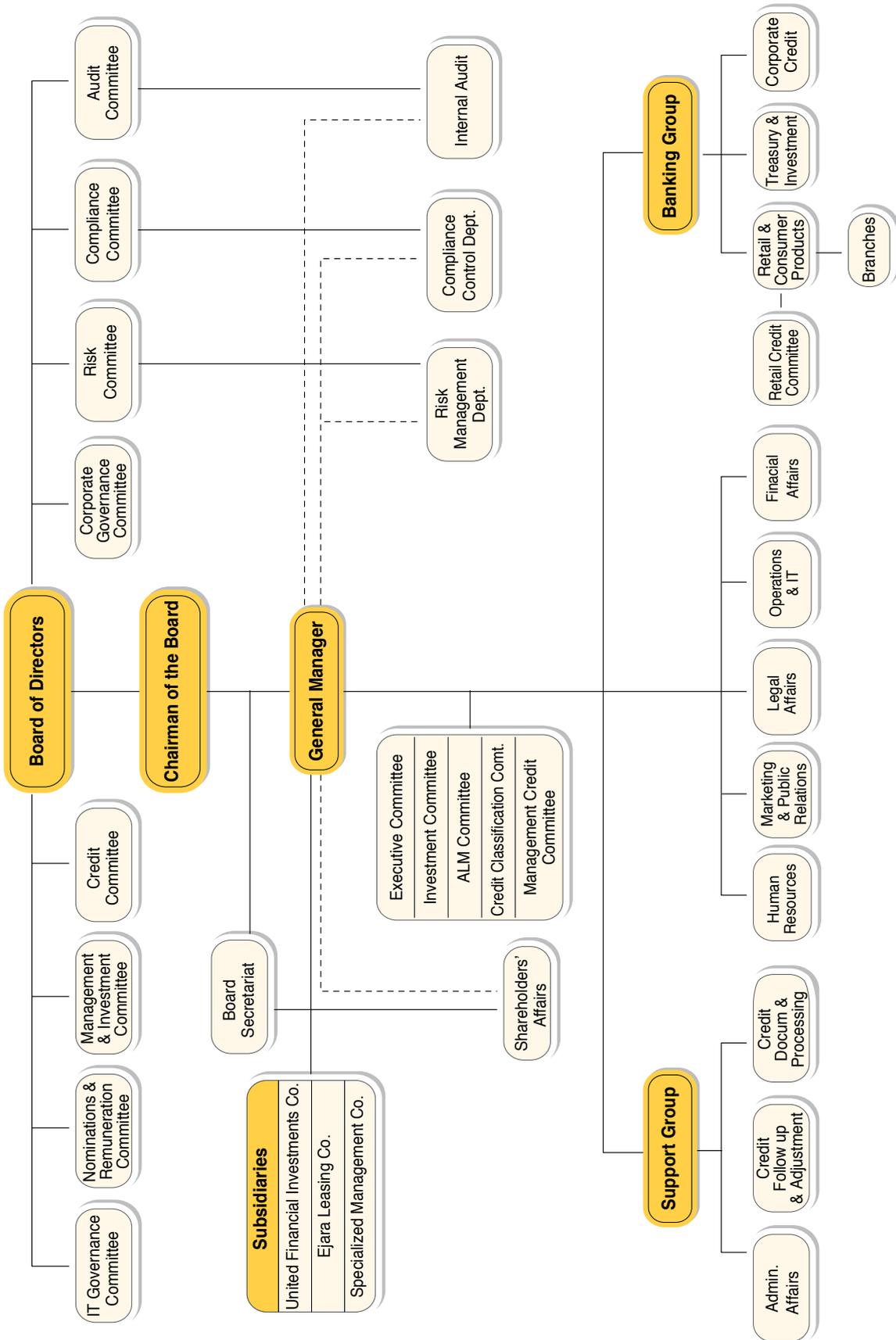
Participant Distribution during 2018

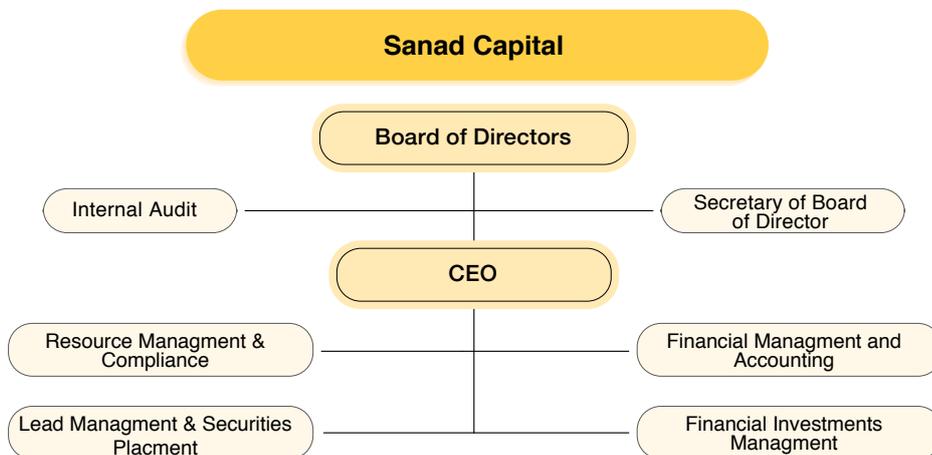
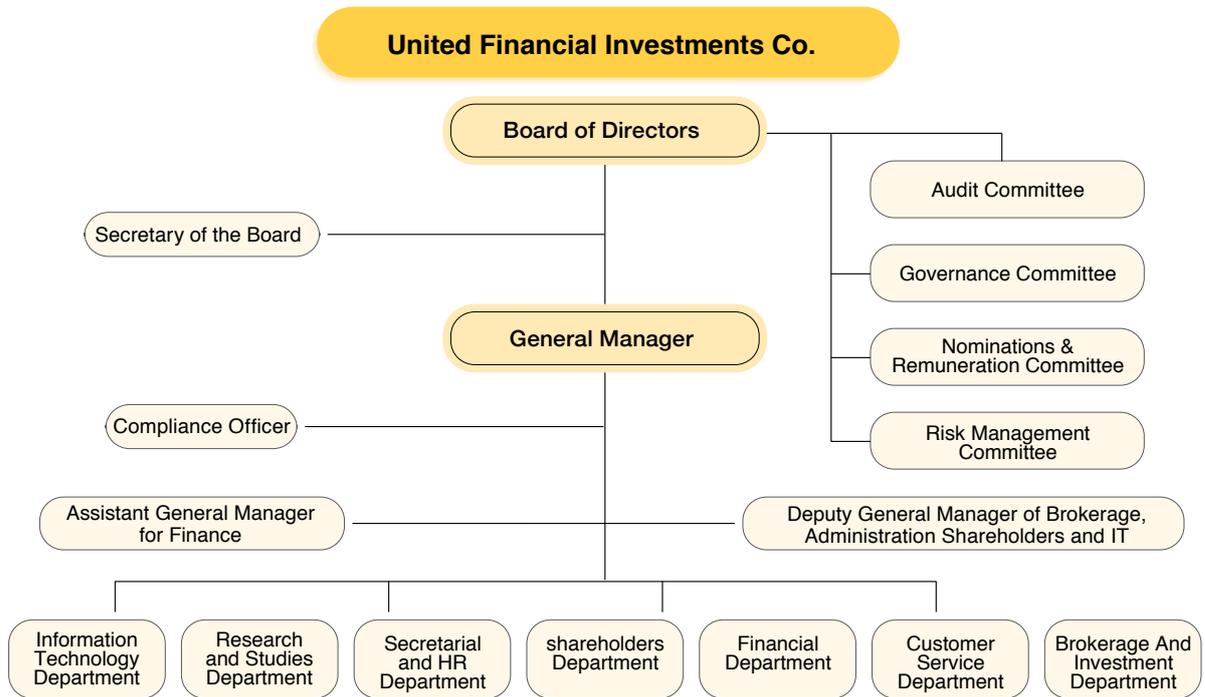


Traning Courses Distribution during 2018



Jordan Kuwait Bank Organization Structure 2018





4b /10: Description of risks: Included in the report.

4b /11: Achievements during 2018: Included in the report.

4b /12: There had been no financial effects of non-recurring operations that do not fall within the Bank's core business activity during 2018.

4b/13: **Changes in Net Profit, Dividend, Shareholders' equity and Share price (2014-2018)**

Amounts in Thousand JOD

Year	Profit from Continuous Operations before tax	Dividend		Bank Shareholders' Equity	Share / JOD
		Bonus Shares	Cash		
2014	62,895	-	20%	431,784	4.290
2015	56,467	-	20%	448,579	4.100
2016	42,861	-	20%	459,693	3.940
2017	42,313	-	20%	468,411	3.500
2018	55,849	-	20%	445,562	2.900

4b/14: Financial Position: Included in the report.

4b/15: Future Plan: Included in the report.

4b/16: Auditors' Fees: Auditors' fees for the Bank and its subsidiaries in 2018 amounted to JOD 200,263.

4b/17:

Shares owned by the Board Members during 2018 & 2017:

	Name	Position	Nationality	Shares 31/12/2018	Shares 31/12/2017
	Al Rawabi United Holding Co.	Board Member	Kuwaiti	50,926,827	50,926,827
1	H.E. Mr. Abdel Karim A. Kabariti	Chairman / Representative of Al Rawabi United Holding Co.	Jordanian	1,146	1,146
2	Dr. Yousef M. Goussous	Representative of Al Rawabi United Holding Co.	Jordanian	8,666	8,666
3	Mr. Faisal H. Al-Ayyar	Vice Chairman	Kuwaiti	10,000	10,000
4	Mr. Tariq M. Abdul Salam	Board Member	Kuwaiti	14,250	14,250
5	Kuwait Projects Co. (Holding)	Board Member	Kuwaiti	50,996	50,996
	Mr. Masaud M. Jawhar Hayat	Representative of Kuwait Projects Co. (Holding)	Kuwaiti	32	32
6	Odyssey Reinsurance Co.	Board Member	American	5,850,000	5,850,000
	Mr. Bijan Khosrowshahi	Representative of Odyssey Reinsurance Co.	American	-	-
7	Social Security Corporation	Board Member	Jordanian	21,041,644	21,041,644
	Mr. Mohammad A. AlMadi	Representative of Social Security Corporation	Jordanian	-	-
8	Strategy Company for Investments	Board Member	Jordanian	1,000	1,000
	Mr. Mansour A. Louzi	Representative of Strategy Company for Investments	Jordanian	66,398	66,398
9	Dr. Safwan S. Toqan	Board Member	Jordanian	1,000	1,000
10	H.E. Dr. Marwan J. Muasher	Board Member	Jordanian	137,000	137,000
11	Mr. Hani K. Hunaidi	Board Member	Jordanian	1,049	1,049
12	Mr. Majed F. Burjak	Board Member	Jordanian	1,000	1,000
13	H.E. Mr. Marwan M. Awad	Board Member as of 23/5/2018	Jordanian	1,000	1,000

Shares owned by the Bank Executives during 2018 & 2017

	Name	Position	Nationality	Shares 31/12/2018	Shares 31/12/2017
1	Mr. "Moh'd Yaser" M. Al-Asmar	General Manager	Jordanian	25,000	25,000
2	Mr. Tawfiq A. Mukahal	Deputy G.M. / Head of Banking Group	Jordanian	-	-
3	Mr. William J. Dababneh	Head of Treasury & Investment	Jordanian	-	-
4	Mrs. Hiyam S. Habash	Head of Finance	Jordanian	1,600	1,600
5	Mr. Haethum S. Buttikhi	Head of Retail & Private Banking	Jordanian	-	-
6	Mr. Abdel Kareem M. Frieihat	Head of Operations & Information Technology	Jordanian	-	-
7	Mr. Ibrahim E. Kashet	Head of Legal Affairs	Jordanian	-	-
8	Mr. Zuhdi B. Al-Jayousi	Head of Corporate Credit	Jordanian	-	-
9	Mr. Moh'd J. Azem Hammad	Head of Risk Dept.	Jordanian	-	-
10	Mr. Abdallah I. Mismar	Head of Administrative Affairs Dept.	Jordanian	-	-
11	Mr. Daoud A. Issa	Head of Human Resources Dept.	Jordanian	-	-
12	Mr. Ibraheem F. Taani	Head of Internal Audit Department	Jordanian	-	-
13	Mr. Fadi A. Ayyad	Head of Compliance Dept.	Jordanian	-	-
14	Mr. Ibrahim F. Bisha	Co-Head, Treasury, Investment & Intl. Relations	Jordanian	-	-
15	Dr. Makram A. Qutob	Co-Head, Corporate Credit	Jordanian	-	-

Shares held by companies controlled by Board Members

Board Member	Position	Name of controlled Company	Ownership %	Shares of controlled Company in JKB	
				31/12/2018	31/12/2017
Kuwait Projects Co. (Holding)-Kuwait	Board Member	Al Rawabi United Holding Co.	99.99	50,926,827	50,926,827
Kuwait Projects Co. (Holding)-and its subsidiaries - Kuwait	Board Member	Burgan Bank-Kuwait	64.88	1,000	1,000
Kuwait Projects Co.(Holding)-Kuwait	Board Member	United Gulf Bank - Bahrain	83.98	315,669	315,669

**Shares owned by the relatives of Board Members
and Bank Executives (2018 & 2017)**

	Name	Relation	Nationality	Shares 31/12/2018	Shares 31/12/2017
1	Mrs. Fatina Ahmad Jameel Malas	Wife of Mr. Abdel Karim A. Kabariti / Chairman	Jordanian	156,877	154,877
2	Mrs. Hind M. Jaber	Wife of Mr. "Moh'd Yaser" M. Al-Asmar / General Manager	Jordanian	15,000	15,000

Shares owned by companies controlled by Bank Executives and their relatives (2018 & 2017)
There are no contributions from companies controlled by Bank Executives and their relatives

4b/18a: Members of the Board of Directors' Remuneration (JOD):

	Name	Position	Board Membership Allowance	Travel, Transportation and meetings Allowances	Total
1	Mr. Abdel Karim A. Kabariti	Chairman	5,000	69,757	74,757
2	Mr. Faisal H. Al-Ayyar	Vice Chairman	5,000	19,254	24,254
3	Representative of Social Security Corporation	Board Member	5,000	9,000	14,000
4	Mr. Masaud M. Jawhar Hayat	Board Member	5,000	24,154	29,154
5	Mr. Tariq M. Abdul Salam	Board Member	5,000	19,253	24,254
6	Dr. Yousef M. Goussous	Board Member	5,000	9,100	14,100
7	Mr. Mansour A. Louzi	Board Member	5,000	11,500	16,500
8	Mr. Bijan Khosrowshahi	Board Member	5,000	21,381	26,381
9	Dr. Safwan S. Toqan	Board Member	5,000	8,700	13,700
10	Dr. Marwan J. Muasher	Board Member	5,000	6,000	11,000
11	Mr. Hani K. Hunaidi	Board Member	5,000	7,200	12,200
12	Mr. Majed F. Burjak	Board Member	5,000	10,600	15,600
13	Mr. Marwan M. Awad	Board Member	-	4,250	4,250

4b/18b: Executive Management's Remuneration (JOD):

	Name	Position	Annual Salary	Travel & Per diems	Committees	Total
1	Mr. "Moh'd Yaser" M. Al-Asmar	General Manager	507,199	2,127	4,200	513,526
2	Mr. Tawfiq A. Mukahal	Deputy G.M. / Head of Banking Group	396,393	4,021	4,400	404,814
3	Mr. William J. Dababneh	Head of Treasury, Investment & Intl. Relations	289,787	5,775		295,562
4	Mrs. Hiyam S. Habash	Head of Finance	258,519	3,921		262,440
5	Mr. Haethum S. Buttikhi	Head of Retail & Private Banking	291,973	15,318		307,291
6	Mr. Abdel Kareem M. Friehat	Head of Operations & Information Technology	213,656	3,433		217,089
7	Mr. Ibrahim E. Kashet	Head of Legal Affairs	169,761	2,846		172,607
8	Mr. Zuhi B. Al-Jayousi	Head of Corporate Credit	171,743	943	500	173,186
9	Mr. Moh'd J. Azem Hammad	Head of Risk Dept.	158,005		1,200	159,205
10	Mr. Abdallah I. Mismar	Head of Administrative Affairs Dept.	89,027			89,027
11	Mr. Daoud A. Issa	Head of Human Resources Dept.	145,159		300	145,459
12	Mr. Ibraheem F. Taani	Head of Internal Audit Dept.	153,888	4,904	1,800	160,592
13	Mr. Fadi A. Ayyad	Head of Compliance Dept.	97,822	3,449	1,200	102,471
14	Mr. Ibrahim F. Bisha	Co-Head, Treasury, Investment & Intl. Relations	159,795			159,795
15	Dr. Makram A. Qutob	Co-Head, Corporate Credit	119,652			119,652
16	Mr. Ibraheem S. Al-Hanash	Regional Head – Palestine Branches	142,419			142,419

4b/19: Donations: Total donations made by the Bank and its subsidiaries during 2018 amounted to JOD 886,132. Details of which are listed below:

Recipient	Amount / JOD
University Education	220,663
Sports Activities	36,470
Support to Jordanian Writers & Authors	14,090
Training Students from Institutes & Universities	14,510
National Workshops & Conferences	76,680
Charities & Social Activities	271,469
Support to Health Initiatives	10,800
Banking and Financial Culture	39,000
Support for Outstanding Students	2,450
Martyrs' Families Support Fund	100,000
General Command of Jordanian Armed Forces	100,000
Total	886,132

4b/20: Contracts, projects and commitments held by the Bank with subsidiaries or sister or affiliate companies or the Chairman or members of the Board of Directors or General Manager or any staff member of the Bank or their relatives:

The Bank entered into transactions with subsidiaries, sister and affiliate companies, major shareholders, members of the Board of Directors, and executive management within the normal Bank activities and applying commercial interest rates and commissions. All facilities granted to stakeholders are considered performing loans and no provisions were allocated for them. Details of such transactions are disclosed in Note 36 to the 2018 consolidated financial statements published in this report.

4b/21: The Bank contributes towards the welfare of the local community and the environment; this was explained in the Activities and Achievements Chapter of this report.

4c/1-5: Financial Statements: Included in the report.

4d: Auditor's Report: Included in the report.

4e: Declarations by the Board of Directors:

- 4e/1:** The Board of Directors hereby declares that there are no material issues that could hinder the business continuity of the Bank during the financial year 2019.
- 4e/2:** The Board of Directors also declares its responsibility for the Financial Statements and that the Bank has an effective control system.
- 4e/3:** Each of the undersigned Board of Directors declares that he did not gain any benefits, either cash or in-kind, as a result of his position at the Bank and was not declared whether be it for himself or any of his related parties during the year 2018.

Mr. Abdel Karim Kabariti
Chairman



Mr. Faisal H. Al Ayyar
Vice Chairman



Board Members

Mr. Mohamad A. Al Madi



Mr. Tareq M. Abdul Salam



Mr. Mansour A. Louzi



Mr. Masoud J. Hayat



Dr. Yousef M. Goussous



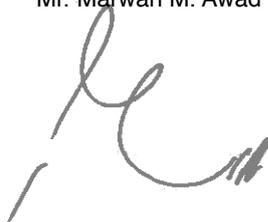
Mr. Bijan Khosrowshahi



Dr. Marwan J. Muasher



Mr. Marwan M. Awad



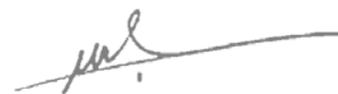
Mr. Hani K. Hunaidi



Dr. Safwan S. Toqan



Mr. Majed F. Burjak

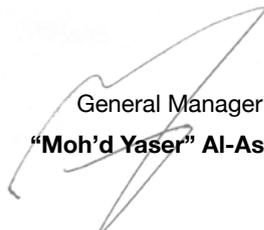


- 4e/4:** The Chairman of the Board, the General Manager and the Financial Manager hereby declare that all information and data provided in this report are accurate and comprehensive.

Chairman of the Board
Abdel Karim Kabariti



General Manager
"Moh'd Yaser" Al-Asmar



Financial Manager
Hiyam S. Habash





The goldfinch is one of the most beautiful birds and they sound fabulous too. These birds possess a pleasing chirrup which is heartwarming and relaxing.

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Introduction

The Central Bank of Jordan defines Corporate Governance as a system through which the Bank is managed and run. This system aims at identifying and achieving the corporate objectives of the Bank, managing the Bank's business safely, protecting the depositors' interests, being committed by due diligence responsibility towards shareholders and other stakeholders and abiding by laws and the Bank's internal policies.

Jordan Kuwait Bank perceives corporate governance as the key to win the confidence of the customers and other parties interested in JKB. Corporate Governance is the methodology through which JKB manages its interrelations and relations with the other involved parties.

JKB believes that the existence of good corporate governance will result in good management of the Bank and help to achieve the Bank strategic objectives. Moreover, JKB has an absolute belief that the presence of good governance at all Jordanian institutions will lead to have efficient institutions and provide the appropriate competitive environment, and so support the national economy in general. As banks play an important role in the financial system, and their businesses depend on their customers' deposits, it is therefore of high importance that they should have good corporate governance.

In view of that, the Board of Directors (BoD) of JKB decided to adopt the Corporate Governance Guide ("the Guide") which has been prepared according to the best international standards in this regard and based on the instructions of the Central Bank of Jordan (CBJ) and other regulatory authorities. By adopting this guide, JKB aims at implementing the principles of corporate governance represented in fair treatment of all relevant stakeholders, transparency and disclose JKB's actual financial and administrative position, in addition to accountability in terms of the relations between the BoD and executive management, BoD and shareholders, and BoD and other entities. JKB provides the approved version of the Guide on its website www.jkb.com

This guide reflects JKB requirements and policies approved by BoD. The Guide provisions shall be applicable to BoD, senior executive management and staff. JKB adopts strategies, policies and administrative structures of its subsidiaries within the framework of sound governance.

JKB Corporate Governance Objectives

JKB aims at achieving the best standards of business ethics covering all the Bank's business aspects through disclosing JKB results accurately and transparently, and complete abidance by the various laws and regulations that govern JKB work.

Legal framework and sources of corporate governance

In preparing the Corporate Governance Guide, the Bank relied on the following:

- Banking Law In force.
- Companies' Law in force.
- Securities Law in force and the instructions of the Securities commission.
- Deposit Insurance Law in force.
- Regulations and instructions issued under the above mentioned laws and any subsequent amendments thereof.
- Instructions for Corporate Governance for Banks issued by the Central Bank of Jordan
- Basel Committee relevant publications.
- OECD countries and the World Bank publications on corporate governance.
- Accounting Standards and International Financial Reporting Standards employed by investors to hold the management accountable.
- Laws in force in countries where JKB has branches and within the limits of JKB business.

In addition to the laws protecting the rights of shareholders, depositors and stakeholders.

Corporate Governance Related Parties

1. Shareholders

JKB framework of governance is dedicated to protect shareholders' rights along with serving and fairly treating them, particularly in the light of the laws, regulations and instructions issued by the regulatory authorities. The same also applies to JKB policies and procedures.

2. BoD Members

BoD members, on behalf of the shareholders, manage JKB under the various laws which define their duties and responsibilities (such as, Companies Law, Banks Law ... etc).

3. Employees

All JKB employees, respectively, are held responsible for the implementation of the internal control procedures as part of their responsibilities in achieving the objectives of the Bank.

JKB employees should have the necessary information, skills, knowledge and authority to carry out JKB businesses. Indeed, this requires full understanding of the Bank, the industry, the market and the risks associated therein.

Through the employees' pursuit to achieve these requirements, they will positively contribute to JKB performance and achievements, and this will lead to job security and satisfaction.

4. Creditors

The different parties that are related to JKB, through contractual relations such as customers, suppliers and creditors.

Organizational Structure

Part of BoD duties is to approve an organizational structure consistent with the nature of JKB activities, to ensure that there are sufficient regulations to implement the adopted strategy, to facilitate effective decision-making process and to implement good corporate governance through:

- Clear and transparent organizational structure.
- Specific targets for each administrative unit.
- Job's specific duties and responsibilities for each administrative unit.
- Authorities, reporting lines and direct supervision channels designated for different managerial positions, as well as proper tasking/ tasks segregation.
- Manuals, policies and work procedures appropriate to execute and supervise operations, particularly defining a job description for all levels of jobs within the organizational structure, including qualifications and experience of staff holding each position.
- Ownership structure which does not hinder corporate governance.
- Independent departments to perform the functions of risk management, audit and compliance.
- Units and employees that are not involved in the daily operations of JKB activities (such as the employees of Credit Review and Middle Office).

BoD Members

A- The Bank's Board of Directors shall consist of, at least, thirteen members and four of them should be independent Directors as defined by the governance instructions issued by the Central Bank of Jordan on independent member.

B- None of the Members of BoD shall be an executive Director.

C- BoD develops a clear and appropriate policy for its members which is consistent with the laws and regulatory requirements.

D- In spite of what is stipulated in the Companies' Law, it is not permissible to assume both the positions of the board chairman and the general manager. The chairman of the board, board members, or main shareholders may not be connected to the general manager with a familial relationship below the fourth degree.

BoD Responsibilities

BoD is responsible for the soundness of all JKB operations, including its financial conditions, implementation of the Central Bank requirements besides other supervisory and regulatory requirements relating to JKB businesses, care for stakeholders, management of the Bank within the framework of its internal rules and policies, ensure that effective control over JKB activities is always in place, including JKB activities delegated to third-parties. To achieve all of that, members of BoD and their committees are allowed to have a direct contact with the executive management and BoD Secretary. BoD members are also authorized to seek external assistance, when required, on JKB expense in coordination with the Chairman.

BoD Tasks and Duties

Given the terms of reference and powers of JKB General Assembly, the elected BoD by the General Assembly shall carry out the duties and responsibilities of managing JKB activities for a period of four years effective the date of election. BoD tasks and duties include (but are not limited to):

I. In the area of general supervision, control and draw JKB strategies:

1. Overseeing senior executive management and follow-up their performance and ensure soundness of JKB financial position and solvency. BoD shall adopt appropriate policies and procedures for supervision and control over JKB performance.
2. Defining and approving the Bank's strategy
3. Identifying JKB strategic objectives, directing the executive management to develop a strategy to achieve these objectives, and approving this strategy. BoD shall adopt action plans which are consistent with this strategy.
4. Approving JKB organizational structure which identifies reporting sequence, including BoD committees and executive management.
5. Approving a policy to monitor and review the executive management performance through developing performance indicators to identify measure, and monitor the performance and progress towards the achievement of corporate goals.
6. Ensuring the existence of policies, plans and procedures covering all JKB activities which are consistent with the relevant laws, and that they are communicated to all administrative levels, and are regularly reviewed.
7. Identifying JKB corporate values , drawing clear lines of responsibility and accountability for all JKB activities and promoting a high-level culture of ethical standards, integrity and professional conduct of JKB managers.
8. Taking the appropriate actions to address weaknesses in the internal control systems or any other points identified by the external auditor, adopting internal control systems and reviewing them annually, in addition to approving appropriate controls which enable BoD to hold the senior executive management accountable for their actions.

II. In the area of policies, instructions, strategies and controls to be endorsed by BoD:

1. Approving appropriate policies and procedures to supervise and control JKB performance.
2. Approving a set of clear boundaries of responsibility and accountability to be committed to, and abided by, all levels of JKB management.
3. Approving an effective policy to ensure the relevancy of BoD members "fit and proper". The policy should include minimum criteria, and conditions that the BoD candidate and appointed member should have. The policy should be reviewed from time to time and when necessary. BoD should develop adequate procedures and systems to ensure that all BoD members meet relevance standards and that they continue to enjoy them.
4. Approving a policy to ensure the relevancy of the members of senior executive management so that this policy includes minimum criteria, and conditions of laws in force on senior executive management. BoD reviews this policy from time to time, establishes sufficient procedures and systems to ensure that all members of the senior executive management meet the relevance standards and that they continue to enjoy them.
5. Approving a system to measure the performance of the Board and its members, and a system to measure the performance of JKB administrators excluding BoD members and the General Manager.
6. Approving a policy and procedures to address any conflict of interests for JKB is part of a banking group, and disclosure of any conflict of interest may arise as a result of JKB partnerships with companies of the group.
7. Approving policies and procedures for dealings with stakeholders, so they include identifying these parties, taking into consideration the laws, transactions terms, approval procedures and a mechanism to monitor these transactions, so as not to go beyond these policies and procedures.

8. Approving the controls for information transfer among various departments to prevent exploiting them for personal advantages.

III. What BoD should verify:

1. Ensure the existence of adequate and reliable management information systems which cover all JKB activities.
2. Verify that the credit policy includes assessing the quality of corporate governance of JKB clients, mainly public shareholding companies, so that clients' risks are assessed by identifying their strengths and weaknesses according to their governance practices .
3. Ensure that JKB adopts appropriate social initiatives in the field of environment protection, health and education, taking into account financing of SMEs at affordable prices and proper repayment schedules.
4. Ensure that the organizational structure clearly reflects borders of responsibility and authority.
5. Ensure that senior executive management performs its responsibilities related to the management of JKB daily operations, contributes to the implementation of corporate governance at the Bank, delegates powers to the staff, establishes an effective management structure that boosts accountability and that they carry out tasks in various areas and activities of JKB businesses in a manner that is consistent with the policies and procedures approved by BoD.
6. Ensure that the executive management enjoys a high level of integrity in exercising its business and avoid conflicts of interest.

IV. BoD duties in the area of recruitment, appraisal and rewards:

1. Appointing a general manager enjoys qualities of integrity, technical competency and banking expertise, after obtaining the Central Bank of Jordan's "No Objection" prior to his appointment.
2. Approve, based on the recommendations of the special committee, the appointment of any executive management member after obtaining the Central Bank of Jordan's "No Objection"
3. Approve, based on the recommendations of the special committee, the resignation or service termination, of any executive management member. As for the resignation or service termination of the General Manager, the Audit manager, the Risk Management manager and the Compliance manager CBJ's "No Objection" should be obtained,
4. Forming committees from BoD members, defining their objectives and delegating powers according to a charter identifying such powers. Committees should submit periodic reports to BoD.
5. Endorsing a succession plan for senior members of the executive management of the bank. BoD should review this plan once a year at least.
6. Assessing the General Manager's performance annually in accordance with an appraisal system developed by the Nominations and Remuneration Committee, including developing the KPIs. Factors of the General Manager's performance appraisal should include JKB financial and administrative performance and his achievement of JKB medium and long term strategies and plans. The committee should report the appraisal results to the Central Bank of Jordan.
7. Establishing procedures to determine BoD members' remunerations in accordance with the approved appraisal system.
8. Ensuring the relevance of BoD members and members of the senior executive management in accordance with the JKB adopted policies and laws and regulations in force. BoD should verify that all declarations included in the Central Bank of Jordan instructions are duly signed.
9. Create a system to evaluate its work and that of its members, providing this system includes, as a minimum, the following:
 - Establish specific objectives and specify the role of the board in fulfilling these objectives in a measurable manner.
 - Establish key performance indicators that could be derived from the plans and strategic objectives, and used to measure the board's performance.
 - Communication between the board of directors and the shareholders, and maintaining this communication periodically.
 - Periodical meetings between the board of directors and the senior executive management.
 - The member's role in the board of directors' meeting, and comparing his performance with that of others. Feedback must be obtained from the relevant member for the purpose of improving the evaluation process.

V. BoD Duties in the Area of Disclosure and Publication:

1. Ensuring the allocation of a part of JKB website to give details on the shareholders' rights and encourage them to attend and vote at the General Assembly meetings, as well as publishing documents related to meetings, including the full text of the invitation and minutes of meetings.
2. Ensuring that the financial and non-financial information of interest to stakeholders is published.
3. Ensuring that JKB abides by disclosures set by the International Financial Reporting Standards, instructions of the Central Bank of Jordan, other relevant laws and international accounting standards. BoD should also ensure that the executive management is aware of changes taking place to the international financial reporting standards.
4. Ensuring to include disclosures in JKB annual and quarterly reports which give the current or potential shareholders an access to JKB operations results and financial position.
5. Ensuring that the annual report includes data and declarations required by the laws and instructions of the Central Bank of Jordan.
6. Notifying the Central Bank of Jordan by any material information that could adversely affect relevance of any member of the senior executive management.
7. Providing a specific mechanism to ensure communication with stakeholders through disclosures and providing significant information on JKB activities to those stakeholders.
8. Develop a mechanism for receiving complaints and proposals submitted by the shareholders, including their proposals to include specific topics on the agenda of the meeting of the General Assembly and take appropriate decision thereon.
9. Establish a mechanism to allow shareholders holding at least 5% of the shares to add items on the agenda of the Ordinary General Assembly before sending it to the shareholders.

VI. BoD duties in the Area of Internal and External Audit:

1. Adopting the necessary procedures to enhance internal audit effectiveness through: displaying the due importance of the audit process, consolidating it in the Bank and following-up the corrective measures as per the audit notes.
2. Ensuring that the Internal Audit Department is able to carry out its tasks, it has the qualified staff and be certain to provide the Department constantly with appropriate and trained employees.
3. Ensuring and enhancing the principle of internal auditors' independence, placing them at adequate level in JKB's organization structure, ensuring they have access to all records and information and the ability to contact any JKB employee, so that they are able to fulfill the tasks entrusted to them and prepare their reports without any external interference.
4. Adopting an internal audit code which includes duties, authorities and responsibilities of the Audit Department and to be circulated within the Bank.
5. Adopting systems of internal control and monitoring. BoD is to ensure that the internal and external auditors review the structure of these systems once a year at least. BoD should furnish JKB annual report with information confirming the adequacy of these systems.
6. Verifying that the Internal Audit Department is subject to the direct supervision of the Board Audit Committee, and it reports directly to the Chairman of the Audit Committee.
7. Ensuring the external auditor's independence at all times.
8. Ensuring a regular rotation of the external auditor among audit offices and its subsidiaries and allied companies each seven years at maximum.

VII. BoD Duties in the Area of Compliance:

1. Approving a policy to ensure JKB compliance by all relevant laws, and reviewing this policy on a regular basis and verifying that it is implemented.
2. Approving the duties and responsibilities of Compliance Control Department.
3. Ensuring Compliance Control Department independence and providing it constantly with qualified and trained staff.

VIII. BoD Duties in the Area of Risks:

1. Prior approving any expansion in JKB activities, BoD should take into account related risks and competences and qualifications of Risk Management Department staff.
2. Approving a strategy for risk management and monitoring its implementation. Such a strategy should include the acceptable level of risk, and ensure not exposing the Bank to high risks. BOD should be, acquainted with JKB operational environment and risks associated with it. BoD should ensure that JKB has the tools and infrastructure designated for risk management that are able to identify, measure, control and monitor all types of risk faced by the Bank.
3. Approving an Internal Capital Adequacy Assessment Process. Such a process should be comprehensive, effective and able to identify all risks that JKB may encounter, and that it takes into consideration JKB strategic plan and capital plan. BoD should review this process regularly, verify its implementation, and validate that JKB maintains adequate capital to encounter all risks it may face.
4. Approving JKB acceptable risk document.
5. Verifying that violations on acceptable levels of risk are addressed, including holding the senior executive management accountable for such violations.
6. Ensuring that the Risk Management Department conducts stress testing periodically to measure JKB ability to withstand the shocks and cope with high risks. BoD should play a key role in approving assumptions and scenarios used and discuss the tests results, as well as approving actions to be taken based on these results.
7. Ensuring Risk Management Department independence through submitting its reports to the Risk Management Committee, and granting the Department the necessary powers to be able to obtain information from other JKB departments and to cooperate with other committees to carry out their duties.

Duties of the Chairman of the Board:

1. To establish a constructive relationship between BoD and JKB executive management.
2. To promote the culture of constructive criticism on issues discussed in general and issues were members have various views regarding them, and to encourage debate and vote on those issues.
3. To ensure that all BoD members receive and sign the minutes of previous meetings, and that they receive the agenda of any meeting in advance providing that the agenda includes sufficient written information about topics that will be discussed at the meeting. The Secretary of the Board shall deliver the meeting agenda.
4. To ensure the existence of the code that regulates and sets out BoD scope of work.
5. To discuss the strategic and significant issues in BoD meetings extensively.
6. To provide each BoD member upon being elected with the provisions of laws related to banks activities and the Central Bank instructions related to the work of BoD, including corporate governance instructions, the booklet which explains the member's rights, responsibilities and duties, and duties of the BoD Secretary.
7. To provide each member with a sufficient summary of JKB businesses upon appointment or upon request.
8. To discuss with any new member, with the assistance of JKB legal adviser, BoD duties and responsibilities, particularly the legal and regulatory requirements. This is to be done to clarify the duties, powers and other issues related to BoD membership, including the membership term, dates of meetings, committees' duties, rewards, and the possibility to seek an independent specialized technical advice, if required.
9. To meet the BoD members' needs regarding the development of their experience and their continuous learning. Chairman may allow the new member to attend orientation program taking in consideration the member's banking background.
10. To address an invitation to the Central Bank to nominate a representative to attend the General Assembly meetings prior enough time.
11. To provide the Central Bank with the minutes of meetings of the General Assembly no later than five days as of the date of the Companies' Controller or his/her representative endorsement of the minutes of meeting.
12. To ensure informing the Central Bank of any material information that could adversely affect the relevance of any members of BoD or executive management.

Duties of BoD Member:

1. To have knowledge of laws and principles of JKB banking and operational environment, cope with developments taking place, besides the external developments related to its business, including appointment requirements of JKB senior executive management.
2. To attend BoD and its committees meetings, as needed, and the General Assembly meetings.
3. Not to disclose any JKB confidential information or using them for their or others interest.
4. To give the priority for JKB interests in all transactions with any other company in which he has a personal interest, not to take JKB business opportunities to his own advantage, and to avoid conflict of interest.
5. Disclose to the board in detail of any conflict in interests in case they existed, committing not to attend or participate in the decision taken in the meeting in which this issue is deliberated, and to record this disclosure in the board's minutes of meeting.
6. Allocate sufficient time to carry out his duties as a member of the Board of Directors

The Board Secretary

1. To attend all BoD meetings, record all the deliberations, suggestions, objections, reservations and vote processes on BoD draft decisions.
2. To determine dates of BoD meetings in coordination with the Chairman.
3. To ensure that BoD members sign the minutes of meetings and decisions.
4. To follow up the implementation of BoD decisions and to follow-up any pending issues from the previous meeting.
5. To keep records and documents of BoD meetings.
6. To take the necessary measures to ensure that draft decisions planned to be issued by BoD comply with relevant laws.
7. To prepare for the General Assembly meetings and to cooperate with the BoD committees.
8. To provide the Central Bank with the relevance declarations signed by BoD members.

BoD Meetings

- A. BoD shall convene at a written notice of the Chairman, or Vice-Chairman if he/she is absent, or upon a written notice submitted by a quarter of its members to the Chairman justifying the grounds for such a meeting. If the Chairman or Vice-Chairman do not call for a meeting within seven days effective as of the date of receipt of notice, members who submitted the notice shall have the right to call BoD to convene.
- B. BoD shall convene with the presence of an absolute majority of members at JKB head office or in any other place within the territories of the Kingdom if it is impossible to hold it at JKB head office. BoD decisions shall be issued with absolute majority of members who attend the meeting. If votes are equal, the chairman of the meeting shall be deemed a casting vote.
- C. Members of the Board must attend the meetings of the Board in person. In the event of inability to personally attend, the Board member may present his or her opinion through video or telephone after the approval of the Chairman of the Board, without the right to vote or to sign the minutes of the meeting.
- D. Voting on BoD decisions shall be in person and carried out by the persons themselves and it could not be by proxy, by correspondence or in any other indirect means.
- E. BoD meetings shall be held six times at least per a fiscal year. There should be a meeting for the BoD every two months.
- F. The Board of Directors shall appoint a Secretary to record minutes of Board meetings and resolutions in a precise and complete manner and to record any reservations raised by any member. The Bank shall keep all such records appropriately.
- G. Prior BoD meeting, the senior executive management should provide BoD members with complete and accurate information and the Chairman should ensure doing so.

Responsibility and Accountability Limits

- BoD adopts clear boundaries of responsibility, accountability and commitment and to abide by them at all levels of management in JKB.
- Take the necessary steps to create a clear separation between the authorities of the shareholders who own an influential interest on one side, and the executive management on the other, for the purpose of reinforcing proper Corporate Governance, and hence, create adequate mechanisms to reduce the effect of shareholders who own influential interest, through the following, as an example:
 - That none of the shareholders who own influential interest occupies any position in the executive management.
 - That the top executive management derives its authority from the board only, and work within the mandate granted to it by the board.
- BoD should ensure that JKB organizational structure plainly reflects the lines of responsibility and authority, and that it includes the necessary regulatory levels under the laws and regulations in force.
- Ensure that senior executive management performs their responsibilities related to the management of JKB daily operations, they contribute to the implementation of corporate governance at the Bank, they delegate powers to the staff, they establish an effective management structure that will give a boost to accountability and they carry out tasks in various areas and the activities of JKB businesses in a manner that is consistent with the policies and procedures approved by BoD.
- BoD approves the appropriate controls which enable them to hold the senior executive management accountable for their actions.
- In addition to what is stated in laws, the General Manager shall act as follows:
 1. Develop JKB strategic direction
 2. Implement JKB strategies and policies
 3. Execute BoD decisions
 4. Provide guidance to implement short and long term action plans.
 5. Deliver JKB vision, mission and strategy to the staff.
 6. Inform BoD by all the significant aspects of JKB operations.
 7. Manage JKB day-to-day operations.

The Board Committees:

- To further organize the work of BoD and increase its efficiency and effectiveness, BoD forms various committees from its members, delegate certain powers and responsibilities to them and name their chairmen.
- The committees must submit periodical reports to the Board as stipulated in their charters. The existence of these committees does not absolve BoD to assume direct responsibility for all matters relating to JKB.
- BoD member could be a member of more than one committee, except in cases where conflicts of interest may arise.
- Any member of the Board shall not serve as chairperson of more than one of the following committees (Audit, Risk & Compliance, Nomination & Remuneration, and Corporate Governance). He is also prohibited from serving as chairperson of more than two committees of all Board committees.
- Board committees have the following authorities:
 - Request any data or information from bank staff who must cooperate to provide this data in a complete and accurate manner.
 - Request legal, financial, administrative or technical advice from any external consultant.
 - Request the presence of any bank employee to provide any necessary clarifications.
- A Board committee member may vote on committee resolutions that where the Board member attended the meeting by video or phone conference due to his inability to attend in person for reasons that deem acceptable to the Board of Directors. The Board member may sign on the committee minutes of meeting provided it is to be duly documented, and that the number of members physically present at that meeting is no less than two thirds of the committee members, and whereby this particular committee member shall not physically attend less than 50% of the committee meetings within the year.

A. Board Audit Committee:

Committee's Role:

The Board Audit Committee is tasked to carry out the following, in addition to other relevant functions stated in its Charter. The Charter stipulates the right of the committee to get any information from the executive management and its right to call any administrator to attend its meetings. The Audit committee's tasks may not be merged with the tasks of any other committee.

1. The Committee shall review:
 - a) The scope, results and the adequacy of JKB internal and external audit
 - b) Accounting issues that have a significant impact on JKB financial statements
 - c) JKB internal control and monitoring systems.
2. Provide recommendations to BoD regarding the external auditor's appointment, termination, fees and any other related contracting terms, as well as assessing their independence taking into account any other tasks entrusted to them which lie outside the scope of the audit.
3. The Committee shall enjoy the power to obtain any information from the executive management, and has the right to call any administrative officer to attend any of its meetings, if so is stipulated in the committee's charter.
4. Meet with the external and internal auditors and compliance officer once at least annually without the attendance of any of the senior executive management members.
5. Review and monitor procedures that enable the employee to report confidentially any mistake in financial reports or any other matters. The Board Audit Committee shall ensure implementing the necessary arrangements for carrying out an independent investigation and follow the results of the investigation and treat them objectively.
6. Verify that the internal audit staff is rotated to audit JKB various activities every three years at minimum.
7. Verify not to task internal audit staff with any executive duties.
8. Verify that all JKB activities, including outsourced activities assigned to third parties, are subject to audit.
9. The Board Audit Committee shall exercise the role entrusted to it under the Banks Law and other relevant laws. This should include particularly the following:
 - Review and approval of the internal audit plan which includes audit scope and frequency.
 - Ensure that the executive management takes the corrective actions on a timely manner regarding weaknesses in the internal control, and cases of non-compliance with policies, laws and regulations, and other remarks identified by the internal audit.
 - Ensure that JKB is implementing the international accounting and audit standards accurately.
 - Review observations stated in the regulatory authorities and external auditor reports and follow-up the correction procedures.
 - Review JKB financial statements prior submitting them to BoD, particularly to verify regulatory authorities' orders on capital adequacy, adequacy of provisions taken against the bad debts and all other provisions and to express their opinion in JKB non-performing debts or debts proposed to be deemed as bad debts.
 - Ensure that the laws and regulations governing JKB work.
 - The Head of Internal Audit Department may attend the Committee meetings, and the Committee may invite any person to seek their opinion on a particular issue.
10. Appraise the Head and staff of Internal Audit Department performance and determine their remunerations.

Formation of the Committee and the periodicity and quorum of its meetings:

The Committee shall be formed and its chairperson appointed by a decision of the Board of Directors. It shall consist of three members, two of them including the Chairperson shall be independent, , provided that he is not the Chairman of the Board or the Chairman of any other committee emanating from the Board.

All members of the Committee should hold academic qualifications and enjoy appropriate practical expertise in areas of accounting, finance or any other disciplines or areas related to JKB's areas of business.

The Audit Committee shall meet at the invitation of its Chairperson at least once every three months, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by at least two members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

B. Board Risk Committee:

Committee's Role:

The Board Risk is tasked to carry out the following below stated duties at least, in addition to other relevant duties stated in its Charter:

1. Review JKB risk management framework.
2. Review JKB risk management strategy prior to BOD approval.
3. Cope with the developments affecting JKB risk management, and submit periodic reports to BoD.
4. Verify that there is no discrepancy between the actual risks that JKB takes and the level of acceptable risk approved by BoD.
5. Establish appropriate conditions that ensure the identification of fundamental impact of risks and any other activities carried out by JKB which may expose the Bank to higher risks than the acceptable level, report that to BoD and follow-up corrective measures.

Formation of the Committee and the periodicity and quorum of its meetings:

The Committee shall be formed and its chairperson appointed by a decision of the Board of Directors. It shall comprise of three members at least, one of whom shall be independent and the chairperson of the committee. The Committee membership may include members of the executive management. The committee may invite management representatives or other experts and specialists to attend its meetings.

The Committee shall meet at the invitation of its Chairperson at least once every three months, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by at least two members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

C. Board Nominations and Remuneration Committee:

Committee's Role:

Board Nominations and Remuneration Committee is tasked to carry out the following below stated duties at least, in addition to other relevant duties stated in its Charter:

1. Identify qualified persons to join BoD within the members' relevance policy approved by BoD taking into consideration the capabilities and qualifications of the persons nominated. In case of re-nominations, member's attendance and extent of participation in Board meetings should be taken into account.
2. Nominate to BoD qualified persons to join the executive management, in accordance with the requirements of the Executives employment policy.
3. Ensure BoD members joining workshops or seminars on banking topics, particularly risk management and corporate governance, and the latest developments in the banking business.
4. Determine whether the member meets the independent member criteria taking into account the minimum requirements stated in the laws and regulations in force, and review the status annually.
5. Supervise the implementation of policies adopted by BoD regarding BoD and senior executive management performance appraisal, including the General Manager.
6. Provide information and summaries on some of the important topics of JKB to BoD members upon request, and ensure updating them constantly about the latest topics related to the banking business.
7. Ensure that the policy of granting remunerations to JKB administrative staff is in place, review it regularly and implement this policy. Also, provide recommendations regarding the General Manager and other members of the senior executive management salaries, remunerations and other privileges. The Internal Audit Department Manager and staff performance appraisal and remunerations are to be determined by the Board Audit Committee.
8. Evaluate the work of the board, its committees, and its members as a whole annually, and it shall inform the Central Bank and the Securities Commission with the result of this evaluation.
9. Set clear methodology to verify that board members allocate sufficient time to carry out their duties, including (for example) the multi commitment of the member to other boards/bodies memberships/forums...etc.

Formation of the Committee and the periodicity and quorum of its meetings:

The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of three members at the least, the majority of whom are independent including the Chairperson. The Committee may invite members of the executive management or other specialized persons to attend its meetings.

The Committee shall meet at the invitation of its Chairperson at least twice a year, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by at least two members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

D. Board Corporate Governance Committee:

Committee's Role:

In addition to their duties delegated by BoD, Board Corporate Governance Committee is in charge of directing and supervising the processes of preparing the Corporate Governance Manual, its update and implementation monitoring. The committee is also tasked to perform the following:

1. Ensure that JKB organizational structure serves the requirements of corporate governance.
2. Ensure commitment to the adopted JKB Code of Ethics at the level of BoD and all administrative levels in the Bank.
3. Formulate written procedures for the implementation of the Corporate Governance Guidelines of the listed companies issued by the Securities Commission and to ensure the Bank's compliance with these instructions and to study the comments of the Commission on its application and follow up on what has been done.
4. Prepare the Governance Report and submit it to the Board of Directors.

Formation of the Committee and the periodicity and quorum of its meetings:

The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of three BOD members at least, the majority of whom are independent and should include the Chairman of the Board. The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.

The Committee shall meet at the invitation of its Chairperson at least twice a year, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by a majority of its members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

E. Board Compliance Committee

Committee's Role:

The Board Compliance Committee is tasked to carry out the following below stated duties at least, in addition to other relevant duties stated in its Charter:

1. Recommend to the BoD to adopt governing compliance management policies, including compliance policy, anti-money laundering policy, international sanctions policy, bribery policy, combatting fraud and any other policy related to compliance management, and periodically reviewing these policies and commitment to their application.
2. Assess the degree of effectiveness with which the Bank manages the risk of non-compliance at least once a year and review it should amendments have been made.
3. Adopt the organizational structure of the Compliance Control Department and ensuring its independence, in order to ensure the compliance control function is separate from the Bank's other departments.
4. Ensure that an annual non-compliance risk management plan is in place that takes into account any shortcomings of policies, procedures or their application, and that they are associated with the efficiency of the existing compliance risk management and identifies the need for any policies or procedures to deal with new non-compliance risks that arise during the annual risk assessment.
5. Review the reports that include compliance control tests results, including assessments of non-compliance risks, infractions and deficiencies detected and the remedial actions taken.

Formation of the Committee and the periodicity and quorum of its meetings:

The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of three Board members at least, the majority of whom are independent. The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.

The Committee shall meet at the invitation of its Chairperson at least once every 3 months a year, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. The meeting shall be considered valid if attended by a majority of its members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

F. Board Credit Committee:

Committee's Role:

1. Grant, modify, renew and restructure of credit facilities that exceed the authorities of the Management Credit Committee, headed by the General Manager, within the limits set by the Board of Directors. The Board of Directors shall take the decisions in matters exceeding the Committee's authorities.
2. The Committee's authority is limited to taking the right decision regarding the facilities that have been recommended for approval by the Management Credit Committee.
3. The Board of Directors may delegate to the Management Credit Committee some or all of this Committee's authorities; in respect of modifying the terms or restructuring of facilities with the need to keep the Board Credit Committee informed of the decisions taken under these authorities.
4. The Committee's authority shall not include the following:
 - Granting credit facilities to members of the Board of Directors.
 - Writing-off debts.
5. Submit to the Board periodically details of the credit facilities that have been approved by the committee.
6. The Committee's decisions are considered valid by the presence and personal voting of its members, if a member is unable to attend, he may express his opinion through telephone or video, and has the right to vote and sign the minutes of the meeting that have to be duly documented.
7. The work of this committee shall be evaluated by the Board of Directors.

Formation of the Committee and the periodicity and quorum of its meetings:

The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of at least five Board members, one of whom may be independent but not a member of the Audit Committee. The meeting shall be considered valid if attended by at least four members, and decisions are taken by majority of its members regardless of the number of attendees. If the votes are equal, the side to which the Committee Chairperson votes will outweigh.

The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.

The Committee meets once every week and maintains documented minutes of meetings.

The General Manager is the Secretary of the Committee.

G. Board Management and Investment Committee:

Committee's Role:

1. Management issues:

- Approve requests for administrative expenses, procurement contracts, bids, supplies, donations, and generally all commitments and contracts in excess of the powers entrusted to the senior executive management as identified within the Authority matrix and powers endorsed by the Board of Directors.
- Approve requests/offers for the sale of Bank owned properties beyond the limits entrusted to the Senior Executive Management as stipulated in the approved Authority matrix.
- Approve Bank owned real estates' pricing annually or when required.

2. Investment issues:

Approve proposals and requests submitted by the Management Investment Committee on matters beyond its authority as stipulated in the approved authority matrix annexed to the approved investment policy. This includes the following:

- Bank investments in Jordanian dinar in money market and capital market instruments.
- The Bank's investments in foreign currencies in money market, capital market tools and currency exchange operations.

The Board of Directors shall decide on any of the items listed above if they exceed the authority of the Committee, The Committee submits periodic reports to the Board on the details of the items and processes it has approved.

Formation of the Committee and the periodicity and quorum of its meetings:

The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of at least five Board members, one of whom may be independent but not a member of the Audit Committee. The meeting shall be considered valid if attended by at least three members including its Chairperson.

Decisions are taken by majority of its members present, if the votes are equal, the side to which the Committee Chairperson votes will outweigh. The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.

The Committee meets once every two weeks and whenever necessary and shall maintain documented minutes of meetings.

The General Manager is the Secretary of the Committee.

H. Information Technology Governance Committee

Committee's Role:

The Committee shall undertake the following tasks guided by the Governance and Management of Information Technology and its accompanying Instructions No. 65/2016 dated 25/10/2016 issued by CBJ:

1. Approve the Information Technology strategic objectives and appropriate organizational structures, including Steering Committees at Executive Management Level, particularly (The Information Technology Steering Committee), ensuring the achievement of the Bank's strategic objectives, and realizing the best value-added of projects and investments in Information Technology while utilizing the tools and standards to monitor and ascertain the extent of achievement, such as using the IT Balanced Scorecard system, and calculating the rate of return on investment (ROI) and measuring the investment impact on financial and operational efficiency.
2. Approve the general framework for the control and monitoring of resources and projects, that corresponds to best accepted international practices in this regard, particularly (COBIT) (Control Objectives for Information and related Technology), complying with and facilitating the achievement of objectives and regulations, through the sustainable achievement of corporate objectives, and achieve the information objectives' chart and its associated technology and cover IT governance operations
3. Approve the corporate objectives chart, and its associated Information Technology objectives, considering its legibility as minimum, and define the sub-objectives needed for its achievement.
4. Approve the responsibility chart (RACI Chart) towards the major operations of IT governance and its emanating sub-operations i.e.: The party or parties or the person primarily responsible (Responsible), and those finally responsible (Accountable), and those consulted (Consulted), and those to be informed (informed) towards all operations guided by the standard (COBIT 5 Enabling processes) in this regard.
5. Ensure the existence of a general IT Risk Management Framework that complies and integrates with the Bank's general comprehensive Risk Management Framework, and takes into account all IT governance operations.
6. Approve an information technology resources and projects budget in line with the Bank's strategic objectives.
7. Oversee and be acquainted of the progress of information technology operations, resources and projects to ensure its adequacy and its effective contribution in achieving the Bank's business and its requirements
8. Be acquainted of the audit reports on information technology and taking the necessary action to correct deviations.
9. Recommend to the Board of Directors to take the necessary measurements to correct any deviations.

Formation of the Committee and the periodicity and quorum of its meetings:

The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors, and the Board determines its objectives and powers, to be demonstrated in its Charter.

The Committee shall comprise of, at least, three Board members and preferably comprising persons with expertise or strategic knowledge in information technology. The committee, in coordination with the Chairman of the Board, may seek the assistance of external experts when necessary, at the expense of the Bank to make up the shortfall in this area and enhance substantive opinion. The Committee may invite any of the Bank's administrators to attend its meetings to express their opinion, including those involved in internal audit and senior executive management members (such as Information Technology Manager) or those involved in External auditing.

The Committee shall elect one of its members to be an observer member in the Information Technology Steering Committee.

The Committee shall submit periodic reports to the Board, the Board's mandate to the Committee does not relieve it from its responsibilities in this regard.

The Committee shall meet at the invitation of its Chairperson at least once every three months, or whenever necessary, or in accordance with the decision of the Board of Directors, or the request of two of its members, and shall submit its reports to the Board of Directors. The meeting shall be considered valid if attended by the majority of its members and its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

Senior Executive Management

BoD approves the appointment of JKB Executive Management. BoD makes sure that members of the Executive Management possess the necessary expertise, competencies and integrity to manage JKB businesses and affairs in a manner consistent with the standards of professional conduct, particularly supervising the JKB management, enjoying the appropriate competences to oversee key individuals associated with the Bank operations. JKB develops a policy to manage and fill top executive jobs to meet laws and regulations requirements in force and the aspirations of JKB.

The Executive Management implements the principles of corporate governance in JKB and provides adequate control over the activities they manage

In this context, the Executive Management identifies the staff tasks accurately. They also propose the administrative structure which is meant to promote the concept of accountability and transparency. The Executive Management is to supervise the fulfillment of the specific responsibilities/ powers and they will be responsible for JKB performance.

Administrators' Performance Appraisal:

JKB develops policies of performance appraisal which ensure the participation of all those involved in managing JKB businesses to achieve the Bank objectives through carrying out tasks, objectives and obligations assigned to each one of them within a framework of fair competition based on the culture of excellence in performance.

- Performance Appraisal Policy for BoD and its members
- Performance Appraisal Policy for holders of senior positions and accountability
- Performance Appraisal Policy for other JKB staff members.

All the aforementioned policies are based on the latest international practices which are meant to objectively measure of performance, take into account risk aversion and the provisions of laws and regulations in force.

Internal Control and Audit Systems:

The Board and the Executive Management of JKB are in charge of developing, implementing and maintaining internal control and audit systems that are able to ensure and achieve the following:

- Accurate and integral financial and operational data issued by JKB.
- Efficient and effective performance of JKB operational processes.

- Effective protection procedures of JKB assets and property.
- Compliance with work policies and internal procedures, laws and regulations in force.

This is based on BoD belief in the importance of effective internal control and audit system as it is one of the most important elements of good management and the basis for the soundness and quality of JKB operations. JKB adopted a number of internal control and audit systems which the senior executive management is responsible to set up, follow-up its development and update them. JKB management is constantly monitoring and assessing the efficiency and effectiveness of these systems, their ability to achieve the desired goals and strive to enhance them. Supervisory departments make sure that transactions with stakeholders are conducted in accordance with the adopted policies and procedures.

BoD adopts control and audit policy addressing all aspects of the internal control systems in terms of their definition, components and BoD and senior executive management responsibilities.

To ensure JKB supervisory departments independence and that they fulfil their supervisory roles they tasked to carry out, their reports are to be submitted to BoD committees. BoD committees appraise the performance of the holders of senior positions at supervisory departments under the Performance Appraisal Policy for holders of senior positions adopted by BoD.

JKB Supervisory Departments

Internal Audit Department: This department is tasked to review commitment with the Corporate Governance Manual, verify of compliance with JKB policies, procedures, international standards and laws related to JKB activities, verify the existence and compliance with internal control and audit systems quite enough to encompass JKB activities and its subsidiaries, carry out financial and managerial auditing, review the soundness and comprehensiveness of the Stress Testing and ensure the accuracy of the internal capital adequacy assessment process (ICAAP).

Internal Audit Department submits its reports to the Board Audit Committee and to the General Manager simultaneously.

Risk Management Department: This department is tasked to monitor risks in JKB at all levels and market and operational areas, information risks, credit risks and business continuity, and monitor JKB departments compliance with the identified levels of risk in accordance with the best international standards. Risk Management Department submits its reports to the Board Risks and Compliance Committee. The tasks of the risk management department shall be as follows as a minimum:

1. Review the Banks' risk management framework before it is approved by the board.
2. Implement the risk management strategy in addition to developing work policies and measures to manage all types of risks.
3. Develop methodologies to identify, measure, monitor, and control all types of risks.
4. Submit reports to the board through the risk management committee, with a copy to the senior executive management, which include information about the actual risk profile for all the bank's activities, compared to risk appetite document, while continuing to address negative deviations.
5. Verify the integration of risk measurement mechanisms with the management information systems used.
6. Study and evaluate all types of risks faced by the Bank.
7. Submit recommendations to the risk management committee about the bank's exposure to risks, recording cases of exemption from the risk management policy.
8. Provide the necessary information regarding the Bank risks, to be used for disclosure purposes.

Compliance Control Department: This department is tasked to verify compliance with local and international laws and regulations governing JKB businesses. Compliance Department submits its reports the Board Risks and Compliance Committee and copy of the same to the General Manager. It is also tasked to monitor and combat money laundry. Moreover, it is tasked to manage Customers Complaints Unit within a framework approved by BoD as per the supervisory instructions.

All the aforementioned departments should develop their own charters to be approved by BoD.

Business Ethics Code

JKB adopted a code of business ethics which was approved by BoD and pledged to abide by all JKB staff in their respective administrative levels, in addition to the BoD members.

This code identified JKB staff's ethics, values and principles through four main themes, namely:

- Integrity.
- Compliance with the laws.
- Transparency.
- Loyalty to the bank.

As for integrity, the code included that JKB employees are committed to the following:

- Depositors' funds are a trust and responsibility which should be kept safe.
- Personal interest should not conflict with JKB interests.
- Not to use inside information to serve personal interests.
- Maintaining objective and non-bias personal relationships.
- Avoiding business relations with customers and suppliers.
- No-discrimination whatsoever among customers.
- Refrain from accepting gifts, benefits and invitations.

As for compliance with the laws and regulations, employees should abide by bank secrecy and JKB policies and work manuals. Also, they should pay more attention for combating money laundering, not to issue bad cheques and to abide by the management's decisions.

Concerning transparency, JKB employees should be committed to provide authorized accurate figures, data and reports, and that the data is accurate, adequate, timely and in line with the standards. Additionally, employees should disclose their personal interest and soundness of their financial standing and their personal business activities, and to disclose any violations and damages.

Regarding loyalty to JKB, this could be realized through achieving JKB mission, vision, objectives and role, transferring JKB slogan into a tangible reality, besides achieving customer satisfaction and retain them, being positive, excellent, responsible, enjoying qualities and efficiency, then accuracy and continuous learning, keeping up with working hours, adapting to work stress with the spirit of teamwork, paying attention to appearance, conduct and good handling of situations, being keen to maintain JKB reputation and achievements, maintaining JKB assets and its appearance, not to disclose work secrets, taking permission of the administration to make any statement related to JKB via any means of media.

The relevant standards and policies are published through JKB website. The level of adherence to those standards and policies should be identified in the Corporate Governance Report included in JKB annual report.

Conflict of Interest

JKB shall have written policies on conflict of interest covering its definition, independent execution, and disclosure; whether such conflict is between the Board members and JKB or between the Executive Management and JKB.

Conflict of interest policy shall cover various aspects related to this subject, such as:

- Board member shall avoid the activities which may lead to conflict of interest.
- BoD approval shall be obtained for any activity a Board member performs that may result in a conflict of interest and verify that the activity does not contain any conflict.
- Board member shall disclose any subject, which may lead to or has already led to a conflict of interest.
- Board member shall abstain from voting on any item of the agenda which might contain a conflict of interest for the member or has an effect on the objectivity of the vote.
- All transactions with related parties shall be based on equal basis and clear mechanism established for the Board to handle the case in the event of non-compliance with conflict of interest policy.
- The conflict of interest policy shall contain examples of cases where a conflict of interest may arise for a Board member.

Transactions with Stakeholders

JKB shall have written policies on transactions with the related parties. These policies shall include rules and procedures for organizing transactions with such parties whether between JKB and its employees, JKB and its Board members or their companies, or parties related to them, including lending transactions and joint trading transactions with JKB.

BoD shall ensure that the transactions with stakeholders are reviewed to assess their risks and are subjected to appropriate restrictions in place.

Whistle Blowing Policy

The Bank shall place policies and procedures to report on illicit acts/ Fraud- "Whistle Blowing Policy", including procedures enabling employees to contact the Chairman of the Board to communicate any concerns they might have on the possibility of violations or fraud, and in a way that allows independent investigation into these concerns and to follow-up them. These procedures shall ensure that JKB provides the required protection for these employees to assure them they will not be threatened or penalized even when there is nothing to prove their concerns.

JKB Governing Policies

Jordan Kuwait Bank regards providing written policies covering all the Bank's activities with high importance as these policies are adopted by the Board of Directors and circulated to all management levels as well as reviewing and updating them regularly to reflect any changes and amendments that occur to the laws, regulations, economic circumstances and any other matters related to the Bank.

Protecting Shareholders Rights and their Relations with the Bank

- BoD ensures the protection of shareholders' fundamental rights concerning the registration and transfer of ownership, participation in the General Assembly meetings, gaining profits and get information regularly on JKB.
- BoD shall encourage shareholders' active participation of in the General Assembly meetings; explaining voting procedures and rules, as well as inform them by the date and venue of the meeting along with the meeting agenda in sufficient time, in addition to inform shareholders by the General Assembly minutes of the meetings.
- JKB develops positive relations based on transparency with all shareholders. In this regard, the Bank saves no effort to encourage all shareholders, especially minority shareholders, to attend the annual meeting of the General Assembly and they are encouraged to vote. In addition, consideration is given to voting on each issue that is raised during the annual meeting of the General Assembly separately.
- The Chairmen of the various Board committees attend the annual General Assembly meeting.
- Following the General Assembly meeting, detailed report is prepared to inform shareholders of the various remarks and questions brought forth by the shareholders and management responses to them as well as the conclusions reached.
- Representatives of the External Auditors attend the annual General Assembly meeting to answer any questions that may be raised regarding audit and the auditors' report.
- Pursuant to the Companies Law, members of the Board of Directors are elected or re-elected during the annual General Assembly meeting. The external auditor is also elected during the same meeting.

Transparency and Disclosures

- JKB provides full information regarding its activities constantly and periodically to all stakeholders such as regulators, shareholders, depositors and the public in general; focusing on issues with material impact on the Bank.
- JKB is fully committed to the requirements of full disclosure according to the International Financial Reporting Standards (IFRS) and the disclosure instructions issued by the Central Bank and regulators.
- JKB follows up the various developments regarding the requirements of disclosure according to international standards, such that they are immediately reflected in its financial reports.

- JKB commits to providing permanent and professional communication lines with all relevant stakeholders such as regulators, shareholders, investors, depositors and other banks. To achieve this, JKB shall create a position of Investors Relation officer whose main task is to provide full and objective information regarding the Bank's financial and administrative standing as well as the Bank's various activities.
- JKB annual report shall contain all information related to the Bank in a manner that is transparent and objective.
- Publish periodic reports that contain quarterly financial information, in addition to a report from the BoD regarding the trading of the Bank's stocks and its financial standing during the year as well as periodic briefs by Executive Management for shareholders, financial market analysts and journalists specialized in the financial sector.
- Hold periodic meetings between the Bank's Executive Management and investors and shareholders.
- JKB provides the information available in its annual or periodic reports on the Bank's website in both the Arabic and English languages, where information is updated constantly.
- The reports that JKB presents must contain disclosure from the Executive Management about the results of current and future operations, the financial standing of the Bank and any future results of risk that might affect the general financial standing of the Bank.
- To deepen the principle of transparency and disclosure, JKB annual report must specifically contain the following:
 - JKB Corporate Governance Guidelines and the extent it is committed to.
 - A statement stating the BoD responsibility for the accuracy and adequacy of JKB financial statements and the information included in the report, and the adequacy of internal control systems.
 - A summary on JKB organizational structure.
 - Full information about the members of the Board of Directors including qualifications, experiences, share of the capital, their status as Executives, Non-Executives or Independent, memberships in any other Boards of Directors, the bonuses and salaries they have received, any loans granted to them by the Bank and any operations between the Bank and the member, his companies, or any parties related to him.
 - A brief of the responsibilities and tasks of Board committees.
 - Number of Board and Board Committees meetings held.
 - A brief of the Bank's Remuneration Policy as well as the salaries and allowances of Senior Executive Management.
 - The statement of the BoD regarding the sufficiency of internal control systems.
 - A description of the structure and activities of the Risk Management Department.
 - The main shareholders of the Bank and of companies that hold substantial share of the Bank's capital.
 - Names of BoD and Senior Executive Management members who resigned during the year.
 - Shareholders' names who own (1%) or more of JKB capital along with identifying the data to be disclosed in accordance with the supervisory instructions and laws in force.
 - Declarations made by all BoD members stating that they did not receive any benefits through their work at JKB and they did not disclose it, whether such benefits were material or in-kind, and whether it is presented to him personally or to any person in relation with them, during the past year.

Amman Branches

- **Main Branch (ATM)**
Tel. 5629400 – Fax 5694105
- **Abdali Branch (ATM)**
Tel. 5653491 – Fax 5662374
- **Jabal Amman Branch (ATM)**
Tel. 4641317 – Fax 4611391
- **Wehdat Branch (ATM)**
Tel. 4777174 – Fax 4750220
- **Commercial Center Branch (ATM)**
Tel. 4624312 – Fax 4611381
- **Tla' EI'Ali Branch (ATM)**
Tel. 5532168 – Fax 5518451
- **Jabal Al-Hussein Branch (ATM)**
Tel. 5658664 – Fax 5658663
- **Abu-Alanda Branch (ATM)**
Tel. 4162756 – Fax 4161841
- **Yarmouk Branch (ATM)**
Tel. 4779102 – Fax 4750230
- **Wadi El-Seir Branch (ATM)**
Tel. 5858864 – Fax 5810102
- **Jubaiha Branch (ATM)**
Tel. 5346763 – Fax 5346761
- **Amra Branch (ATM)**
Tel. 5535292 – Fax 5516561
- **Abdoun Branch (ATM) (ITM)**
Tel. 5924195 – Fax 5924194
- **Abu-Nsair Branch (ATM)**
Tel. 5235223 – Fax 5235226
- **Marka Branch (ATM)**
Tel. 4889531 – Fax 4889530
- **Ibn Khaldoun Branch (ATM)**
Tel. 4613902 – Fax 4613901
- **Shmeissani Branch (ATM)**
Tel. 5685403 – Fax 5685358
- **Vegetable Market Branch**
Tel. 4127588 – Fax 4127593
- **Madinah Munawarah St. Branch (ATM)**
Tel. 5533561 – Fax 5533560
- **Sweifiyyah Branch (ATM)**
Tel. 5851028 – Fax 5851931
- **Nazzal Branch (ATM)**
Tel. 4383906 – Fax 4383905
- **Mecca Mall Branch (ATM)**
Tel. 5517967 – Fax 5517836
- **Al-Rabiyah Branch (ATM)**
Tel. 5510839 – Fax 5511479
- **Al-Mougablain Branch (ATM)**
Tel. 4203723 – Fax 4203715
- **Marj El-Hamam Branch (ATM)**
Tel. 5731053 – Fax 5716832
- **City Mall Branch (ATM) (ITM)**
Tel. 5824318 – Fax 5825426
- **Wadi Saqra Branch (ATM)**
Tel. 5679241 – Fax 5679146
- **Dabouq Branch (ATM)**
Tel. 5412312 – Fax 5521337
- **Al-Madina Al-Riyadiyah Branch (ATM)**
Tel. 5162165 – Fax 5162358
- **Khalda Branch (ATM)**
Tel. 5370835 – Fax 5370925
- **Mecca St. Branch (ATM)**
Tel. 5532156 – Fax 5532152
- **Al-Rawnaq Branch (ATM)**
Tel. 5850392 – Fax 5850327
- **Southern Sweileh Branch (ATM)**
Tel. 5356259 – Fax 5356830
- **Galleria Mall Branch (ATM)**
Tel. 064017870 – Fax 064017872
- **Zain Branch (ATM)**
Tel. 5810734 – Fax 5810927
- **King Abdullah Bureau Branch**
Tel. 4626990 – Fax 4626995
- **Petra University Branch (ATM)**
Tel. 5711283 – Fax 5713079
- **Dair Ghbar Branch (ATM)**
Tel. 5853854 – Fax 5853705
- **Taj Lifestyle Branch (ATM)**
Tel. 5936901 – Fax 5936903
- **Zahran Branch (ATM)**
Tel. 4611838 – Fax 4612110
- **Northern Hashmi Branch (ATM)**
Tel. 5051845 – Fax 5052460

- **Tabarbour Branch (ATM)**
Tel. 5065162 – Fax 5065685

- **Abdali Mall Branch (ATM) (ITM)**
Tel. 5629415 – Fax 5629416

- **Dome of the Rock Branch (ATM)**
Tel. 4386827 – Fax 4386830

- **Abu Hassan Mall Branch (ATM)**
Tel. 4164585 – Fax 4164590

Middle Region Branches

- **Baq'ah Branch (ATM)**
Tel. 4725090 – Fax 4726101
- **Madaba Branch (ATM)**
Tel. 05/3253568 – Fax 05/3253569
- **Samarah Mall Branch – Dead Sea (ATM)**
Tel. 05/3561242 – Fax 05/3561244
- **Al- Ahliyyah Amman University Branch (ATM)**
Tel. 05/3500029 – Fax 05/3500048
- **Al-Salt Branch (ATM)**
Tel. 05/3558995 – Fax 05/3558994

North Region Branches

- **Irbid Branch (ATM)**
Tel. 02/7243665 – Fax 02/7247880
- **King Abdallah II St. Branch (ATM)**
Tel. 02/7248496 – Fax 02/7248498
- **Yarmouk University Branch (ATM)**
Tel. 02/7256065 – Fax 02/7255315
- **Al Huson Branch (ATM)**
Tel. 02/7020208 – Fax 02/7022198
- **Al-Mafraq Branch (ATM)**
Tel. 02/6235901 – Fax 02/6235902
- **Jerash Branch (ATM)**
Tel. 02/6340914 – Fax 02/6340921

South Region Branches

- **Aqaba Branch (ATM)**
Tel. 03/2015190 – Fax 03/2016188
- **Al-Karak Branch (ATM)**
Tel. 03/2396102 – Fax 03/2396002

Zarqa Area Branches

- **Zarqa Branch (ATM)**
Tel. 05/3997088 – Fax 05/3998677
- **Russaifeh Branch (ATM)**
Tel. 05/3744151 – Fax 05/3744152
- **Zarqa Free Zone Branch**
Tel. 05/3826196 – Fax 05/3826195
- **New Zarqa Branch (ATM)**
Tel. 05/3864556 – Fax 05/3864557
- **King Hussein Bin Talal St. Branch (ATM)**
Tel. 05/3938470 – Fax 05/3938503

Jawal Branch (ATM)

Tel. 0791995682 – Fax 0790524103

Branches outside Jordan

- **Cyprus Branch**
Tel. +357 25 875555 – Fax +357 25 582339

ATM Locations - Jordan

- Head Office (Drive Thru ATM)
- Safeway-Shmeissani
- Arab Orient Insurance Co.
- Cozmo Center
- Al-Baraka Mall
- Avenue Mall

- Centro Supermarket
- Carrefour – Madinah Munawarah St.
- Carrefour – Abu Nsair
- Carrefour – Al- Nuzha
- Jabal Al-Weibdeh
- City Center – Irbid
- Rawhi Pharmacy – Abdoun
- Rawhi Pharmacy - Khalda
- Crowne Plaza Hotel
- Crowne Plaza Hotel – Dead Sea
- Hilton – Dead Sea
- Abdali Boulevard
- Millennium Hotel
- Regency Hotel
- Fairmont Hotel
- Holiday Inn
- Kempinski Hotel-Aqaba
- Kempinski Hotel-Dead Sea
- Rainbow St.
- King Hussein Business Park
- Isteklal Hospital
- Mobile ATM
- Al-Manaseer Gas Station / Zarqa
- ATM for persons with visual disabilities/ Jabal Amman
- ATM for persons with visual disabilities / Jubeiha Branch

Interactive Teller Machine (ITM) – Jordan

- Abdali Boulevard
- City Center – Irbid



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